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Company Information

SEC Registration No.: 0000021134
Company Name: VITARICH CORP.
Industry Classification: D15420
Company Type: Stock Corporation

Document Information

Document ID: OST10328202583130412
Document Type: SEC_FORM_17-A
Document Code: SEC_Form_17-A
Period Covered: December 31, 2024
Submission Type: Original Filing
Remarks: WITH FS-CONSO and FS-PARENT

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COVER SHEET

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S.E.C. Registration Number

VITARICH CORPORATION

(Company's Full Name)

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

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

Atty. Mary Christine Dabu-Pepito	(+632) 8843-30-33
Contact Person	Company Telephone Number

1 2 - 3 1	1 7 - A	Last Friday of June 0 6
Month Day	Form Type	Month Day
Fiscal Year		

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2024**

2. SEC Identification Number **21134**

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

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

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

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

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

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

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report 10.Securities registered

pursuant to Sections 4 and 8 of the RSA

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

11. Are any or all of the securities listed on a Stock Exchange? Yes [✓]

No [ ]

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

Philippine Stock Exchange, Inc. **Common**

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days. Yes [ ] No [✓]

13. The aggregate market value of the voting stock by non-affiliates of the registrant total to P414,837,837.3 as of December 31,2024

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

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

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

(a) Any annual report to security holders

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

(c) Any prospectus filed pursuant to SRC Rule 8.1

VITARICH CORPORATION

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

HISTORY

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

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

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

SUBSIDIARY
BARBATOS VENTURES CORPORATION

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

BUSINESS OF ISSUER

Business Segments and Product Distribution

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

The industry segments where the Company operates are:

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

b. The Feeds segment caters to the feed requirement of the poultry growers and livestock raisers industry. The Company manufactures and distributes animal feeds, animal health and nutritional products, and feed supplements under several lines such as Premium, Advantage Plus, Premium Plus, Professional, and Poultry Advantage. Each line has several brands and/or variants.

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

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

The relative contributions of each principal product to consolidated revenue for the years ended December 31, 2024, December 31, 2023, and December 31, 2022 are:

PHP millions

	2024	2023	Change	2022	Change
Feeds	4,507	5,128	-12%	5,199	-1%
Foods	7,438	6,944	7%	6,241	11%
Farms	594	424	40%	528	-20%
	12,539	12,496	0.35%	11,968	4%

Competition

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

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

Sources of Raw Materials

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

Customers

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

Trademarks, Royalty, and Patents

As of 2024, the Company continued to use the following trademarks, devices, and logos, which were previously registered with the Intellectual Property Office of the Philippines ("IPOPhil") on the dates opposite to its names:

	Trademark	IPOPHIL Status	Date Filed	Date Registered
1	Vitarich Premium Plus	Registered	Thursday, November 23, 2017	Sunday, September 2, 2018
2	Vitarich Advantage Plus	Registered	Thursday, November 23, 2017	Sunday, September 2, 2018
3	Vitarich Premium Plus	Ongoing	Tuesday, April 25, 2023	Monday, March 4, 2024
4	Vitarich Advantage Plus	Ongoing	Tuesday, April 25, 2023	Monday, March 4, 2024
5	[illegible]	Registered	Monday, March 18, 2024	Monday, June 24, 2024
6	Vitarich Foods	Ongoing Registration	Wednesday, August 7, 2024	Waiting for Registration Date
7	[illegible]	Registered	Wednesday, February 17, 2021	Saturday, March 5, 2022
8	Vitarich Poultry Advantage	Registered	Wednesday, August 25, 2021	Thursday, December 9, 2021
9	[illegible]	Registered	Monday, August 30, 2021	Thursday, December 9, 2021
10	[illegible]	Registered	Monday, August 30, 2021	Sunday, November 7, 2021
11	[illegible]	Registered	Monday, June 25, 2018	Thursday, November 21, 2019
12	The Breakthrough Innovator in [illegible]	Registered	Monday, June 25, 2018	Sunday, June 3, 2018
13	Vitarich Performance	Registered	Friday, March 2, 2018	Sunday, June 3, 2018
14	[illegible]	Registered	Monday, June 25, 2018	Thursday, May 23, 2019
15	[illegible]	Registered	Friday, January 15, 2021	Friday, May 21, 2021
16	[illegible]	Registered	Friday, January 15, 2021	Friday, May 21, 2021
17	[illegible]	Registered	Tuesday, January 19, 2021	Friday, May 21, 2021
18	Vitarich Corporation	Registered	Friday, January 15, 2021	Friday, May 21, 2021
19	[illegible]	Registered	Saturday, June 6, 2020	Friday, April 9, 2021
20	[illegible]	Registered	Thursday, October 17, 2019	Saturday, March 14, 2020
21	Leadership with Integrity, Excellence, Care for Others	Registered	Thursday, October 17, 2019	Saturday, March 14, 2020
22	Vitarich Corporation (new logo)	Registered	Saturday, January 6, 2024	Saturday, February 17, 2024
23	[illegible]	Registered	Wednesday, July 22, 2020	Sunday, October 3, 2021
24	Cook's	Registered	Friday, January 15, 2021	Friday, May 21, 2021
25	Cook's Premium Chicken The Healthy [illegible] Option	Registered	Wednesday, February 17, 2021	Saturday, August 21, 2021
26	[illegible]	Registered	Thursday, August 11, 2022	Monday, January 30, 2023
27	Cook's Premium Chicken The Healthy [illegible] Option	Registered	Tuesday, November 14, 2023	Thursday, August 22, 2024
28	[illegible]	Ongoing Registration	Saturday, September 28, 2024	Waiting for Registration Date
29	Choose Cook's	Ongoing Registration	Saturday, September 28, 2024	Waiting for Registration Date
30	[illegible]	Ongoing Registration	Saturday, September 28, 2024	Waiting for Registration Date
31	[illegible]	Ongoing Registration	Saturday, September 28, 2024	Waiting for Registration Date

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

Certifications

In 2007, Vitarich further solidified its commitment to product quality and safety when its Company-owned feed mill facilities in the Visayas and Mindanao received ISO 22000:2005 certification for Food Safety Management System (FSMS). This certification, granted by the International Organization for Standardization (ISO), recognized the company's conforming feed safety management system. Vitarich has since adopted preventive measures to address physical, chemical, and biological hazards throughout the feed manufacturing process, coupled with rigorous product and process inspections. The company remains steadfast in maintaining the requirements of these standards for its Iloilo and Davao feed mill plants. In 2021, both plants successfully received ISO 22000:2018 Food Safety Management System Certifications, which are still in effect and actively implemented today.

Vitarich's food business is equally dedicated to delivering safe, high-quality food products, adhering to the Codex Alimentarius Commission's General Principles on Food Hygiene and Guidelines on Hazard Analysis and Critical Control Points (HACCP). In March 2024, the company successfully underwent a HACCP Surveillance Audit, reaffirming its HACCP Certification for the verification and delivery of raw and frozen chicken, including giblets. This certification, awarded by NQA Philippines, Inc., an accredited certifying body recognized by the United Kingdom Accreditation Service (UKAS), demonstrates Vitarich's unwavering commitment to food safety.

Looking forward, the company plans to level-up the established HACCP-based management system by adopting the ISO 9001:2015 Quality Management System, which will provide a more structured framework for policies, processes, and procedures to consistently meet customer requirements and improve operational efficiency. As an outcome of the combined Quality and Food Safety Management system we will be able to deliver quality and safe products and services to consistently meet the highest standards.

Currently, Vitarich ensures that its company-owned dressing plants in Marilao and Tugbok are both GMP- and HACCP-certified, while all its toll dressing plants hold GMP certification. Notably, the dressing plant in Tugbok, Davao earned its first HACCP Certification in October 2024. In addition, Vitarich Corporation holds an FDA License to Operate as a Food Trader, which was issued in October 2023 and remains valid until October 11, 2028.

Government Regulations and Approval

As an agri-business, the Corporation operates within a highly regulated environment governed by government standards. Adherence to environmental laws not only fosters positive relationships within communities and industries but also assures employees and the surrounding community of their health and safety. This commitment safeguards the Corporation from potential violations and penalties.

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

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

Research and Development

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

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

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

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

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

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

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

To ensure food quality, HACCP-based quality system is being followed and adopted in the dressing plants as certified by DA-NMIS. The Company adheres to HACCP principles by identifying and monitoring Critical Control Points (CCPs), implementing corrective actions, and regularly assessing food safety hazards. Furthermore, through employee training, GMP practices focus on personal hygiene, sanitation, pest control, equipment maintenance, proper handling, supplier control, and infrastructure maintenance. Regular QA verifications and customer audits provide valuable feedback for continuous improvement. Using data-driven decisions and internal audits helps optimize processes and prevent potential issues, ensuring consistent product quality and safety. Material acceptance inspection, routine environment and product testing, lot traceability, and fostering a culture of food safety and quality among employees further support quality assurance. For research and development activities, the Corporation spent P10.8 million in 2024, P8.8 million in 2023, and P10.6 million in 2022.

Cost and Effects of Compliance with Environmental Laws

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

1. Annual stack Emission Testing of boilers to ensure that all the gases being emitted during the operation of boilers and power generators are within the Standards of the Clean Air Act of the Philippines. For the Davao plant, a 3rd- party tester (Berkaman) has been tapped for emissions testing of the 2 boiler units for Plant 1, the 2 boiler units for Plant 2. The most recent test was conducted on October 22-25, 2024 at a cost of Two Hundred Fifty-Seven Thousand Six Hundred Pesos (P257,600.00). The Vitarich Davao plant passed all the parameters and earned a satisfactory rating. The result was submitted to EMB as compliance to conditions for maintaining the Permit to Operate Air Pollution Sources and Control Installations ("POA") last December 20,2024. The single-unit power generator for Plant 2 will be scheduled for emission test in the first quarter of 2025.

For Iloilo, the Permit to Operate ("PTO") for the boiler was issued on November 22, 2022, with five years of validity until April 8, 2027. Annual Boiler Stack Emission Testing was done last April 08, 2024 and testing fee was Fifty Six Thousand pesos (P56,000.00). All required parameters passed the EMB-DENR standards. Subsequent annual Boiler Servicing and Emissions Testing will be carried out subject to inspection and approval by the DOLE and EMB-DENR.

2. Regular Monitoring of the final discharge of wastewater from the Corporation's plants, ensuring that water discharge from the operations is within the regulatory standards set by the Clean Water Act. The Iloilo Plant's

Wastewater Discharge Permit was issued on February 21, 2024 after passing all the test parameters for Wastewater Discharges and after submission of all relevant documents. The cost of the Laboratory Analysis fee amounted to Seven Thousand Five Hundred Pesos (P7,500.00) and the fee for the permit for processing Waste Water Discharge was Two Thousand One Hundred Twenty Three & 05/100 Pesos (P2,123.05). For the Davao plant, the Waste Water Discharge permit was issued in January 2021 with validity coverage of 5 years. The cost of acquiring the permit was Fourteen Thousand Forty Pesos (P14,040.00).

3. In view of the warehouse expansion projects, for its Iloilo warehouse, the Company sought an Environmental Compliance Certificate (ECC-EPRMP) from the EMB of the DENR Region 6 on August 15, 2018. Processing cost was Ten Thousand Pesos (P10,000.00). Meanwhile, the Davao plants were issued an ECC for Expansion (incorporating the 2 existing ECCs of the Davao Feed Mill and the DSFC Feed Mill). The New ECC (#ECC-OL-R11-2020-0089) issued on January 20, 2020 is still in affect and covers compliance with the Clean Air Act, Clean Water Act, Waste Management Act, and all other regulatory compliance legislation. Processing cost incurred was around Ten Thousand pesos (P10,000.00). Furthermore, the Corporation's Dressing Plant in Marilao, Bulacan, was issued an amended ECC on November 8, 2021. The cost for the amendment of the ECC was Fifty-Two Thousand Thirty pesos (P52,030.00).

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

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

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

7. VDAP Certificate was not renewed as there is an existing transition for veterinary product certification from BAI to FDA. For Iloilo Plant, it secured Online Hazardous Waste Generator Registration Certificate (OL-GR-R6-30-045491) issued last May 28, 2024 transitioning from manually issued Hazardous Waste Generator ID last January 5, 2017.

8. The Company had taken steps in 2023 to comply with RA 11898 or the Extended Producer Responsibility Act of 2022 and incurred costs amounting to at least Two Hundred Eighty-Five Thousand One Hundred Twenty Pesos (P285,120.00). It sought accreditation with Philippine Alliance for Recycling and Materials Sustainability. It had already accredited a waste diverter in Davao in is now in the process of engaging a DENR-accredited third-party auditor. Contract with waste diverter, Envirotech, was terminated last July 2024. We are now in contract with Filemon Scrap Sack Dealer, a DENR accredited entity with CNC-R11-1408-007 accreditation.

Manpower Complement

As of December 31, 2024, total headcount was 1,472 employees, including 695 regulars and 777 contractual employees from reputable service provider.

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

Pension Costs/Retirement Benefits

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

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

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as of December 31, 2024.

Financial Risk Management

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

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

Credit Risk

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

Liquidity Risk

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

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

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

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

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

Foreign Currency Risk

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

Financial and Other Risks Relating to Livestock

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

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

Item 2. PROPERTIES

The Corporation operates and/or leases numerous production facilities, which include feed mills, dressing plants, and hatcheries. As of December 31, 2024, these facilities include:

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

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

Item 3. LEGAL PROCEEDINGS

In 2014, Vitarich filed a case against Charter Ping An Insurance Corporation ("Charter Ping An") before the Regional Trial Court ("RTC") of Malolos City, Bulacan, to claim insurance proceeds of Three Hundred Sixteen Million Five Hundred Sixty One Thousand, One Hundred Fifty Eight and 81/100 Pesos (P316,561,158.81) as indemnity for the damages and losses suffered by the Corporation due to typhoon Ondoy in 2009. The case was docketed as Civil Case No. 562-M-2014 and was raffled to Branch 15 of the RTC of Malolos City. Vitarich was partially paid the amount of about Fifty-Eight Million Nine Hundred Thousand Pesos (P58.9M) in 2016 when the court granted Vitarich's Motion for Summary Judgment concerning the amount admitted by Charter Ping An.

On May 31, 2023, the trial court granted Vitarich's claim and ordered Charter Ping An to pay Vitarich, among others, the amount of Two Hundred Forty Seven Million Six Hundred Twenty Thousand Five Hundred Fifty Five Pesos (P247,620,555.00), representing the actual loss of the insurance claim. On June 7, 2023, Charter Ping An appealed the case to the Court of Appeals Manila. On 02 December 2024, the Court of Appeals directed Charter Ping An to file an Appellant's Brief within 45 days from notice. On 10 February 2025, Charter Ping An sought an additional period of 45 days or until 06 April 2025 within which to submit its brief.

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

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

There were no matters submitted to a vote of security holders during the calendar year covered by this report other than those made during the Annual General Meeting of the Stockholders held on June 28, 2024. The results of the AGM were disclosed to the Philippine Stock Exchange via the PSE Edge portal on June 28, 2024 and posted on the Company's website. A copy of the draft of the Minutes of the meeting is also posted on the Company's website.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

	2023		2024	
	High	Low	High	Low
1st Quarter	0.64	0.61	0.495	0.49
2nd Quarter	0.63	0.6	0.475	0.475
3rd Quarter	0.57	0.54	0.73	0.66
4th Quarter	0.52	0.5	0.53	0.52

The closing price of the Corporation's common shares as of the last trading date, November 05, 2024, was P0.67 per share.

As of January 05, 2025 the latest trading date of the month prior to the completion of this annual report, price per share of the common stock was P0.52/share.

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

Holders

The Corporation has only one class of shares, i.e., common shares. The total number of stockholders as of December 31, 2024 was 4,095 with the total number of shares outstanding on that date of three billion fifty-four million three hundred and thirty-four thousand and fourteen shares (3,054,334,014).

	Dec 2024	Dec 2023
Number of Issued & Outstanding Shares	3,054,334,014	3,054,334,014
Number of Stockholders	4,095	4,103
Number of Shareholders owning at least one board lot each	3,094	3,102

The Company's foreign equity ownership as of December 31, 2024, is:

	No. of Shares	% Ownership
Shares owned by Filipinos	2,960,326,884	97%
Shares owned by Foreigners	94,007,130	3%
Total	**3,054,334,014**	**100%**

The top 20 stockholders of the Corporation as of December 31, 2024:

Rank	Name of Stockholders	Number of Shares	Percent to Total Outstanding Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	2,940,948,262	96.29%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	93,170,630	3.05%
3	YAZAR CORPORATION	1,402,320	0.05%
4	MARIA CRISTINA GEMA ROXAS YUNGCO	1,305,320	0.04%
5	JOSE M. SARMIENTO	1,305,320	0.04%
6	MA. VICTORIA M. SARMIENTO	1,305,320	0.04%
7	GLICERIA M. SARMIENTO	690,000	0.02%
8	NELIA CRUZ	527,650	0.02%
9	ROGELIO M. SARMIENTO	290,000	0.01%
10	BETINA ANGELINA I. SARMIENTO	228,510	0.01%
11	NORBERTO T. HOFILENA	220,778	0.01%
12	GLADY F. LAO	215,000	0.01%
13	ANTONINO S. RAAGAS	210,000	0.01%
14	BERNAD SECURITIES, INC.	203,000	0.01%
15	DANIEL J. ADVINCULA	200,000	0.01%
16	RUDY A. VERANO	200,000	0.01%
17	ORLANDO P. CARVAJAL	175,000	0.01%
18	TERESITA Y. SARMIENTO	164,000	0.01%
19	LORENZO S. SARMIENTO	141,134	0.00%
20	BIENVENIDO LIM	140,000	0.00%
	Others	11,291,380	0.37%
	Total Shares Issued and Outstanding	**3,054,334,014**	**100%**

<u>Dividends</u>

The Corporation has not declared dividends since 1996.

<u>Sales of Unregistered Securities</u>

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

<u>Description of Shares</u>

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

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

Management's Discussion and Analysis

Fiscal Year 2024 compared to Fiscal Year 2023

The Company delivered record results in 2024 with revenues of ₱12.539 billion, net income of ₱216.6 million, and earnings per share of ₱0.071.

"2024 was a banner year for VITA, marked by our highest annual profit and strong momentum in innovation," said Rocco Sarmiento, Chief Executive Officer. "We continue to enhance our competitiveness and profitability through a balanced portfolio, improved cost efficiency, and more optimized supply chain. These efforts position us well for sustained growth moving forward."

Revenues were ₱12.539 billion, slightly exceeding the historical high achieved in 2023. Growth was led by the Foods segment, benefiting from the ongoing business transformation towards modern trade and hotels, restaurants, and institutional customers, along with favorable market movements that drove volume growth and a recovery in chicken prices. This more than offset the lower revenues in the Feeds business, which remained challenged due to the reduced hog population from the African Swine Fever outbreak.

Gross profit increased 66.2% to ₱1.504 billion as cost of goods declined 4.8% to ₱11.0 billion, reflecting lower raw material prices which dropped by about 10%. As a result, gross profit margin expanded to 12.0% from 7.2% in 2023.

Operating profit rose 37 times to ₱397.8 million after administrative and selling and distribution expenses increased 23.7%, primarily due to higher costs from adding distribution channels and e-commerce. As a percentage of sales, operating expenses including growth-related investments in personnel and marketing inched up to 8.8% of revenues from 7.2% in 2023.

Net income surged 16 times to ₱216.6 million or earnings of ₱0.071 a share, with profitability in all segments of the business.

Segment highlights

- In Foods, revenues reached an all-time high of ₱7.438 billion, rising 7.1% year-on-year fueled by improvements in volume of 4.3% and pricing of 2.3%. By geography, growth was driven by Visayas and Luzon. Visayas drove volume growth with a strong double-digit increase. Luzon remained the largest market, gaining from positive pricing and volume trends. Foods comprised 59.3% of revenues from 55.6% in 2023.

- In Feeds, revenues were ₱4.507 billion, 12.1% lower than in the previous year due to less favorable volumes and prices, notably in Luzon and Mindanao. While total layer feed volumes rose sharply by 25.8%, the ongoing negative impact of African Swine Fever led to a reduction in demand for hog feeds. Broiler feed sales also slowed, tempered by weak farm gate chicken prices in the first four months of the year which stemmed from an oversupply in the market. Feeds accounted for 35.9% of revenues from 41.0% in 2023.

- In Farms, revenues grew to ₱594.2 million, increasing 40.0% year-on-year mostly from a higher net gain on the fair value of biological assets such as day-old chicks, in line with improved selling prices at the end of the period. Farms represented 4.7% of revenues from 3.4% in 2023.

Environment and community-focused programs

Aligned with its environmental, social, and governance (ESG) strategy, VITA continued to promote shared value creation and local impact by contributing to economic resilience across its value chain. For the year, the value distributed to stakeholders amounted to ₱12.447 billion. Of this amount, ₱10.998 billion was payments to suppliers including small- to large-scale farmers for operating costs, ₱371.4 million for employee wages and benefits, and ₱296.5 million for taxes, licenses, and fees to the national and local governments. Overall, VITA spent 95% of its total procurement budget on domestic suppliers, enabling local economic development.

Among recent highlights, VITA launched its *Sagip Kalikasan* initiative in Bulacan, a multi-year program that uses bamboo as a solution for climate change mitigation, water purification, and community development. Subject to the results of the baseline study, the program aims to (a) rehabilitate 600 meters of riverbanks to prevent erosion and restore biodiversity, (b) sequester at least 10% of carbon dioxide by planting and maintaining bamboo groves; (c) reduce toxic contaminants by 20% to improve water quality through bamboo's natural phytoremediation capabilities; (d) provide sustainability education to at least 1,500 learners to empower them to take climate action; (e) explore opportunities to generate livelihoods for local families through the development of a bamboo-based industry; and (f) strengthen the company's sustainability efforts by integrating bamboo-based solutions into its corporate social responsibility and ESG frameworks, in line with the UN Sustainable Development Goals.

2025 Outlook

To accelerate growth and improve market share, VITA remains committed to strengthening its Foods segment through the Cook's brand by scaling up its fresh and ready-to-cook chicken products and investing in marketing. The strategic partnership with NOVOGEN, a French leader in layer genetics, also positions the Farms segment for further growth and may generate potential benefits extending to other segments.

On a full-year basis, the company expects revenues to post double-digit growth and income to improve significantly, developing throughout the year and over the medium term as the company continues to deliver on its growth plans.

Fiscal Year 2023 compared to Fiscal Year 2022

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

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

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

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

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

Fiscal Year 2022 compared to Fiscal Year 2021

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

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

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

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

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

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

Segment highlights

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

  During the year, the segment widened its operations in various areas nationwide—in Luzon: Isabela and Bicol; in Visayas: Samar and Leyte; in Mindanao: Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani. It also launched *Cook's Flavor Origins* in November as part of its growth strategy at the retail level. Product offering includes differentiated items such as French Roast, Mediterranean Roast, and South African Roast.

- Feeds revenues grew 11% to P5.2 billion driven by pricing which increased 18% compared to the year-ago period versus input costs of 23%. As expected, price actions had an unfavorable impact on volume which declined 6%. The Feeds segment comprised 44% of revenues.

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

- Farms revenues were down 52% to P529.0 million due to the shortage of day-old chicks. A fair value adjustment on biological assets amounting to P12.1 million was recognized as part of revenues and P1.1 million as part of cost of goods. The Farms segment comprised 4% of revenues.

Fiscal Year 2021 compared to Fiscal Year 2020

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

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

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

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

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

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

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

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

Segment Highlights

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

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

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

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

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

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

- Revenues from the Farms segment, which accounted for the remaining 8%, registered a 19% increase to P778.0 million. Fair value adjustments on biological assets amounting to P53.1 million was recognized as part of revenues and P78.0 million as part of cost of goods.

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

Outlook

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

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

PHP millions, except per share data

	2021	2020	Change	2019	Change	4Q 2021	4Q 2020	Change	4Q 2019	Change
Revenues	9,704.18	7,881.92	23%	8,918.47	9%	2,393.36	2,189.76	9%	2,958.35	-19%
Operating Income	183.99	79.01	133%	156.58	18%	(78.32)	31.45	-349%	171.59	-146%
Net Income	89.44	9.29	863%	128.82	-31%	(91.02)	5.38	-1792%	234.42	-139%
EPS	0.029	0.003	863%	0.042	-31%	(0.030)	0.002	-1791%	0.077	-139%
EBITDA	249.86	222.49	12%	385.33	-35%	(71.03)	58.27	-222%	327.60	-122%

Fiscal Year 2020 compared to Fiscal Year 2019

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

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

million in 2019. Sales of goods per business segment:

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

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

- Farms segment sales edged down by 3% to P453.0 million in 2020 from P466.1 million in 2019 as the poultry industry was badly affected by the unfavorable chicken prices related to the pandemic.

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

Gross profit for 2020 amounted to P571.8 million, lower by 20%, or P145 million, from P717.3 million in 2019. Lower gross profits were mainly due to unfavorable selling prices for chicken brought about by the COVID-19 pandemic and the closure of HRI accounts.

Operating expenses decreased by 9% to P536.8 million in 2020 from P588.3 million in 2019 thanks to operational efficiency and cost reduction measures. Other operating income of ₱44 million in 2020 increased by 30% versus 2019 primarily due to rendered tolling services.

Other charges, which includes interest expenses, decreased by 67% to ₱57.8 million in 2020 from ₱176.6 million in 2019 due to lower tax settlements, interest expenses, and provisions for impairment losses on receivables. Other income recognized went down by 97% to ₱4.2 million in 2020 from ₱160.7 million in 2019 because of lower gains on fair value changes of investment properties.

Tax expenses increased by 16% to ₱16.1 million in 2020 from ₱13.9 million in 2019.

The Company posted Net Income of ₱9.3 million, despite being adversely affected by the pandemic and the spread of African Swine Fever in Luzon. This was down ₱119.5 million or 93% compared to 2019 Net Income of ₱128.8 million. First quarter performance provided ample buffer for net losses in the second and third quarters.

Financial Condition

As at December 31, 2024, total assets stood at ₱5.8 billion, reflecting an increase of ₱561.1 million from December 31, 2023. Current assets grew 17% to ₱3.2 billion, primarily driven by higher cash balances due delayed crediting of December disbursements caused by holiday banking schedules, along with increases in trade receivables and livestock inventories. Non-current assets rose 4% to ₱2.6 billion, mainly due to a revaluation increment on property, plant and equipment, as well as the acquisition of additional transportation equipment.

Total liabilities were ₱3.5 billion, up ₱217.5 million from December 31, 2023. Current liabilities grew 4% to ₱3.1 billion, as payments to suppliers and business partners were deferred to January. Non-current liabilities rose 27% to ₱409.8 million, driven by additional retirement obligations recognized from the latest actuarial valuation and higher deferred tax liabilities related to revaluation surplus on property, plant and equipment.

Stockholders' equity increased by ₱343.6 million to ₱2.2 billion from December 31, 2023, mainly due to the recognition of a record-high net income of ₱216.8 million for the year, along with a ₱127.0 million rise in other comprehensive income, primarily from the revaluation increment on property, plant, and equipment.

Net cash provided by operating activities was ₱474.6 million, while net cash used in investing activities totaled ₱80.2 million. Net cash used in financing activities reached ₱202.6 million.

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

	2024	2023	2022
Revenue (₱ Million):			
Sale of goods	**₱12,448**	₱12,544	₱11,958
Fair value adjustment on biological assets	**92**	(48)	11
Cost Contribution (₱ Million): Cost of Goods Sold	**11,036**	11,391	10,900
Gross Profit Rate (%)	**12%**	7%	9%
Operating Margin (₱ Million)	**398**	11	185

1) Sales Volumes, Price, and Revenue Growth

Consolidated revenue composed of feeds, day-old chicks, and chicken and animal health products sales including fair value adjustment on biological assets, reached ₱12.539 billion, slightly surpassing the previous year's level.

2) Cost Contribution

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

3) Gross Profit Rate

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

4) Operating Margin

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

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

There are no material commitments for capital expenditures.

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

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

Item 7. FINANCIAL STATEMENTS

The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2024, including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form 17-A. The Parent Audited Financial Statements for the year-ended December 31, 2024 is likewise attached.

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

Audit and Audit-Related Fees

The work of Reyes Tacandong & Co. consisted of an audit of the financial statements of the Company to enable them to express an opinion on the fair presentation, in all material respects, of the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows in accordance with Philippine Financial Reporting Standards. For the year 2024, audit fees amounted to P3.75 million, exclusive of VAT and out of pocket expenses.

All Other Fees

For the year 2024, Vitarich engaged the services of Reyes Tacandong & Co. to do transfer pricing services. The consideration for such services is P 0.5 million, exclusive of vat and out-of-pocket expenses.

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

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

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

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

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

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

For 2024, the Company's independent public accountant was Reyes Tacandong & Co. The audit of the financial statements of the Company was handled and certified by the engagement partner, Ms. Michelle R. Mendoza-Cruz. The firm complied with the Revised SRC Rule 68, paragraph 3 (b) (iv) re: seven (7) years rotation requirement for the external auditor.

Pursuant to SRC Rule 68.1 (Qualification and Reports of Independent Auditors), the Company engaged Reyes Tacandong & Co. for the audit of the Company's financial statements for the calendar year 2024. The engagement of Reyes, Tacandong & Co. and the engagement partner was approved by the Board of Directors and the stockholders of the Company.

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS

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

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

Officers are elected by the newly elected Board of Directors at the organizational meeting held right after the annual meeting of the stockholders. The Board also elects during its organizational meeting the chairman and members of the Audit, Risk Oversight, and Related Party Transactions Committee as well as the chairman and members of the Nominations, Remunerations, and Corporate Governance Committee. The officers shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office for a term of one (1) year until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Directors and Officers

The following are the directors and officers of the Corporation for the term of one (1) year from June 30, 2024 or until their successors shall have been elected and qualified:

Jose Vicente C. Bengzon III, Filipino, 67 years old
Director/Chairman of the Board

Mr. Bengzon has been Vitarich's Chairman of the Board of Directors since 2012. He has been the President & CEO of Torres Trading Company, Inc. since January 2021 to 2022 and an Independent Director of Lipson International Corp. since 2022. He has been the Vice Chairman & Chairman of the Executive Committee of Commtrend Construction Corp. since 2014; Director and Treasurer of Inception Technology Philippines Corp. since 2019 to 2024 and Senior Adviser to the Board of Malayan Bank since 2018. He was Director & Chairman of the Risk Management Committee of Rizal Microbank from 2010 to 2020. He was a Consultant at SGV from 1982-1985 and Financial Planning and Projects Manager for Reuters America from 1988 to 1990. From 1991 to 1996, he was with Dole Philippines and served in various capacities as Assistant to the Country Manager, Manager in the Financial Planning Group, and Financial Analyst. He was also an Entrepreneur of Westborough Food Corporation from 1993 to 2001. Mr. Bengzon was Director of the Philippine Quality Awards Foundation from 1998 to 2011; on the Board of Trustees at the Philippine Quality and Productivity Movement, Davao Chapter, from 1998 to 1999; on the Board of Trustees of the Davao City Chamber of Commerce and Industry from 1999 to 2000; President of the Productivity Development Council in Mindanao from 1999 to 2000; and President of Abarti Artworks Corporation from 2001 to 2004. In 2005, Mr. Bengzon was the Chief Privatization Officer of the Department of Finance and Director of Panaro Minerals Phils. and the Philippine Al Amanah Islamic Bank. He was President of the Duma Group of Companies from 2006 to 2011; President of UPCC Holdings Corp until 2020; acting Chairman at the Philippine National Construction Corp. from 2012 to 2013 and its Board Member from 2005 to 2011; Director of Manila North Tollways Corp. from 2012 to 2013; Director of the South Luzon Tollways Corp. from 2011 to 2012; an Independent Director of Bermaz Auto Phil's Inc. (2017); and Director & Chairman of the Audit Committee of Century Peak Mining Corp. from 2016 to 2018. He is a Certified Public Accountant and a graduate of De La Salle University having obtained his Bachelor of Science degree in Commerce and Bachelor of Arts degree in Economics in 1980 therefrom. He earned his Master of Business Administration at the J. L. Kellogg School of Management at Northwestern University in 1988.

Ricardo Manuel M. Sarmiento, Filipino, 48 years old Director/President & Chief Executive Officer

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

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

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

Stephanie Nicole M. Sarmiento-Garcia, Filipino, 45 years old
Director/Executive Vice-President, Chief Sustainability Officer (CSO)/Corporate Management Services Director/Treasurer

Ms. Garcia is the Executive Vice President - Chief Sustainability Officer and Corporate Management Services Director of Vitarich Corporation. She carries with her more than two decades of solid hands-on experience in the integrated feeds and foods businesses of the company. In addition to her integral role in the corporation, Ms. Garcia also oversees the external activities of Vitarich Corporation and manages its various partnerships with key stakeholders and the government. She is likewise the President of Precisiona International Research & Diagnostic Laboratory, Inc. Due to her deep knowledge in the poultry and feeds business, she is recognized by the Philippine Department of Agriculture as a technical resource person and is often invited to share her expertise with the government and private sector groups. She is one of the leaders of Pilipinas Kontra Gutom - a national and multi-sectoral anti-hunger movement, which aims to bring public and private organizations together on various programs with a common goal: 1 million fewer hunger Filipinos by 2022. Ms. Garcia served as the President of the Philippine Association of Feed Millers, Inc. (PAFMI) from February 2020 to February 2021. She was also PAFMI's Board Secretary and Board Member, heading the Corn Reform and Policy Committee.

Prior to Vitarich, she was a Store Manager at Le Pain Quotidien, an international chain of café-style restaurants, specializing in bakery items. Earlier on, she held a front desk position at the Ritz Carlton Hotel in San Francisco. She holds a degree in International Hospitality Management from the Glion Institute of Higher Education (formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003.

Rogelio M. Sarmiento, Filipino, 76 years old
Director

Mr. Sarmiento served the Corporation in different capacities as director (1982 to 1991; 2003 until April 29, 2021; October 15, 2021 to present), President and Chief Executive Officer (2003 to June 24, 2013), and Chairman of the Board of Directors (2003 to June 29, 2012). He was elected on October 15, 2021 as a director to fill in the vacancy that resulted from the untimely demise of Mr. Jose M. Sarmiento. He was also the President of L.S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation from 1968 to 1981. He obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Santa Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990 to 1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

Benjamin I. Sarmiento, Jr., Filipino, 55 years old
Director

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

Lorenzo Vito M. Sarmiento, III, Filipino, 50 years
old Director

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

Davito Holdings Corporation, President of Speed Space Systems; Chairman of Emphasys Process Corporation, investor and co-founder at South Super Sports, Team Manager under contract with the Philippine Football Federation, and Creative Director of Speed HKG. He graduated in 1990 from the University of San Francisco with a Bachelor of Science degree in Business Administration with emphasis on Marketing and International Business. He took up special courses in International Studies at the Richmond College in London, England, and Network Engineering at Herald College, San Francisco, USA.

Atty. Juan Arturo Iluminado C. De Castro, J.S.D., LL.M., Filipino, 44 years old Director

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

Pierre Carlo C. Curay, Filipino, 46 years old
Independent Director

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

Vicente Julian A. Sarza, Filipino, 72 years old
Independent Director

Mr. Sarza was first elected as Independent Director of the Corporation in 2016. He also serves as Independent Director of HC Consumer Finance Phils, Inc. (Home Credit), the AIB Money Market Mutual Fund, Inc., Don Tim Development Corp. and Servicio Filipino, Inc. He was a director and Chief Operating Officer of Mabuhay Capital until his retirement therefrom in 2020. However, he remains a consultant of Mabuhay Capital. Prior to joining Mabuhay Capital, Mr. Sarza was Senior Vice President, Head of Institutional banking at Asia United Bank (AUB), a publicly listed company, which operates as a universal bank. Before moving to AUB, Mr. Sarza was a Principal, Head of Advisory Services, in KPMG Philippines. He was responsible for the significant expansion of market share and significant increase in recognition of KPMG Advisory as an advisory services firm in key industries, such as financial institutions, energy, water, infrastructure, insurance and in government and multilateral institutions.

Over the years, Mr. Sarza's extensive experience included successful engagements as Director to Chief Privatization Officer, rank of Undersecretary in the Privatization and Management Office (an agency of the Department of Finance). Mr. Sarza was also a Director and Chairman of the Technical Committee on

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

Executive Officers

Atty. Aison Benedict C. Velasco, Filipino, 47 years old
Corporate Secretary

Atty. Velasco was first appointed as Corporate Secretary of the Corporation last April 25, 2019. He is presently a Partner of the Angara Abello Concepcion Regala & Cruz Law Office (ACCRALAW), the firm he joined in 2003. He obtained his bachelor's degree from the Ateneo de Manila University in 1999 and his Juris Doctor law degree from the same university in 2003 graduating with Second Honors. Presently, he acts as Corporate Secretary of several companies, including AB Mauri Philippines, Inc., ELC Beauty, Inc., Smartmatic Philippines, Inc., UBS Securities Philippines, Inc., UBS Investments Philippines, Inc., Grey Philippines, Inc., Shin Clark Power Holdings, Inc., Shin Clark Power Corporation, Makesense, Inc., Commonsense Philippines, Inc. and other Philippine companies.

Atty. Mary Christine C. Dabu-Pepito, CCO, TCS, Filipino, 39 years old
Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer

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

Other Executive Officers

Reynaldo D. Ortega, Filipino, 55 years old
Senior Vice President and Chief Operating Officer

Dr. Ortega is a Doctor of Veterinary Science and Medicine who obtained his degree at the Central Luzon State University in 1992. He also earned his degree in Bachelor of Science in Animal Husbandry in the same University in 1990. He completed his master's degree at the University of Asia and the Pacific in the Agribusiness Executive Program in 2018. Dr. Ortega started as Production Supervisor at Purefoods Corporation in Sto. Tomas, Batangas, and was later assigned as Veterinary Supervisor at Purefood's JMT office in Ortigas, Pasig. He joined Vitarich in 1994 as an Extension Veterinarian and, since then has handled various positions as Veterinary Services Group Head, Contract Growing

Operations Head, Technical Head, and Poultry and Livestock Division Head, until his appointment as Senior Vice President and General Manager for Poultry, Feeds, and Foods Sales Division sometime in March 2018. He was later on appointed as Senior Vice President for Poultry and Food General Manager. On 04 November 2024, Dr. Ortega was appointed as Senior Vice President and Chief Operating Officer of the Company. His training includes Poultry Tunnel Ventilation Systems, Poultry Management in Cage Systems, Immunology and Virology, and Artificial Insemination in Broiler Breeders. He attended various symposiums about Poultry production, processing, and marketing in the USA, Europe and Asia.

Alicia G. Danque, Filipino, 51 years old
Senior Vice President – Chief Supply Chain Officer/Alternate Corporate Information Officer

Ms. Danque joined the company in 1995 and has held various positions such as Corporate Planning Manager, Chief of Staff, and Assistant Vice President for Animal Health Care. She was promoted to Vice President & Supply Chain Director on January 1, 2020, where she focuses on providing overall direction for the supply chain, enhancing productivity and efficiency, and minimizing costs while ensuring the procurement of high-quality materials. Ms. Danque stepped into her current role on October 1, 2022.

Her responsibilities include overseeing the procurement of raw materials and services, feed integrated planning, warehousing and logistics operations. Additionally, Ms. Danque serves as a board member of the Philippine Association of Feed Millers, Inc. (PAFMI) and is the Auditor and head of its Membership Committee. She holds a Bachelor of Science degree in Industrial Engineering from Mapua University and has completed postgraduate courses at the Philippine Women's University and the University of Asia and the Pacific.

Ms. Ma. Diana Mascardo Cuna, 66 years old
Senior Vice President – Chief Human Resource Officer (SVP-CHRO) & OD Director

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

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

Prior to Vitarich, Ms. Cuna provided HR consultancy to various local and international private companies as well as local government institutions. She was the VP and HR/Communications Director for San Miguel Corporation food group, HR and Risk Management expert for USAID and European Union (EU) Commission programs from 2003 to 2015. She earned both her Master's degree in Counseling and Bachelor of Science degree in Biology/FLCD from the University of the Philippines, earned units in Doctor's of Philosophy in Educational Psychology from the University of the Philippines and completed her Organization Behaviour program from INSEAD (Singapore).

Elaine C. Nantes, Filipino, 61 years old
Vice President & Corporate Quality and Technical Services Director

Ms. Nantes brings over 30 years of managerial experience in the food industry, with expertise spanning food processing, production, engineering, quality management, and food safety. She has held several key roles, including Value-Added Operations Manager, Food Safety Manager, Plant Manager, and Project Manager, with a proven track record in overseeing third-party tolling plant operations.

Known as the "Food Safety Guru" of San Miguel Pure Foods Co., Ms. Nantes played a critical role in establishing and championing quality and food safety standards across the organization. She ensured that company-owned and third-party manufacturing plants adhered to all regulatory, voluntary, and industry-leading food safety standards.

Her leadership was instrumental in developing and implementing robust quality management systems for food safety and suitability. Under her direction, 45 food facilities earned GMP and HACCP certifications, while over 80 food products received HACCP certification. Additionally, six food plants achieved ISO 22000 and ISO 9001 certifications.

Ms. Nantes was also pivotal in reducing the cost of non-conformities by spearheading quality and productivity initiatives, both in her direct roles and as a consultant to industry clients.

In 2005, she served as the Chairperson of the National Meat Advisory Council of the Department of Agriculture National Meat Inspection Service (Philippines). Her professional excellence was recognized by her alma mater, University of Santo Tomas, with the prestigious Albertus Magnus Award for an alumna who excelled in the field of Microbiology.

Emmanuel S. Manalang, Filipino, 60 years old
Vice President & Nutrition and Research & Development Manager

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

Carmencita S. Policarpio, Filipino, 61 years old
Vice President & Director, Corporate Technical Services Directorate (Facilities & Project Management)

Ms. Policarpio is a Licensed Chemical Engineer and has been in the manufacturing industry for more than 30 years. On Sept. 25, 2021, Engr. Policarpio was conferred & included in the roster of ASEAN Engineering Register (AER) as ASEAN Engineer. This is under the AER Commission of the ASEAN Federation of Engineering Organizations (AFEO) among ASEAN countries. On the following year, March 27, 2022, she also received the highest level in the Chemical Engineering Profession as Internationally Recognized Chemical Engineer under PIChE (Philippine Institute of Chemical Engineers) Chemical Engineer Registry. She has extensive work experience in developing and implementing effective quality control processes, quality management, laboratory, and production/plant management. She has been with the Corporation since 10 October 2016 and as such, has been assigned in the Corporation's feed mill plants, poultry dressing operations, commercial laboratory management, and Facility/Project management. She has attended several trainings and conventions in Thailand, Malaysia, Singapore and Indonesia. Throughout her leadership, the corporation's feed mill plants experienced significant advancements in food safety. They successfully implemented and transitioned to ISO 22000:2018 Food Safety Management System, which was granted by Certification International, Philippines. This accomplishment ensures a higher level of food safety for consumers. Moreover, the corporation received the HACCP (Hazard Analysis and Critical Control Point) certification from NQA, a globally recognized Testing, Inspection, and Certification (TIC) provider, accredited by UKAS (United Kingdom Accreditation Service). This certification was awarded to their poultry dressing plant. Furthermore, the company obtained Halal Registration Certificate and Halal Dressing Plant Accreditation, showcasing their dedication to maintaining a secure and safe food production process for its poultry dressing plant, further demonstrating their commitment to maintaining a safe and secure food production process. Engr. Policarpio is presently serving as Auditor & Technical Committee Head of the Philippine Institute of Chemical Engineers - CAMANAVA Chapter. Prior to joining the Corporation, she worked as Plant Manager of Secret Recipes Foods Corp. (Subsidiary of Robinson's Group of Companies), Assistant Manufacturing Manager of Plastic Container Packaging Corp, a food packaging company, and QA Manager then promoted to Plant Manager of Vassar Industries Inc. (Food Packaging company).

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

Dilbert D. Tan, Filipino, 44 years old
Senior Vice President and Chief Finance Officer

Mr. Tan was first appointed on July 11, 2022 as the Corporation's Vice President and Finance Operations Director. He is responsible for the management of the corporation's financial processes and risks. He held such position until his appointment as the Company's Senior Vice President and Chief Finance Officer effective November 4, 2024. Mr. Tan has almost 20 years of career experience, mostly in the banking and financial services industry as well as technology software and services. He led operations and support services for corporate loans, trade finance, fund transfer, treasury operations, and asset management for JP Morgan Chase Manila Corporate Center (May 2019 to July 2022), East West Banking Corporation (August 2016 to December 2018), and Deutsche Knowledge Services (January 2006 to September 2008). He has spearheaded system migration and business process transformation initiatives to upgrade efficiency, quality, and controls. He developed and implemented financial risk management policies for risk assessment, measurement, monitoring, and mitigation. In FIS (formerly SunGard Financial Systems) (November 2009 to August 2016), he managed corporate liquidity client services, market intelligence, and demand generation. Mr. Tan is a graduate of Ateneo de Manila University with a Bachelor of Science degree Major in Management and Minor in Finance.

Xerxes Noel O. Ordanez, Filipino, 41 years old
Corporate Audit Manager

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

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

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

Carina Lourdes M. Fabian, Filipino, 52 years
old Vice President – Special Projects Director

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

Significant Employees

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

Family Relationships

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

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

Involvement in Certain Legal Proceedings

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

Item 10. EXECUTIVE COMPENSATION

Standard Arrangement

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

Arrangements with Directors & Officers

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

Executive Compensation

The compensation of key management personnel are as follows:

	2024	2023	2022
Short-term employee benefits	**₱69,911,760**	₱54,914,416	₱55,480,527
Retirement benefits	**4,656,828**	5,238,557	5,010,571
Other employee benefits	**24,276,904**	19,521,032	17,133,565
	₱98,845,492	₱79,674,005	₱77,624,665

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

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus & Others
1. RICARDO MANUEL M. SARMIENTO – CEO/President	2024		
2. STEPHANIE NICOLE S. GARCIA– EVP, CSO/CMS Director /Treasurer	2024		
3. REYNALDO D. ORTEGA – SVP & COO Sales Division	2024		
4. ALICIA G. DANQUE – SVP & Chief Supply Chain Officer/ Alternate Corporate Information Officer	2024		

3. DILBERT D. TAN - SVP & CFO	2024		
T O T A L (Estimated)	2025	**19.8**	-
	2024	**23.58**	-
	2023	**19.91**	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2025	**3.09**	-
	2024	**2.64**	-
	2023	**3.17**	-

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

1. **Ricardo Manuel M. Sarmiento** – CEO/President
2. **Stephanie Nicole S. Garcia** – EVP & CSO/CMS Director/ Treasurer
3. **Reynaldo D. Ortega** – Senior Vice President and Chief Operating Officer
4. **Diane M. Cuna** – Chief Human Resource Officer (SVP-CHRO) & OD Director
5. **Alicia G. Danque** - Chief Supply Chain Officer/Alternate Corporate Information Officer

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

The following are the owners of record and beneficial owners of more than 5% of the Corporation's voting securities as of December 31, 2024 are as follows:

Title of Class	Name, address of Record Owner & Relationship with Issuer	Amount & Nature of Beneficial Ownership	Citizenship	No. of Shares	Percent of Class
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Security Ownership of Management

The number of common shares beneficially owned by directors and executive officers as of December 31, 2024, is as follows:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Jose Vicente C. Bengzon III	10,000	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	35,240,900	Filipino	1.21%
Common	Stephanie Nicole S. Garcia	104,300	Filipino	0.00%
Common	Rogelio M. Sarmiento	6,385,320	Filipino	0.21%
Common	Benjamin I. Sarmiento Jr.	100	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	Filipino	0.00%
Common	Vicente Julian A. Sarza	1	Filipino	0.00%
Common	Pierre Carlo C. Curay	1	Filipino	0.00%
Common	Juan Arturo Iluminado C. de Castro	19,797,034	Filipino	0.65%
Common	Atty. Alson Benedict C. Velasco	0	Filipino	0.00%
Common	Atty. Mary Christine Dabu-Pepito	0	Filipino	0.00%
Common	Reynaldo D. Ortega	1,219,974	Filipino	0.04%
Common	Emmanuel S. Mansilong	0	Filipino	0.00%
Common	Alicia G. Danque	0	Filipino	0.00%
Common	Elaine C. Nuñez	0	Filipino	0.00%
Common	Carmencita S. Policarpio	0	Filipino	0.00%
Common	Gilbert G. Tan	0	Filipino	0.00%
Common	Ma. Diana M. Cuna	0	Filipino	0.00%
Common	Cirila M. Fabian	0	Filipino	0.00%
Common	Xerxes Noel D. Quijano	0	Filipino	0.00%

Item 12. RELATED PARTY TRANSACTIONS

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

			Amount of Transactions		Outstanding Balance	
Related Parties	Note	Nature of Transaction	2024	2023	2024	2023
Trade and Other Receivables	8					
Entities under common control		Sales	₱752,746,553	₱822,194,828		
		Collections	(610,354,269)	(808,283,287)	₱245,880,511	₱145,528,241
Advances to Officers	8	Advances – net of collections	₱8,760,768	₱4,129,042	₱26,563,331	₱20,222,588
Trade and Other Payables	14					
Entities under common control		Purchases	₱283,861,086	₱745,096,211		
		Payments	(277,383,188)	(748,431,292)	₱11,885,403	₱5,927,538

The material related party transactions for 2024 were reported via SEC Form 17-C and Advisement Reports submitted to the SEC and PSE and posted on the Corporation's website. The list of the material related party transactions will be attached to the Annual Integrated Corporate Governance Report to be filed on or before 30 May 2025.

Trade and Other Receivables

The Group sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2024, and 2023 (see Note 8).

Trade and Other Payables

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

Advances to Officers

The Group grants unsecured, noninterest-bearing advances to its officers which are normally collected within one-year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2024 and 2023 are disclosed in Note 6.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2024	2023	2022
Short-term employee benefits	₱69,911,760	₱54,914,416	₱55,480,527
Retirement benefits	4,656,828	5,238,557	5,010,571
Other employee benefits	24,276,904	19,521,032	17,133,565
	₱98,845,492	₱79,674,005	₱77,624,663

Voting Trust Holders of 5% or more

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

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

There are no arrangements that will affect or change ownership.

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

The Company complies and adheres to its Amended Manual on Corporate Governance. The Board of Directors met at least once a month to oversee the Company's operations and to assist in further improving operational efficiencies. The Board of Directors and the management, from time to time, make the necessary amendments to its policies and strategies to ensure business continuity while employing the best practices in corporate governance. Internal audit reports were made to the Board to address gaps in the Company's processes and improve operational efficiencies. On December 18, 2024, the Board of Directors approved the Revised Whistleblowing Policy of the Corporation. In addition, the members of the Board of Directors disclose any potential or actual conflict of interest they may have in a transaction presented for approval of the Board. They likewise inhibit from the discussions and voting of the said transaction. The Company continues to improve its corporate governance practices. In line with UN Sustainable Development Goal 8 (Decent Work and Economic Growth), the Company strengthened its engagements with its employees, business partners, and customers. Sometime in September 2024, the Company was named for the first time to the Institute of Corporate Directors' Golden Arrow Awards for good governance. Vitarich earned a 1-arrow recognition having scored between 80 to 89 points based on the 2023 ASEAN Corporate Governance Scorecard assessment results.

Moreover, in order to ensure the attendance of all the members of the Board of Directors during its monthly regular meetings, the Board of Directors set the schedule of its 2024 monthly regular meetings during its regular meeting held on December 14, 2024. For the schedule of its 2025 monthly regular meetings, the Board of Directors set the same during its regular meeting held on December 18, 2024. In addition to this, the Board of Directors allowed directors to attend the meetings remotely through video conference. Vitarich continues to commit to improve its corporate governance.

PART V – EXHIBITS AND SCHEDULES

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

Exhibits

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

(b) Reports on SEC Form 17-C

The following are the items reported under SEC Form 17-C for the year 2024:

Date of Report	Remarks
2024.02.18	Resignation of Ms. Marie Angelie B. Macabulos as Vice President - Marketing and Business Development Director
2024.01.17	Appointment of Ms. Carina Fabian as Vice President - Special Projects Director
2024.04.15	SEC 17-C Notice of Annual General Meeting 2024
2024.06.28	Material Related Party Transactions with Barbizon Ventures Corporation
2024.06.28	Results of 2024 Annual Shareholders Meeting
2024.07.01	Results of Organizational Meeting of Board of Directors
2024.07.29	Press Release: Vitarich Corporation press release entitled: "Vitarich shows growth with expanded retail presence"
2024.08.10	Press Release: Vitarich Corporation Press Release Entitled: Vitarich first half net income rises five times to ₱167 million
2024.09.18	Press Release: Vitarich receives first Golden Arrow Award for commitment to good corporate governance
2024.11.05	Promotion of Mr. Reynaldo D. Ortega as Senior Vice President and Chief Operating Officer and Ms. Dolbert D. Tan as Senior Vice President and Chief Finance Officer
2024.11.08	Vitarich reports record net income of ₱330.1 million in nine months 2024
2024.12.18	WHISTLEBLOWER REPORTING POLICY (Revised on 18 December 2024)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code (now Section 177 of the Revised Corporation Code of the Philippines), this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the city of ______________________ on __________, 20__

By:

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

Marlon A. Dipolog
AVP & Controller

Stephanie Nicole S. Garcia
SVP & COO/CMO Director/ Treasurer
(Principal Operating Officer)

Atty. Alson Benedict C. Velasco
Corporate Secretary

Gilbert O. Tan
SVP and Chief Finance Officer

SUBSCRIBED AND SWORN to before me this _____ day of [illegible] MAR 2025 20__ affiant(s) exhibiting to me his/their Valid Identification numbers, as follows:

NAMES	VALID ID NO.	DATE OF EXPIRATION
Ricardo Manuel M. Sarmiento	Driver's License No. [illegible]	[illegible]
Stephanie Nicole S. Garcia	Philippine Passport No. [illegible]	December [illegible]
Gilbert O. Tan	Driver's License No. [illegible]	September [illegible]
Marlon A. Dipolog	PRC License No. [illegible]	September [illegible]
Atty. Alson Benedict C. Velasco	Passport No. [illegible]	March [illegible]

Doc. No. 105
Page No. 25
Book No. 3
Series of 2025

ATTY. NENITA UC. TUAZON
[illegible]

CONSOLIDATED FINANCIAL STATEMENTS

COVER SHEET

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

2 1 1 3 4

COMPANY NAME

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

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

M a r i l a o - S a n   J o s e   R o a d ,   S t a .   R o s a   I ,   M a r i l a o ,   B u l a c a n

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mccdabu-pepito@vitarich.com	(02) 8843-3033	(0925) 512 1011

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
4,095	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsgarcia@vitarich.com	(02) 8843-3033	(0918) 648 2258

CONTACT PERSON's ADDRESS

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

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

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE

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MAR 27 2025

FORGING LIVELIHOOD, NOURISHING LIVES™

VITARICH CORPORATION

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Vitarich Corporation and Subsidiaries** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the years ended **December 31, 2024**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended **December 31, 2024**, and the accompanying Annual Income Tax Return are in accordance with the books and records of **Vitarich Corporation and Subsidiaries**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Vitarich Corporation and Subsidiaries** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JOSE VICENTE C. BENGZON III
Chairman

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RICARDO MANUEL M. SARMIENTO
President / Chief Executive Officer

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

Subscribed and sworn to before me this ___ day of 21 MAR 2025 at MALOLOS, BULACAN. Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

Name	Valid ID No.	Date of Validity
Jose Vicente C. Bengzon III	PH Passport No. P7361465B	06-06-2031
Ricardo Manuel M. Sarmiento	Drivers License No. N03-94-158946	01-20-2032
Stephanie Nicole S. Garcia	PH Passport No. P8590175B	12-26-2031

Doc. No. 39

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Book No. 1

Series of 2025.

ATTY. NANITA DC. TUAZON

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation and Subsidiaries (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as at and for the year ended **December 31, 2024 and 2023** in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

REYES, TACANDONG AND CO., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE VICENTE C. BENGZON III
Chairman

RICARDO MANUEL M. SARMIENTO
President / Chief Executive Officer

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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MAR 27 2025

Subscribed and sworn to before me this ___ day of 27 MAR 2025 at MARILAO, BULACAN. Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

Name	Valid ID No.	Date of Validity
Jose Vicente C. Bengzon III	PH Passport No. P7281485B	08-06-2031
Ricardo Manuel M. Sarmiento	Drivers License No. N03-84-158846	01-20-2032
Stephanie Nicole S. Garcia	PH Passport No. P8539175B	12-28-2031

Doc. No. 58;
Page No. 25;
Book No. 3;
Series of 2025.

ATTY. NENITA DC. TUAZON
NOTARY PUBLIC
[illegible]

MAR 27 2025

REYES TACANDONG & CO.

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Vitarich Corporation and a Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The following key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Valuation of Biological Assets - Livestock

The Group's biological assets - livestock, which are measured at fair value less costs to sell, amounted to ₱323.7 million as at December 31, 2024. The Group recognized gain on the fair value changes of biological assets - livestock amounting to ₱91.8 million in 2024 (see Note 8).

MAR 27 2025

RSM

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

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

Valuation of Property, Plant and Equipment at Revalued Amounts

As at December 31, 2024, the Group's property, plant and equipment (excluding transportation equipment and construction in progress) which are accounted for using the revaluation model amounted to ₱2,018.4 million (see Note 11). The fair value measurement is significant to our audit as the property, plant and equipment carried at revalued amounts account for 34.8% of the Group's total assets as at December 31, 2024.

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other Matter

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-893-583-000
BOA Accreditation No. 4782/P-011; Valid until June 6, 2026
BIR Accreditation No. 08-005144-012-2024
Valid until January 24, 2026
PTR No. 10467135
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

VITARICH CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Figures as at December 31, 2022)

			December 31	
	Note	2024	2023	2022 (As Restated - Note 4)
ASSETS				
Current Assets				
Cash	5	₱590,140,410	₱398,265,061	₱303,418,775
Trade and other receivables	6	1,081,530,894	949,957,779	482,343,523
Inventories	7	843,794,267	734,634,008	963,367,449
Biological assets - livestock	8	383,475,626	125,394,750	116,118,755
Advances to suppliers		106,565,633	123,918,753	466,876,054
Other current assets	9	280,769,745	321,862,228	156,511,704
Total Current Assets		3,206,286,572	2,750,032,659	2,855,204,161
Noncurrent Assets				
Receivable from an insurance company	10	70,203,810	70,203,810	70,203,810
Property, plant and equipment	11			
At revalued amounts		2,034,441,329	1,949,466,138	1,842,877,962
At cost		63,860,824	45,591,722	126,640,633
Investment properties	12	312,296,465	303,346,551	136,473,842
Right-of-use (ROU) assets	24	56,599,061	82,417,724	53,525,616
Other noncurrent assets	13	20,018,643	23,416,664	37,115,371
Total Noncurrent Assets		2,577,420,730	2,472,443,409	2,265,841,244
		₱5,783,607,308	₱5,222,476,068	₱5,121,871,445
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	14	₱2,278,474,203	₱1,069,857,597	₱2,202,709,583
Current portion of:				
Loans payable	15	752,815,730	448,476,425	385,475,455
Lease liabilities	24	31,063,007	22,442,663	15,415,041
Cash bond deposits	16	66,449,820	60,553,932	54,299,453
Total Current Liabilities		3,128,802,760	1,998,575,554	3,256,848,556
Noncurrent Liabilities				
Loans payable - net of current portion	15	47,154,760	49,642,856	49,642,856
Lease liabilities - net of current portion	24	69,907,294	61,148,057	36,885,308
Net retirement liability	23	200,999,042	180,585,600	147,057,502
Net deferred tax liabilities	25	91,788,483	71,501,155	55,351,349
Total Noncurrent Liabilities		409,849,579	362,878,506	288,942,505
Total Liabilities		3,538,652,338	2,361,453,990	3,545,846,061
Equity				
Capital stock	17	1,160,446,925	1,160,446,925	1,160,446,925
Additional paid-in capital		1,470,455	1,470,455	1,470,455
Retained earnings		527,942,570	309,302,441	271,417,535
Other comprehensive income		554,994,616	435,721,635	437,500,065
Total Equity		2,244,854,570	1,906,941,456	1,870,834,980
		₱5,783,607,308	₱5,222,476,068	₱5,121,871,445

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(With Comparative Figures for 2022)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 4)
REVENUES	18			
Net sale of goods		₱12,447,519,639	₱12,543,304,170	₱11,957,511,891
Fair value changes on biological assets - livestock	8	91,769,612	(47,779,570)	10,916,838
		12,539,289,251	12,495,524,596	11,968,428,729
COST OF GOODS SOLD	19	(11,035,641,359)	(11,591,445,908)	(10,899,643,814)
GROSS PROFIT		1,503,647,892	904,478,688	1,068,809,915
OPERATING EXPENSES	20	(1,105,829,719)	(895,811,766)	(663,361,808)
OTHER INCOME (CHARGES)				
Interest expense	15	(79,000,537)	(75,825,783)	(40,021,974)
Net gain on fair value changes of investment properties	13	19,893,118	84,115,061	28,317,252
Interest income	5	1,238,715	1,536,781	2,038,459
Others - net	22	(22,556,455)	6,090,957	(37,548,040)
		(83,434,239)	(4,082,984)	(47,088,337)
INCOME BEFORE INCOME TAX		314,383,734	6,580,687	143,462,702
PROVISION FOR (BENEFIT FROM) INCOME TAX	25			
Current		79,849,366	22,130,285	51,302,707
Deferred		17,945,806	(28,854,508)	2,125,379
		97,795,172	(6,724,223)	53,428,086
NET INCOME		216,588,562	13,304,910	90,034,616
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss:				
Net revaluation increment on property, plant and equipment - net of deferred income tax	12	125,470,897	23,194,607	97,572,842
Remeasurement gain (loss) on net retirement liability - net of deferred income tax	23	1,553,433	(10,192,828)	31,841,070
		127,024,330	13,001,779	129,413,912
TOTAL COMPREHENSIVE INCOME		₱343,612,892	₱26,306,694	₱219,448,156
BASIC/DILUTED EARNINGS PER SHARE	27	₱0.071	₱0.004	₱0.029

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Figures for 2022)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 4)
CAPITAL STOCK	17	₱1,160,646,925	₱1,160,646,925	₱1,160,646,925
ADDITIONAL PAID-IN CAPITAL		1,470,859	1,470,859	1,470,859
RETAINED EARNINGS				
Balance at beginning of year, as previously reported		303,502,861	275,775,940	193,021,723
Prior period adjustments	4	–	(2,358,405)	(8,807,910)
Balance at beginning of year, as restated		303,502,861	273,417,535	171,889,632
Net income		216,588,562	13,304,916	89,635,614
Transfer from revaluation surplus to retained earnings - net of deferred income tax	11	7,851,147	16,780,410	11,892,289
Balance at end of year		527,942,570	303,502,861	273,417,535
OTHER COMPREHENSIVE INCOME				
REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net of deferred income tax				
Balance at beginning of year, as previously reported		443,958,207	414,078,152	347,844,501
Prior period adjustments	4	–	19,465,858	220,316
Balance at beginning of year, as restated		443,958,207	433,544,010	348,064,817
Net revaluation increment on property, plant and equipment - net of deferred income tax	11	123,470,897	27,194,607	97,371,482
Transfer from revaluation surplus to retained earnings - net of deferred income tax	11	(7,851,147)	(16,780,410)	(11,892,289)
Balance at end of year		559,577,957	443,958,207	433,544,010
CUMULATIVE REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT LIABILITY - Net of deferred income tax	23			
Balance at beginning of year		(6,236,774)	3,956,055	(27,885,015)
Remeasurement gain (loss) - net of deferred income tax		1,553,433	(10,192,829)	31,841,070
Balance at end of year		(4,683,341)	(6,236,774)	3,956,055
		554,894,616	437,721,433	437,500,065
		₱2,244,954,970	₱1,903,342,078	₱1,873,035,384

See accompanying Notes to Consolidated Financial Statements.

MAR 27 2025

VITARICH CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Figures for 2022)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱314,283,734**	₱6,160,697	₱143,962,700
Adjustments for:				
Depreciation and amortization	11	**146,515,452**	147,740,239	122,871,153
Fair value changes on biological assets - livestock	9	**(91,769,612)**	47,779,579	(10,300,438)
Interest expense	15	**79,009,837**	79,828,284	40,001,076
Provision for expected credit loss (ECL) on trade receivables	6	**41,051,404**	5,549,082	1,704,635
Losses on inventories and property, plant and equipment damaged by the typhoon	7, 11	**26,420,470**	–	–
Retirement expense	23	**25,361,134**	22,522,540	22,226,279
Gain on collection of previously written off trade receivables	6	**(18,152,097)**	–	–
Net gain on fair value changes of investment properties	12	**(16,899,118)**	(64,113,083)	(26,167,200)
Loss (gain) on disposal of property, plant and equipment, investment properties and ROU assets	22	**1,399,242**	(523,775)	1,017,744
Interest income	5	**(1,239,715)**	(1,536,741)	(2,398,456)
Operating income before working capital changes		**506,265,853**	237,411,404	200,012,450
Decrease (increase) in:				
Trade and other receivables		**(119,208,052)**	(70,593,518)	(22,644,867)
Inventories and biological assets - livestock		**(28,991,039)**	(122,322,222)	(291,063,088)
Advances to suppliers		**37,333,121**	142,957,281	(290,531,942)
Other current assets		**(36,907,524)**	(67,530,515)	16,452,306
Other noncurrent assets related to operations		–	3,300,636	(13,759,660)
Increase in:				
Trade and other payables		**211,621,853**	65,145,760	297,908,592
Cash bond deposits		**5,945,868**	4,204,283	8,247,570
Net cash generated from (used for) operations		**556,090,180**	194,553,318	(9,295,177)
Income taxes paid		**(79,849,368)**	(22,130,289)	(51,302,707)
Retirement benefits paid	23	**(2,874,500)**	(1,184,831)	(9,224,232)
Interest received		**1,239,715**	1,536,791	106,856
Net cash provided by (used in) operating activities		**474,606,029**	371,814,979	(69,817,530)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	11	**(88,953,768)**	(113,425,333)	(257,212,866)
Proceeds from sale of property, plant and equipment, investment properties and ROU assets		**8,795,703**	3,557,483	200,000
Additions to investment properties	12	–	(3,712,000)	–
Net cash used in investing activities		**(80,158,065)**	(₱113,579,850)	(₱257,012,866)

(Forward)

		Years Ended December 31		
				2022 (As Restated -
	Note	2024	2023	Note 4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of loans	15	**(₱1,057,031,305)**	(₱1,877,235,724)	(₱1,819,489,538)
Availments of loans	15	**958,683,200**	1,740,219,438	2,349,559,151
Interest paid		**(75,113,577)**	(68,308,882)	(35,735,576)
Payments of lease liabilities	24	**(34,308,243)**	(26,125,747)	(28,303,544)
Net cash provided by (used in) financing activities		**(202,570,615)**	(231,426,095)	466,030,503
NET INCREASE IN CASH		**191,885,349**	37,846,335	139,403,807
CASH AT BEGINNING OF YEAR		**398,263,061**	360,416,726	221,013,919
CASH AT END OF YEAR	5	**₱590,148,410**	₱398,263,061	₱360,416,726
NONCASH FINANCIAL INFORMATION				
Recognition of ROU assets and lease liabilities	24	**₱42,799,884**	₱40,903,027	₱34,331,718

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 17 2025

VITARICH CORPORATION AND A SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Information for 2022)

1. **General Information**

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

The consolidated financial statements include the financial statements of the Parent Company and Barbatos Ventures Corporation (BVC), a wholly-owned subsidiary engaged in the poultry dressing business as at December 31, 2024 and 2023 (collectively referred herein as "the Group"). BVC was acquired by the Parent Company effective January 1, 2022 (see Note 11).

The registered principal place of business of the Parent Company is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Parent Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in southern Philippines.

<u>Approval of the Consolidated Financial Statements</u>
The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issue by the Board of Directors (BOD) on March 20, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

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

The material accounting policy information used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

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

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

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

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

- In the principal market for the asset or liability; or

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Note 3 - Significant Judgments, Accounting Estimates and Assumptions

Note 8 - Biological Assets - Livestock

Note 11 - Property, Plant and Equipment

Note 12 - Investment Properties

Note 31 – Fair Value Measurement

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

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

- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

<u>Adoption of Amended PFRS Accounting Standards</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS Accounting Standards 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the foregoing amended PFRS Accounting Standards did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

<u>New and Amendments to PFRS Accounting Standards Already Issued But Not Yet Effective</u>
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- *Annual Improvements to PFRS Accounting Standards Volume 11:*

    - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PFRS Accounting Standards 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS Accounting Standards 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to 'transaction *price as defined by PFRS Accounting Standards 15, Revenue from Contracts with Customers*' to 'the amount *determined by applying PFRS Accounting Standards* 15' to remove potential confusion. Earlier application is permitted.

    - Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements – Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.

    - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

<u>Basis of Consolidation</u>
The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiary. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;

- Rights arising from other contractual arrangement; and

- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;

- Derecognizes the carrying amount of any non-controlling interests;

- Derecognizes the cumulative translation differences recorded in equity, if any;

- Recognizes the fair value of the consideration received;

- Recognizes the fair value of any investment retained;

- Recognizes surplus or deficit in profit or loss; and

- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

<u>Financial Assets and Liabilities</u>

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments includes transaction costs.
Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2024 and 2023, the Group's cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits (presented under "Other Noncurrent Assets" account) are classified under this category (see Notes 5, 6, 10 and 13).

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

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

As at December 31, 2024 and 2023, the Group's trade and other payables (excluding statutory payables), loans payable, cash bond deposits and lease liabilities are classified under this category (see Notes 14, 15, 16 and 24).

Impairment of Financial Assets at Amortized Cost

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

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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

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

Raw Materials, Feed Supplements, Supplies and Animal Health Products. For these inventories, all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs.

Finished Goods. Finished goods, which include fresh and frozen chicken cut-ups, include costs of direct materials, labor and overhead.

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

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

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

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

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

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

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

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

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

CWT. CWT represent the amounts withheld at source by the Group's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

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

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

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

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

Subsequent to initial recognition at cost, property, plant and equipment (except for land, transportation equipment and construction in-progress) are carried at revalued amounts less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Land is carried at revalued amount less accumulated impairment losses, if any. Fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to "Revaluation Surplus" account presented under "Other Comprehensive Income" section of the consolidated statements of financial position. Any decrease in the revaluation surplus of the same asset is charged to other comprehensive income (OCI) to the extent of any credit balance existing in the revaluation surplus in respect of that asset and the remaining decline, if any, is recognized in the consolidated statements of comprehensive income.

Annually, an amount from the "Revaluation Surplus" account is transferred to "Retained Earnings" under the "Equity" section in the consolidated statements of financial position for the depreciation relating to the revaluation surplus, net of related taxes. Upon disposal, any revaluation surplus relating to the particular asset sold is transferred to "Retained Earnings". Revaluations are performed every one to two years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Asset Type	Number of Years
Plant, machinery and equipment	10 to 20 years
Buildings	20 years
Leasehold and land improvements	2 to 5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years

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

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

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

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

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

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

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

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

Project Development Costs. These represent costs directly attributable to the development of the Parent Company's aqua feeds and aqua culture projects. The capitalized development costs pertain to the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Computer Software - Computer software is measured at cost of acquisition less any accumulated amortization and impairment losses, if any. Computer software is amortized on a straight-line basis over the economic useful life of three (3) years and assessed for impairment whenever there is an indication that the computer software may be impaired. Amortization period and amortization method for computer software are reviewed at each reporting date. Any change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is recognized prospectively.

<u>Impairment of Nonfinancial Assets</u>

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

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

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

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

<u>Leases</u>

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

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

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

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

The Group as Lessee

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

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

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

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

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

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

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

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

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

The Group as a Lessor
Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Equity

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

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

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

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

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

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

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

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

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

Fair Value Changes on Biological Assets - Livestock. Fair value changes on biological assets - livestock are recognized in profit or loss for the period in which it arises.

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

Interest Income. Revenue is recognized as interest accrues, taking into consideration the effective yield on the asset. Interest income from cash in banks are net of final tax.

Other Income. Other income is recognized when earned.

__Cost and Expense Recognition__

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

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

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

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

Other Charges. Other charges are recognized when incurred.

__Employee Benefits__

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

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

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

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

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

Remeasurements pertaining to actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the asset ceiling which is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Income Taxes</u>

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

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused NOLCO and excess MCIT over RCIT can be utilized.

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

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

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

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

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

Related Party Relationships and Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related these are subject to common control or common significant influence. Key management personnel are also considered as related parties.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. This is measured on an arm's-length basis in a manner similar to transactions with non-related parties.

Segment Reporting

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

Provisions

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

<u>Basic and Diluted Earnings Per Share (EPS)</u>
Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

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

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

4. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

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

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

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments;

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and

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

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

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

The carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 12.

Determining the Lease Commitments – The Group as a Lessor. Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the period in which these are earned.

Rental income earned in 2024, 2023 and 2022 are disclosed in Note 24.

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

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

The carrying amounts of ROU assets and lease liabilities as at December 31, 2024 and 2023 are disclosed in Note 24.

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

Accounting Estimates and Assumptions

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

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

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

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

The amount of provision for ECL and the carrying amount of the Group's trade receivables as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 are disclosed in Note 6.

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

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to any significant adverse impact on the Group's financial condition and results of operations. Thus, no provision for ECL was recognized in 2024, 2023 and 2022.

The carrying amount of receivable from an insurance company and the allowance for ECL recognized as at December 31, 2024 and 2023 are disclosed in Note 10.

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

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

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

The gain or loss on fair value changes of biological assets recognized under "Revenues" in the consolidated statements of comprehensive income in 2024, 2023 and 2022 and the carrying amount of biological assets as at December 31, 2024 and 2023 are disclosed in Note 8.

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

In determining the revalued amounts of property, plant and equipment (excluding transportation equipment and CIP), the Group hired independent firms of appraisers as at December 31, 2024 and 2023. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates; and (g) recent trends and development in the industry concerned.

The carrying amount of property, plant and equipment at revalued amounts as at December 31, 2024 and 2023 are disclosed in Note 11.

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

There were no changes in the estimated useful lives of property, plant and equipment in 2024, 2023 and 2022. The carrying amounts of property, plant and equipment as at December 31, 2024 and 2023 are disclosed in Note 11.

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

The valuation techniques and inputs used in the fair value measurement of investment properties, as well as the carrying amount of investment properties as at December 31, 2024 and 2023 are disclosed in Note 12.

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

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

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

No provision for impairment loss on nonfinancial assets was recognized in 2024, 2023 and 2022.

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

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

The carrying amount of net retirement liability as at December 31, 2024 and 2023 are disclosed in Note 23.

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

The carrying amounts of recognized and unrecognized deferred tax assets as at December 31, 2024 and 2023 are disclosed in Note 25.

4. Prior Period Adjustments

The consolidated financial statements as at and for the year ended December 31, 2022 have been restated to reflect the reclassification to property, plant and equipment of the Parent Company's investment properties which are being operated by Barbatos Ventures Corporation (BVC), as a result of the consolidation of BVC's operations to the Parent Company effective January 1, 2022 (see Note 13). Accordingly, the adjustments also included reclassifications from gain on change in fair value of investment properties in profit or loss to revaluation surplus in OCI, as well as the corresponding recognition of depreciation charges of property, plant and equipment in profit or loss, and other restatements to deferred taxes as presented in the related notes to consolidated financial statements.

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

	Assets	Liabilities	Equity	Retained Earnings	OCI
As previously reported	₱5,248.2	₱3,392.2	₱1,856.0	[illegible]	₱413.0
Prior period adjustments and reclassifications	(27.3)	(44.4)	17.1	[illegible]	18.5
As restated	₱5,220.9	₱3,347.8	₱1,873.1	₱375.4	₱431.5

5. Cash

This account consists of:

	2024	2023
Cash on hand	₱5,103,700	₱6,663,187
Cash in banks	585,036,710	391,601,874
	₱590,140,410	₱398,265,061

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

Total interest income recognized in the consolidated statements of comprehensive income pertain to the following:

	Note	2024	2023	2022
Cash in banks		₱205,324	₱115,845	₱108,860
Trade receivables	6	1,034,391	1,420,936	2,289,599
		₱1,239,715	₱1,536,781	₱2,398,459

6. Trade and Other Receivables

This account consists of:

	Note	2024	2023
Trade receivables from:			
Third parties		₱881,148,701	₱829,500,081
Related parties	26	245,890,511	145,528,142
Nontrade receivables		88,438,721	83,973,350
Receivable from an insurance company		35,064,371	–
Advances to officers and employees	26	26,862,531	23,202,566
Other receivables		22,459,010	24,538,968
		1,277,965,705	1,105,541,186
Allowance for ECL		196,634,811	155,583,407
		₱1,081,330,894	₱949,957,779

Trade receivables arising mainly from the sale of feeds, foods and livestock are generally collectible within 30 to 90 days. Overdue trade receivables bear interest ranging from 1.00% to 3.00% in 2024, 2023 and 2022. Interest income from overdue trade receivables amounted to ₱1.1 million in 2024, ₱1.4 million in 2023 and ₱2.3 million in 2022 (see Note 5).

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

In 2024, the Parent Company filed an insurance claim with an insurance company for the properties damaged by Typhoon Carina. Losses from inventories and property, plant and equipment damaged by the typhoon amounted to ₱7.3 million and ₱23.1 million, respectively (see Notes 7, 11 and 22). The proceeds from insurance were subsequently received in January 2025.

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

Other receivables mainly consist of short-term rental deposits and receivables from government agencies.

Movements in the allowance for ECL account as at December 31 are shown below:

		2024				
	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance at beginning of year		₱66,163,330	₱74,343,929	₱1,303,912	₱13,775,237	₱155,583,407
Provision for ECL	20	41,051,404	–	–	–	41,051,404
Balance at end of year		₱107,213,744	₱74,343,929	₱1,303,912	₱13,775,237	₱196,634,811

		2023				
	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance at beginning of year		₱64,228,152	₱88,158,268	₱2,361,021	₱13,911,250	₱171,161,731
Provision for ECL	20	3,539,062	–	–	–	3,539,062
Reclassification		(1,606,875)	(13,814,339)	(1,056,109)	(136,013)	(16,615,386)
Balance at end of year		₱66,160,339	₱74,343,929	₱1,303,912	₱13,775,237	₱155,583,407

		2023				
	Note	Trade	Dividends	Advances to Officers and Employees	Others	Total
Balance at beginning of year		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Provision for ECL	21	1,724,839	-	-	-	1,724,839
Balance at end of year		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

In 2024, the Group recognized gain on collection of written off accounts amounting to ₱18.2 million (see Note 22).

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

7. Inventories

This account consists of:

	2024	2023
At NRV -		
Feeds	₱219,873,500	₱333,652,987
At cost:		
Raw materials and feeds supplements	314,682,466	324,370,311
Supplies and animal health products	128,408,276	132,401,558
Finished goods	91,728,873	74,855,883
Hatching eggs	89,091,152	59,353,509
	₱843,784,267	₱924,634,068

Inventories are valued at lower of cost and NRV as at December 31, 2024 and 2023. The cost of the feeds carried at NRV amounted to ₱220.8 million and ₱334.6 million as at December 31, 2024 and 2023, respectively. Inventories charged to cost of goods sold amounted to ₱9,218.0 million in 2024, ₱9,865.3 million in 2023 and ₱9,525.9 million in 2022 (see Note 19).

In 2024, the Group recognized loss on inventories damaged by the typhoon amounting to ₱7.3 million (see Note 22). Allowance for inventory write-down amounted to ₱0.9 million as at December 31, 2024 and 2023.

8. Biological Assets - Livestock

The Group's livestock consists of the following:

	2024	2023
Day-old chicks and growing broilers	₱245,728,723	₱89,607,344
Parent stock	77,946,903	39,787,415
	₱323,675,626	₱129,394,759

The movements on the Group's livestock are as follows:

	Note	2024	2023
Balance at beginning of year		₱129,394,759	₱116,118,755
Increase due to purchases and production		6,673,717,832	6,349,921,100
Decrease due to sales, harvest and mortality		(6,571,206,577)	(6,288,865,517)
Gain (loss) on fair value changes	19	91,769,612	(47,779,579)
Balance at end of year		₱323,675,626	₱129,394,759

9. Other Current Assets

This account consists of:

	Note	2024	2023
Advances to contract growers and breeders	34	₱130,132,144	₱56,981,489
CWT		96,487,243	112,120,263
Prepayments		52,649,590	90,397,881
Input VAT		36,623,431	19,485,251
		315,892,408	278,984,884
Allowance for impairment losses		(55,122,665)	(55,122,665)
		₱260,769,743	₱223,862,219

Movements in the allowance for impairment losses of advances to contract growers and breeders as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Balance at beginning of year		₱55,122,665	₱46,748,582
Reclassification	6	-	8,374,083
Balance at end of year		₱55,122,665	₱55,122,665

10. Receivable from an Insurance Company

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

On August 17, 2016, the Parent Company received ₱58.5 million as partial settlement. On May 31, 2023, the Regional Trial Court (RTC) of Bulacan granted the claim of the Parent Company and ordered Charter Ping An to pay the insurance claim, to which Charter Ping An filed a Notice of Appeal with the Court of Appeals (CA) in Manila City. As at December 31, 2024, the case records had been transmitted to the CA. On December 2, 2024, the CA directed Charter Ping An to file an Appellant's Brief within 45 days from the date of notice. On February 10, 2025, Charter Ping An filed a Motion *for Extension of Time to File Appellant's Brief* with Manifestation seeking additional 45 days, or until April 6, 2025, within which to submit its Brief.

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

The composition of the receivable as at December 31, 2024 and 2023 are as follows:

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

The Parent Company continues to legally pursue the remaining balance of the insurance claim as at December 31, 2024 and 2023. No provisions nor write-off of allowance for ECL of the receivable were recognized in 2024, 2023 and 2022.

11. Property, Plant and Equipment

At Revalued Amounts

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

	2024					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	–	[illegible]	–	[illegible]	[illegible]	[illegible]
Reclassification	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Net revaluation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance at end of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation and amortization	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Damages	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Reclassification	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Balance at end of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrying Amount	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	2023					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reclassification	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	[illegible]	–	–	[illegible]	[illegible]
Net revaluation	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]
Balance at end of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation and amortization	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	[illegible]	–	–	[illegible]	[illegible]
Balance at end of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrying Amount	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Net revaluation increment on property, plant and equipment, net of deferred income tax, amounted to ₱115.5 million in 2024, ₱25.2 million in 2023 and ₱97.4 million in 2022.

In 2024, the Group recorded loss on property, plant and equipment damaged by the typhoon amounting to ₱13.1 million (see Note 22), net of a receivable from an insurance company amounting to ₱35.1 million (see Note 6).

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

	2024	2023
Land	**₱355,331,190**	₱355,331,190
Plant, machinery and equipment	**549,431,325**	649,213,180
Buildings	**287,633,800**	308,651,367
Leasehold and land improvements	**57,682,415**	35,219,777
Office furniture, fixtures and equipment	**18,259,256**	11,763,016
	₱1,268,337,986	₱1,360,178,530

The transfer from revaluation surplus to retained earnings, net of deferred income tax, amounted to ₱7.9 million in 2024, ₱16.8 million in 2023 and ₱11.9 million in 2022.

The Group's property, plant and equipment at revalued amounts were appraised by an independent firm of appraisers as at December 31, 2024 and 2023.

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

Class of Property	Valuation Techniques	Significant Inputs	Range 2024	Range 2023
Land	Sales comparison approach	Price per square meter (sqm) Value adjustments	**₱2,000 - ₱15,000** **5% - 33%**	₱2,395 - ₱50,500 5% - 35%
Plant, machinery and equipment	Depreciated replacement cost method	Replacement cost Remaining economic life	**₱1,306.5 million** **3 - 25 years**	₱870.4 million 3 - 25 years
	Discounted cash flow (DCF) approach	Discount rate Per monthly rent	–	12.02% ₱3.4 million - ₱4.0 million
Buildings	Depreciated replacement cost method	Replacement cost Remaining economic life	**₱613.7 million** **1 - 30 years**	₱1,057.5 million 7 - 25 years
	DCF approach	Discount rate Per monthly rent	–	12.02% ₱0.2 million - ₱1.2 million
Leasehold and land improvements	Depreciated replacement cost method	Replacement cost Remaining economic life	**₱84.3 million** **1 - 33 years**	₱27.1 million 2 - 9 years
	DCF approach	Discount rate Per monthly rent	–	12.02% ₱0.1 million
Office furniture, fixtures and equipment	Depreciated replacement cost method	Replacement cost Remaining economic life	**₱14.9 million** **2 - 4 years**	₱11.2 million 2 - 4 years

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

Sales Comparison Approach
Sales comparison approach involves the comparison of the Group's land to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the property taking into account the location, size and architectural features among others.

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

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

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

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

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

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

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

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

	2024		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱932,440,310	₱1,617,017,828	₱1,549,464,138
Additions and reclassifications	–	70,871,428	70,871,428
Depreciation and amortization	–	(115,168,720)	(115,168,720)
Disposals	–	(57,221,829)	(57,221,829)
Net revaluation increment	150,118,520	17,176,021	167,294,541
Balance at end of year	₱1,082,566,830	₱1,531,675,098	₱2,614,441,928

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱904,158,050	₱938,723,912	₱1,842,877,962
Additions and reclassifications	–	101,852,875	101,852,875
Depreciation and amortization	–	(118,798,585)	(118,798,585)
Disposals	–	(58,823)	(58,823)
Net revaluation increment	28,282,260	5,002,540	33,285,800
Balance at end of year	₱932,440,310	₱1,617,017,828	₱1,549,464,138

There are no transfers between the levels of fair value hierarchy in 2024, 2023 and 2022.

<u>At Cost</u>

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

	2024		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱46,127,170	₱45,674,517	₱89,801,687
Additions	–	76,738,916	76,738,916
Reclassifications	(475,827)	(7,444,269)	(7,940,836)
Disposal	(436,964)	–	(426,264)
Balance at end of year	45,214,379	62,930,144	108,144,743
Accumulated Depreciation			
Balance at beginning of year	44,209,961	–	44,209,961
Depreciation	1,056,301	–	1,056,301
Reclassification	(101,320)	–	(101,320)
Disposal	(379,632)	–	(379,632)
Balance at end of year	44,783,919	–	44,783,919
Carrying Amount	₱430,160	₱62,930,144	₱63,360,824

	2023		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱50,117,314	₱121,750,008	₱171,754,373
Additions	624,493	10,595,505	11,223,886
Reclassifications	–	(109,661,838)	(109,661,838)
Disposal	(3,515,734)	–	(3,515,734)
Balance at end of year	46,237,270	43,674,117	89,911,387
Accumulated Depreciation			
Balance at beginning of year	45,113,940	–	45,113,940
Depreciation	2,548,759	–	2,548,759
Disposal	(3,453,734)	–	(3,453,734)
Balance at end of year	44,208,965	–	44,208,965
Carrying Amount	₱2,028,305	₱43,674,117	₱45,702,422

CIP represents cost of raw materials, general construction works and installation costs incurred in the construction of the Group's offices, cabling installation, piping, bagging system installation and other developments. Completed construction costs amounting to ₱7.5 million in 2024, ₱109.7 million in 2023 and ₱6.3 million in 2022, were reclassified to the appropriate property, plant and equipment accounts. As at December 31, 2024 and 2023, there are no significant contractual commitments entered into by the Group.

The Group sold property, plant and equipment, investment properties and ROU assets for a cash consideration resulting to a gain (loss) on disposal amounting to (₱1.5 million) in 2024, ₱0.5 million in 2023 and (₱1.0 million) in 2022 (see Note 22).

As at December 31, 2024 and 2023, fully depreciated property, plant and equipment that are still being used by the Group amounted to ₱453.1 million and ₱383.5 million, respectively.

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

	Note	2024	2023	2022 (As restated - see Note 4)
Property, plant and equipment				
At revalued amounts		**₱115,166,739**	₱118,790,585	₱205,418,387
At cost		**1,056,500**	2,548,759	4,035,523
ROU assets	24	**26,892,227**	22,994,914	17,713,714
Computer software	13	**3,398,021**	3,398,021	5,295,333
		₱146,513,487	₱147,732,279	₱232,871,157

Depreciation and amortization expense were charged to the following:

	Note	2024	2023	2022 (As restated - see Note 4)
Cost of goods sold	19	**₱103,913,052**	₱105,338,143	₱95,884,634
Operating expenses	20			
Selling and distribution		**24,283,391**	26,794,215	21,642,318
Administrative expenses		**18,319,049**	15,607,920	15,330,001
		42,602,440	42,402,136	36,972,519
		₱146,515,492	₱147,740,279	₱132,971,153

12. Investment Properties

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

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

	2024		
	Land	Building	Total
Cost			
Balance at beginning of year	₱177,161,892	₱15,567,585	₱192,729,477
Disposals	(5,943,000)	–	(5,943,000)
Balance at end of year	171,218,892	15,567,585	186,786,477
Cumulative Gain on Changes in Fair Value			
Balance at beginning of year	109,431,084	(814,150)	108,616,934
Gain on changes in fair value	12,216,238	4,666,880	16,883,118
Balance at end of year	121,647,302	3,852,680	125,500,052
Carrying Amount	₱292,876,154	₱19,420,275	₱312,296,469

	2023		
	Land	Building	Total
Cost			
Balance at beginning of year	₱178,403,468	₱15,567,585	₱193,971,053
Additions	1,722,209	–	1,722,209
Disposals	(2,963,785)	–	(2,963,785)
Balance at end of year	177,161,892	15,567,585	192,729,477
Cumulative Gain (Loss) on Changes in Fair Value			
Balance at beginning of year	45,122,473	(418,580)	44,703,893
Gain (loss) on changes in fair value	64,308,590	(395,600)	63,913,0[illegible]
Balance at end of year	109,431,084	(814,180)	108,616,904
Carrying Amount	₱286,592,956	₱14,753,405	₱301,346,361

The Group's investment properties were appraised by an independent firm of appraisers as at December 31, 2024 and 2023. Net gain on change in fair value amounted to ₱16.9 million in 2024, ₱64.1 million in 2023 and ₱28.2 million in 2022.

The Group recognized revenue from leasing operations amounting to ₱5.3 million in 2024, ₱5.3 million in 2023 and ₱7.8 million in 2022 (see Note 2A). Direct costs related to the lease of investment properties amounted to ₱3.2 million in 2024, ₱1.0 million in 2023 and ₱1.1 million in 2022.

Details of the valuation techniques used in measuring fair values of classified under Level 2 and 3 of the fair value hierarchy are as follows:

			Range	
Class of Property	Valuation Technique	Significant Inputs	2024	2023
Land	Sales comparison approach	Price per square meter (sqm)	₱67 - ₱19,536	₱45 - ₱17,000
		Value adjustments	5% - 78%	5% - 75%
Buildings	DCF approach	Discount rate	12%	11%
		Per monthly rent (sqm)	₱50 - ₱113	₱65 - ₱72

Sales comparison approach involves the comparison of the Group's land to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The significant inputs to fair valuation are as follows:

- Price per sqm - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- Value adjustments - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

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

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

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

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

11. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Project development costs		₱31,368,395	₱31,368,395
Security deposits	24	12,928,688	12,928,688
Computer software		7,089,955	10,487,976
		51,387,038	54,785,059
Allowance for impairment losses		(31,368,395)	(31,368,395)
		₱20,018,643	₱23,416,664

Project development costs represent expenses incurred on the Group's aqua feeds and aqua culture projects. These were already fully provided with valuation allowance as at December 31, 2024 and 2023 since based on management's evaluation, these costs may no longer be recoverable.

The balance and movements in computer software are as follows:

	Note	2024	2023
Cost			
Balance at beginning and end of year		₱45,365,131	₱45,365,131
Accumulated Amortization			
Balance at beginning of year		32,877,155	29,479,134
Amortization	11	3,398,021	3,398,021
Balance at end of year		36,275,176	32,877,155
Carrying Amount		₱9,089,955	₱12,487,976

14. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade payables:			
Third parties		₱1,658,383,101	₱1,642,393,759
Related parties	26	15,685,408	3,907,536
Nontrade payables		201,332,185	148,419,428
Accrued expenses:			
Selling and administrative		281,754,674	195,328,480
Outside services		55,620,661	25,593,169
Others		41,428,586	14,830,005
Statutory payables		34,853,434	17,729,615
Customers' deposits		1,016,139	14,240,558
		₱2,270,474,208	₱2,066,952,350

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

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

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

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

Customers' deposits include amounts advanced by the customers to the Group. These are normally applied within one year.

15. Loans Payable

The Group's outstanding loans payable to local banks amounted to ₱800.0 million and ₱858.1 million as at December 31, 2024 and 2023, respectively. The Group's short-term and long-term loans are not subject to any debt covenants.

	2024	2023
Short-term loans	₱694,494,301	₱823,555,000
Current portion of long-term loans	58,321,429	24,921,429
Current portion of loans payable	752,815,730	848,476,429
Noncurrent portion of loans payable	47,154,760	9,642,856
	₱799,970,490	₱858,119,285

Short-term Loans Payable

In 2024 and 2023, the Group obtained unsecured, Peso-denominated short-term loans from local banks to finance its working capital requirements. The Group's short-term loans mature within 92 days and bear annual interest rates ranging from 6.00% to 6.50%. Outstanding balance amounted to ₱694.5 million and ₱823.6 million as at December 31, 2024 and 2023, respectively.

Long-term Loans Payable

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

a. ₱86.3 million promissory note

On October 31, 2018, the Parent Company entered into an eight-year loan agreement with China Bank Savings, Inc. ("CBS") amounting to ₱86.3 million, payable in 28 quarterly installments starting January 31, 2020 and bearing an interest rate of 7.875% per annum, repriced annually. Repriced interest rate is 7.875% in 2024 and 7.750% in 2023. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2024 and 2023, respectively.

b. ₱86.5 million promissory note

On December 6, 2018, the Parent Company entered into another eight-year loan agreement with CBS amounting to ₱86.5 million, payable in 28 quarterly installments starting March 6, 2020 and bearing an interest rate of 8.125% per annum, repriced annually. Repriced interest rate is 8.125% in 2024 and 7.750% in 2023. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2024 and 2023, respectively.

c. ₱67.0 million promissory note

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

Total availments of loans payable amounted to ₱958.3 million in 2024, ₱1,740.2 million in 2023 and ₱2,349.6 in 2022. Total payments of loans payable amounted to ₱1,057.0 million in 2024, ₱1,877.2 million in 2023 and ₱1,810.3 million in 2022 (see Note 29).

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

	Note	2024	2023	2022
Loans payable		**₱70,113,577**	₱68,308,832	₱35,745,576
Accretion of interest on lease liabilities	24	**8,887,040**	7,514,406	4,256,400
		₱79,000,617	₱75,823,238	₱40,001,976

16. Cash Bond Deposits

Cash bond deposits amounting to ₱66.4 million and ₱60.5 million as of December 31, 2024 and 2023, respectively, mainly pertain to surety bond deposits from contract growers, contract breeders, and salesmen.

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

17. Equity

Capital Stock
As of December 31, 2024 and 2023, the Parent Company has issued and outstanding common shares of 3,054,334,014 common shares at ₱0.38 par value equivalent to ₱1,160.6 million. Details of the authorized, issued and outstanding common shares as at December 31 are as follows:

	2024	2023
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014
Capital stock	**₱1,160,646,925**	₱1,160,646,925

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

Date of SEC Approval	Authorized Shares	No. of Shares Issued
October 2, 1972	5,000,000	5,000,000
May 2, 1973	10,000,000	10,000,000
October 31, 1974	7,000,000	7,000,000
December 5, 1977	45,000,000	45,000,000
December 5, 1982	33,000,000	33,000,000
August 11, 1986	200,000,000	200,000,000
February 9, 1989	200,000,000	200,000,000
October 16, 2013	1,500,000,000	2,286,497,901
December 22, 2017	1,500,000,000	267,836,113
		3,054,334,014

The Parent Company has 4,095 and 4,113 stockholders as at December 31, 2024 and 2023, respectively.

18. Revenues

This account consists of:

	Note	2024	2023	2022
Net sales from:				
Foods		₱7,437,937,490	₱6,943,470,368	₱6,241,234,413
Seeds		4,507,108,706	5,128,003,942	5,399,283,822
Farms		302,473,423	472,171,275	216,695,656
		12,447,519,619	12,543,644,375	11,857,315,851
Fair value changes on biological assets - livestock	9	91,769,612	(47,779,575)	10,656,438
		₱12,539,289,231	₱12,495,914,800	₱11,868,472,289

19. Cost of Goods Sold

This account consists of the following:

	Note	2024	2023	2022 (As restated - see Note 41)
Inventories sold	7	₱8,217,553,017	₱9,335,346,415	₱9,525,944,014
Outside services	24	1,224,430,953	1,125,877,634	258,830,177
Contractual services		423,314,589	426,201,217	312,252,808
Depreciation and amortization	11	103,913,012	105,738,141	95,558,124
Salaries and employee benefits	21	36,860,823	33,854,006	43,814,315
Others		29,169,356	32,738,349	50,762,974
		₱11,035,641,320	₱11,151,590,368	₱10,859,643,426

Others comprised of communication, light, water and repairs and maintenance.

20. Operating Expenses

This account consists of the following:

	2024	2023	2022 (As restated - see Note 41)
Administrative expenses	₱692,028,637	₱512,140,873	₱560,019,678
Selling and distribution expenses	413,801,082	341,570,395	375,347,130
	₱1,105,829,719	₱853,711,268	₱935,366,808

The details of operating expenses are as follows:

	Note	2024	2023	2022 (As restated - see Note 4)
Salaries and employee benefits	21	₱334,547,988	₱316,880,371	₱278,703,032
Freight and handling		160,632,260	151,793,387	140,959,140
Transportation and travel		138,269,694	132,116,782	143,693,808
Contractual services		83,224,292	39,187,855	35,600,604
Advertising and promotions		56,113,494	19,374,566	24,540,837
Professional fees		44,379,917	37,848,326	24,746,562
Depreciation and amortization	11	42,402,440	42,452,126	39,872,819
Representation and entertainment		42,407,864	15,475,271	36,105,469
Provision for ECL on trade receivables	6	41,051,404	3,579,042	1,704,646
Publications and subscriptions		40,083,400	40,088,981	28,313,370
Computerization project		30,607,104	28,263,914	23,825,178
Taxes and licenses		26,763,141	29,345,892	25,719,345
Supplies		11,720,039	6,549,415	6,338,714
Communications, light and water		10,791,979	9,768,320	9,687,496
Trainings and seminars		10,678,903	3,548,505	1,451,007
Rentals	24	7,169,571	10,280,001	8,260,477
Insurance		5,335,730	4,704,330	3,039,437
Repairs and maintenance		4,297,752	5,336,923	2,887,165
Others		7,026,689	3,173,004	21,212,948
		₱1,097,829,719	₱899,811,266	₱856,551,808

Other expenses include bank charges, association dues and inspection fees, among others.

21. Salaries and Employee Benefits

This account pertains to the following:

	Note	2024	2023	2022
Salaries and wages		₱303,528,235	₱297,188,485	₱259,713,525
Retirement benefits	23	25,361,136	22,122,540	22,326,339
Commissions		18,360,786	16,550,520	27,560,525
Other short-term benefits		24,158,654	16,872,832	14,886,462
		₱371,408,811	₱352,734,377	₱324,516,851

Salaries and employee benefits are allocated as follows:

	Note	2024	2023	2022
Cost of goods sold	19	₱36,860,823	₱35,854,006	₱45,813,819
Operating expenses:	20			
Administrative		235,785,106	211,849,889	176,820,011
Selling and distribution		98,762,882	105,030,482	101,883,021
		334,547,988	316,880,371	278,703,032
		₱371,408,811	₱352,734,377	₱324,516,851

22. Others - net

This account consists of:

	Note	2024	2023	2022
Losses on inventories and property, plant and equipment damaged by the typhoon	7, 11	(₱26,408,870)	₱–	₱–
Gain on collection of previously written off trade receivables	6	18,152,097	–	–
Tax settlement		(14,492,495)	(5,290,291)	(10,696,915)
Miscellaneous revenues		7,722,672	6,217,895	954,147
Rental income	24	5,321,071	5,255,468	7,417,865
Gain (loss) on disposal of property, plant and equipment, investment properties and ROU assets	11	(1,599,242)	523,275	(1,037,744)
Net foreign exchange gain (loss)		265,283	(615,490)	(28,701,581)
Others		(11,525,971)	–	(903,842)
		(₱22,566,455)	₱6,090,857	(₱32,968,070)

Miscellaneous revenues pertain to sale of used operating supplies and other wastes from production.

Others pertain to digitalization and other miscellaneous expenses.

23. Net Retirement Liability

The Group has a partially funded, noncontributory defined benefit retirement plan covering all of its qualified employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan asset. The Group's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

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

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

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income based on the report of an independent actuary as at December 31, 2024.

Details of retirement expense is as follows (see Note 21):

	2024	2023	2022
Current service costs	₱14,345,412	₱11,519,694	₱13,696,753
Net interest cost	11,015,724	10,602,846	8,439,580
	₱25,361,136	₱22,122,540	₱22,136,333

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

	2024	2023
Present value of DBO	₱205,478,854	₱184,617,101
Fair value of plan assets	(4,479,812)	(4,031,451)
	₱200,999,042	₱180,585,650

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

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

	2024	2023
Balance at beginning of year	₱184,617,101	₱150,999,455
Current service costs	14,345,412	11,519,694
Interest expense	11,261,643	10,886,338
Benefits paid	(2,876,500)	(2,194,831)
Remeasurement loss (gain)	(1,868,802)	13,406,445
Balance at end of year	₱205,478,854	₱184,617,101

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

	2024	2023
Balance at beginning of year	₱4,031,451	₱3,931,932
Interest income	245,919	283,493
Remeasurement gain (loss)	202,442	(183,974)
Balance at end of year	₱4,479,812	₱4,031,451

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

	2024	2023
Cash and cash equivalents	₱123,643	₱256,803
Equity instruments	693,475	502,722
Debt instruments - government bonds	3,646,567	3,257,816
Others	16,127	14,110
	₱4,479,812	₱4,031,451

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

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

	2024		
	Cumulative Remeasurement Loss	Deferred Tax (see Note 25)	Net
Balance at beginning of year	(₱8,315,699)	₱2,078,925	(₱6,236,774)
Remeasurement gain	2,071,244	(517,811)	1,553,433
Balance at end of year	(₱6,244,455)	₱1,561,114	(₱4,683,341)

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 25)	Net
Balance at beginning of year	₱5,274,740	(₱1,318,685)	₱3,956,055
Remeasurement loss	(13,590,439)	3,397,610	(10,192,829)
Balance at end of year	(₱8,315,699)	₱2,078,925	(₱6,236,774)

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 25)	Net
Balance at beginning of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)
Remeasurement gain	42,454,760	(10,613,690)	31,841,070
Balance at end of year	₱5,274,740	(₱1,318,685)	₱3,956,055

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

	2024	2023
Discount rate	**6.10%**	6.10%
Salary increase projection rate	**5.00%**	5.00%
Average remaining service years	**21.9**	22.4

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2024 and 2023 are presented below:

		Effect on Present Value of Retirement Liability (In thousands)	
	Change in Assumption	Discount Rate	Salary Increase Projection Rate
December 31, 2024	**+100 bps**	**(₱15,241)**	**₱17,497**
	-100 bps	**17,479**	**(15,529)**
December 31, 2023	+100 bps	(₱13,963)	₱15,504
	-100 bps	15,888	(14,122)

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

	2024	2023
Less than one year	**₱27,184,826**	₱26,011,557
Between one and five years	**81,798,644**	55,006,165
Beyond five years	**782,323,991**	737,372,323
	₱891,307,461	₱818,390,045

The weighted average duration of the present value of retirement benefit obligation as at December 31, 2024 and 2023 are 8.0 years and 8.1 years, respectively.

24. Significant Agreements

<u>Operating Leases - The Group as a Lessor</u>
The Group entered into cancellable leases covering certain production plants (i.e., dressing, rendering and ice production) which have lease terms of around two to three years and are renewable upon mutual agreement of the parties.

Total rent income from these operating leases amounted to ₱5.3 million in 2024, ₱5.3 million in 2023 and ₱7.0 million in 2022 and are shown as part of "Others - Net" account in the consolidated statements of comprehensive income (see Note 23).

<u>The Group as a Lessee - Short-term Leases</u>
The Group leases certain warehouses under operating lease agreements for a period of one year and are renewable upon mutual agreement by the parties. Rent expense amounted to ₱7.2 million in 2024, ₱10.2 million in 2023 and ₱8.3 million in 2022 (see Note 25).

Security deposits amounted to ₱12.9 million as at December 31, 2024 and 2023, respectively (see Note 11).

<u>The Group as a Lessee - Long-term Leases</u>
The Group entered into lease agreements of an office space in a building and finance lease agreements for its transportation equipment for a period of more than a year. The Group recognized ROU assets and lease liabilities on these transactions using the interest rates implicit in the leases which are fixed at the contract date. The average effective interest rate approximates 7.875% to 8.125% per annum in 2024, 2023 and 2022.

<u>ROU Assets</u>
The movements in ROU assets are as follows:

		2024		
	Note	Building	Transportation Equipment	Total
Cost				
Balance at beginning of year		₱21,838,157	₱169,050,075	₱190,888,232
Additions		–	42,799,984	42,799,984
Derecognition		–	(2,801,047)	(2,801,047)
Balance at end of year		21,838,157	209,049,012	230,887,169
Accumulated Amortization				
Balance at beginning of year		14,237,521	94,212,987	108,450,508
Amortization	11	3,257,415	23,634,812	26,892,227
Derecognition		–	(1,454,627)	(1,454,627)
Balance at end of year		17,494,936	116,393,172	133,888,108
Carrying Amount		₱4,343,221	₱92,655,840	₱96,999,061

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

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

	Note	2024	2023
Balance at beginning of year		**₱83,591,520**	₱52,299,839
Additions		**42,799,984**	49,903,022
Accretion of interest	15	**8,887,040**	7,514,406
Payments		**(34,308,243)**	(26,125,747)
Balance at end of year		**100,970,301**	83,591,520
Less current portion		**31,063,007**	22,442,663
Noncurrent portion		**₱69,907,294**	₱61,148,857

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

	Note	2024	2023	2022
Amortization of ROU assets		**₱26,892,227**	₱22,944,914	₱17,723,732
Accretion of interest on lease liabilities		**8,887,040**	7,514,406	4,266,400
Short-term leases	20	**7,169,531**	10,249,091	8,269,477
		₱42,948,798	₱40,708,411	₱30,259,609

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

	2024		2023	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Not later than one year	**₱37,043,196**	**₱31,063,007**	₱29,168,306	₱22,442,663
Later than one year but not more than five years	**80,797,963**	**69,907,294**	59,585,536	61,148,857
	₱117,841,159	**₱100,970,301**	₱88,753,842	₱83,591,520

Agreements with Contract Growers and Breeders
The Group has entered into various agreements with growers and breeders for the growing and breeding of livestock. These are generally renewed on an annual basis. The carrying amount of related advances to contract growers and breeders amounted to ₱75.0 million and ₱31.3 million as at December 31, 2024 and 2023, respectively. The advances to contract growers and breeders are settled upon delivery of goods to the Group (see Note 9).

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

Total services incurred from tolling arrangements amounted to ₱1,224.6 million in 2024, ₱1,125.9 million in 2023 and ₱858.8 million in 2022 and are recorded as part of "Outside Services" account under "Cost of Goods Sold" account in the consolidated statements of comprehensive income (see Note 19).

25. Income Tax

The components of provision for income tax are as follows:

	2024	2023	2022 (As restated - see Note 4)
Reported in profit or loss:			
Current:			
RCIT	₱79,849,366	₱21,935,240	₱51,302,707
MCIT	–	195,049	–
	79,849,366	22,130,289	51,302,707
Deferred	17,945,806	(28,854,508)	2,525,379
	₱97,795,172	(₱6,724,219)	₱53,828,086
Reported in OCI -			
Deferred	₱42,341,444	₱5,000,552	(₱43,071,164)

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

	2024	2023
Deferred tax assets:		
Retirement liability	₱50,249,761	₱45,146,413
Allowance for ECL on trade and other receivables	43,250,950	22,988,099
NOLCO	16,231,570	16,231,570
Allowance for impairment loss on advances to contract growers and breeders	13,780,666	13,780,666
Allowance for inventory write-down	224,079	224,079
Unrealized loss on foreign exchanges	25,109	–
Fair value changes of biological assets - livestock	–	21,944,895
	123,762,135	120,315,722
Deferred tax liabilities:		
Revaluation surplus on property, plant and equipment	(188,525,986)	(147,319,402)
Fair value changes of biological assets - livestock	(22,942,403)	–
Cumulative gain on fair value changes of investment properties	(3,265,173)	(3,636,793)
Excess of lease liabilities over ROU assets	(817,055)	(848,547)
Unrealized gain on foreign exchange	–	(12,709)
	(215,550,617)	(151,816,955)
Net deferred tax liabilities	(₱91,788,482)	(₱31,501,233)

As at December 31, 2024 and 2023, the Group did not recognize deferred tax assets relating to the following as management has assessed that these may not be realized in the future:

	2024	2023
Allowance for ECL on:		
Receivable from an insurance company	₱17,885,193	₱17,885,193
Trade and other receivables	5,907,753	5,907,753
NOLCO	14,056,529	–
Allowance for impairment loss on:		
Project development costs	7,842,099	7,842,099
Advances to suppliers	2,721,080	2,721,080
Excess MCIT over RCIT	175,049	195,049
	₱48,587,703	₱34,551,174

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

Year Incurred	Valid Until	Balance as at January 1, 2024	Incurred	Applied/ Expired	Balance as at December 31, 2024
2024	2027	₱–	₱56,226,116	₱–	₱56,226,116
2023	2026	17,999,079	–	–	17,999,079
2022	2025	36,488,314	–	–	36,488,314
2021	2026	10,438,886	–	–	10,438,886
		₱64,926,279	₱56,226,116	₱–	₱121,152,395

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

The Group's excess MCIT over RCIT amounting to ₱195,049 was incurred in 2023 and will expire in 2026.

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

	2024	2023	2022
Provision for income tax computed at the statutory income tax rate	**25.0%**	25.0%	25.0%
Income tax effects of:			
Nondeductible expenses, change in unrecognized deferred tax assets and other adjustments	**6.1%**	(127.2%)	12.5%
Income already subjected to final tax	**0.0%**	0.0%	0.0%
Effective income tax rates	**31.1%**	(102.2%)	37.5%

The RCIT used in preparing the consolidated financial statements as at and for the years ended December 31, 2024, 2023 and 2022 is 25%. The MCIT rate used is 2.00%, 1.50% and 1.00% for the years ended December 31, 2024, 2023 and 2022, respectively.

25. Related Party Transactions

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

Related Parties	Note	Nature of Transaction	Amount of Transactions 2024	Amount of Transactions 2023	Outstanding Balance 2024	Outstanding Balance 2023
Trade and Other Receivables	6					
		Sales	**₱732,746,159**	₱[illegible]		
Entities under common control		Collection	**(630,356,269)**	([illegible])	**₱245,895,112**	₱[illegible]
Advances to Officers	6	Advances - net of collections	**₱3,740,765**	₱[illegible]	**₱26,453,131**	₱[illegible]
Trade and Other Payables	14					
Entities under common control		Purchases	**₱285,462,688**	₱[illegible]		
		Payments	**(277,889,160)**	([illegible])	**₱13,465,441**	₱[illegible]

Trade and Other Receivables

The Group sells animal feeds, raw materials, feed supplements and dressed chicken to related parties which are due within 30 days and are noninterest-bearing. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2024 and 2023 (see Note 6).

Trade and Other Payables

The Group buys raw materials and breeder flocks from related parties. These are noninterest-bearing, generally on a 30-day credit term, unsecured and to be settled in cash (see Note 14).

Advances to Officers
The Group grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2024 and 2023 are disclosed in Note 6.

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

	2024	2023	2022
Short-term employee benefits	**₱69,911,760**	₱54,914,416	₱55,480,527
Retirement benefits	**4,656,828**	5,238,557	5,010,571
Other employee benefits	**24,276,904**	19,521,032	17,133,565
	₱98,845,492	₱79,674,005	₱77,624,663

27. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	Note	2024	2023	2022 (As restated - see Note 4)
Net income		**₱216,588,562**	₱13,336,815	₱85,634,614
Divided by the weighted average number of outstanding common shares	17	**3,054,334,014**	3,054,334,014	3,054,334,014
Basic and diluted earnings per share		**₱0.071**	₱0.004	₱0.028

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

The Parent Company does not have any dilutive common shares outstanding; thus, the basic and diluted earnings per share as at December 31, 2024, 2023 and 2022 are the same.

28. Reconciliation of Liabilities Arising from Financing Activities

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

	Note	January 1, 2024	Financing Cash Flows: Availments	Financing Cash Flows: Payments	Non-cash Changes	December 31, 2024
Loans payable	15	₱898,119,285	₱958,883,200	(₱1,057,031,900)	₱–	₱799,970,585
Lease liabilities	24	83,591,520	–	(34,308,341)	51,687,024	100,970,301
Interest expense	15	–	–	(70,113,577)	70,113,577	–
		₱981,710,805	₱958,883,200	(1,161,453,818)	₱121,800,601	₱900,940,791

	Note	January 1, 2023	Financing Cash Flows		Non-cash Changes	December 31, 2023
			Availments	Payments		
Loans payable	15	₱1,335,171,151	₱2,780,253,858	(₱3,677,235,704)	₱–	₱888,179,244
Lease liabilities	24	51,299,039	–	(26,525,787)	57,817,428	83,593,120
Interest expense	15	–	–	(68,309,862)	68,309,862	–
		₱1,387,471,590	₱2,780,253,858	(₱3,771,070,353)	₱125,726,320	₱941,772,364

29. Contingencies

The Group, in the ordinary course of business, has pending legal claims and assessments which are at various stages of discussions, protests and appeal with relevant third parties. Management, in consultation with its legal counsel, believes that the ultimate resolution of these legal claims and assessments would not have a material impact on the Group's financial position and results of operations based upon an analysis of potential results. Thus, no provision for contingencies was recognized in 2024, 2023 and 2022.

30. Financial Risk Management Objectives and Policies

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

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

Credit Risk

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

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

As at December 31, 2024 and 2023, there were no significant credit concentrations. The Group also requires collateral which are generally land and real estate from its customers to minimize credit risk.

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

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

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

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

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

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

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

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

	2024			
	Simplified Approach			
	Stage 1	Stage 2	Stage 3	Total
Cash in banks	₱385,036,710	₱–	₱–	₱385,036,710
Trade and other receivables*	940,721,117	175,056,529	157,224,779	1,273,002,425
Receivable from an insurance company	–	341,664,583	–	341,664,583
Security deposits	12,929,686	–	–	12,929,686
	₱1,338,686,515	₱516,721,112	₱157,224,779	₱[illegible]

*Excluding advances to officers and employees.

	2023			
	Simplified Approach			
	Stage 1	Stage 2	Stage 3	Total
Cash in banks	₱311,002,974	₱–	₱–	₱311,002,974
Trade and other receivables*	1,038,330,518	–	46,719,502	1,085,050,020
Receivable from an insurance company	–	141,088,383	–	141,088,383
Security deposits	12,918,000	–	–	12,918,000
	₱1,362,251,492	₱141,088,383	₱46,719,502	₱[illegible]

*Excluding advances to officers and employees.

For trade and other receivables, "Stage 1" pertains to those receivables from customers that always pay on time or even before the maturity date. "Stage 2" includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under "Stage 3".

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

	2024								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
Estimated total gross carrying amount at default (in millions)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expected credit loss (in millions)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	2023								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
Estimated total gross carrying amount at default (in millions)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Expected credit loss (in millions)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Liquidity Risk

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

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

	2024				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	[illegible]	₱–	₱–	₱–	[illegible]
Loans payable	[illegible]	[illegible]	[illegible]	–	[illegible]
Lease liabilities	[illegible]	[illegible]	[illegible]	–	[illegible]
Cash bond deposits	–	[illegible]	–	–	[illegible]
Future interest on long-term loans payable	[illegible]	[illegible]	[illegible]	–	[illegible]
	[illegible]	[illegible]	[illegible]	₱–	[illegible]

*Excluding statutory payables

	2023				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	[illegible]	₱–	₱–	₱–	[illegible]
Loans payable	[illegible]	[illegible]	[illegible]	–	[illegible]
Lease liabilities	[illegible]	[illegible]	[illegible]	–	[illegible]
Cash bond deposits	–	[illegible]	–	–	[illegible]
Future interest on long-term loans payable	[illegible]	[illegible]	[illegible]	–	[illegible]
	[illegible]	[illegible]	[illegible]	₱–	[illegible]

*Excluding statutory payables

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

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

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

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

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

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

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

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

	2024	2023
Total liabilities	₱3,536,652,358	₱3,321,153,990
Total equity	2,244,954,970	1,901,342,076
Debt-to-equity ratio	1.58	1.75

The Group is not subject to externally imposed restrictions.

31. Fair Value Measurement

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

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash	₱580,140,410	₱580,140,410	[illegible]	[illegible]
Trade and other receivables*	1,053,671,475	1,055,621,476	[illegible]	[illegible]
Receivable from an insurance company	70,303,810	70,303,810	75,203,810	75,203,810
Security deposits	12,928,680	12,929,688	12,924,680	12,924,680
	₱1,729,944,383	₱1,729,944,383	[illegible]	[illegible]
Financial Liabilities at Amortized Cost				
Trade and other payables**	₱2,243,820,769	₱2,243,820,769	[illegible]	[illegible]
Loans payable	799,870,490	799,870,490	[illegible]	[illegible]
Lease liabilities	100,970,301	100,970,301	[illegible]	[illegible]
Cash bond deposits	66,445,820	66,445,820	[illegible]	[illegible]
	₱3,211,217,380	₱3,211,217,380	[illegible]	[illegible]

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

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

Cash, Trade and Other Receivables (Excluding Advances to Officers and Employees), Trade and Other Payables (Excluding Statutory Payables) and Cash Bond Deposits. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

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

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

32. Operating Segment Information

The Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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

a. The Foods segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed chickens. Its products are distributed to hotels, restaurants, institutional clients, wet markets and supermarkets.

b. The Feeds segment caters to the feed requirement of the poultry growers' industry. It is engaged in the manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements sold to various distributors, dealers and end users.

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

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

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

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

The following tables present revenues and expenses information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2024, 2023 and 2022 (in millions).

	December 31, 2024					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sales of goods	₱8,663.02	₱4,527.11	₱502.47	₱–	₱922.16	₱12,447.12
Fair value changes on biological assets - livestock	–	–	91.77	–	–	91.77
	8,663.02	4,527.11	594.24	–	922.16	12,538.89
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation and amortization	7,987.58	3,864.21	481.88	–	831.44	10,933.73
Operating expenses, excluding depreciation and amortization	233.20	138.14	16.12	727.77	–	1,063.23
Depreciation and amortization	24.83	99.11	13.58	–	–	148.52
	8,035.41	3,808.46	128.08	757.77	831.44	12,145.48
SEGMENT OPERATING PROFIT (LOSS)	₱327.81	₱718.65	₱62.16	(₱757.77)	(₱1.06)	₱367.61
Other income (charges) - net						(85.45)
INCOME BEFORE INCOME TAX						314.90
Provision for income tax						97.75
NET INCOME						₱216.15
ASSETS AND LIABILITIES						
Segment assets	₱3,331.75	₱889.58	₱511.83	₱2,518.83	₱781.21	₱6,703.81
Segment liabilities	₱1,473.77	₱579.71	₱131.12	₱1,176.25	₱227.30	₱3,133.62
OTHER INFORMATION						
Capital expenditures	₱47.58	₱32.44	₱–	₱8.44	₱–	₱81.17
Non-cash expenses other than depreciation and amortization						
Provision for expected credit loss	₱–	₱–	₱–	₱41.95	₱–	₱41.95
Retirement expense	–	–	–	19.38	–	19.38
Losses on inventories and property, plant and equipment damaged by the typhoon	–	–	–	28.41	–	28.41

	December 31, 2023					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sales of goods	₱7,324.79	₱5,118.20	₱477.27	₱–	₱597.71	₱12,322.55
Fair value changes on biological assets - livestock	–	–	(47.78)	–	–	(47.78)
	7,324.79	5,118.20	429.49	–	597.71	12,274.77
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation and amortization	6,687.17	4,938.86	454.79	–	594.70	11,486.12
Operating expenses, excluding depreciation and amortization	121.11	132.73	11.22	143.80	–	411.86
Depreciation and amortization	73.04	228.59	–	26.23	–	327.86
	6,881.32	5,300.18	466.01	170.03	594.70	12,225.84
SEGMENT OPERATING PROFIT (LOSS)	₱443.47	(₱181.98)	(₱36.52)	(₱170.03)	₱3.01	₱48.93
Other income (charges) - net						(4.20)
INCOME BEFORE INCOME TAX						44.73
Provision for (benefit from) income tax						(6.72)
NET INCOME						₱51.45

	December 31, 2019					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
ASSETS AND LIABILITIES						
Segment assets	₱7,058.[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]
Segment liabilities	₱1,[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]
OTHER INFORMATION						
Capital expenditures	₱[illegible]	₱[illegible]	₱–	₱[illegible]	₱–	₱[illegible]
Non-cash expenses other than depreciation and amortization						
Retirement expense	₱–	₱–	₱–	₱[illegible]	₱–	₱[illegible]
Provision for expected credit loss	–	–	–	[illegible]	–	[illegible]

	December 31, 2020					
	Foods	Feeds	Farms	Corporate and Others	Eliminations	Consolidated
REVENUES						
Net sale of goods	₱[illegible]	₱[illegible]	₱[illegible]	₱–	₱[illegible]	₱[illegible]
Fair value changes on biological assets - livestock	–	–	[illegible]	–	–	[illegible]
	[illegible]	[illegible]	[illegible]	–	[illegible]	[illegible]
COSTS AND OTHER OPERATING EXPENSES						
Cost of goods sold, excluding depreciation and amortization	[illegible]	[illegible]	[illegible]	–	[illegible]	[illegible]
Operating expenses, excluding depreciation and amortization	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]
Depreciation and amortization	[illegible]	[illegible]	–	[illegible]	–	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SEGMENT OPERATING PROFIT (LOSS)	₱[illegible]	₱[illegible]	₱[illegible]	(₱[illegible])	₱[illegible]	₱[illegible]
Other charges - net						[illegible]
INCOME BEFORE INCOME TAX						[illegible]
Provision for income tax						[illegible]
NET INCOME						₱[illegible]
ASSETS AND LIABILITIES						
Segment assets	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]
Segment liabilities	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]	₱[illegible]
OTHER INFORMATION						
Capital expenditures	₱[illegible]	₱[illegible]	₱–	₱[illegible]	₱–	₱[illegible]
Non-cash expenses other than depreciation and amortization						
Retirement expense	₱–	₱–	₱–	₱[illegible]	₱–	₱[illegible]
Provision for expected credit loss	–	–	–	[illegible]	–	[illegible]

31. Business Combination

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

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

Assets Acquired:	
Cash	₱2,751,245
Trade receivables	11,897,013
Prepayments	6,515,805
Property and equipment	6,739,713
Deferred tax assets	2,200,796
	₱30,124,570
Liabilities Assumed:	
Trade and other payables	₱20,232,590
Deposits	177,040
	₱20,409,630

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

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation (the Parent Company) and a Subsidiary as at December 31, 2024 and 2023 and for the years then ended included in this Form 17-A and have issued our report thereon dated March 20, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

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

The schedule on financial soundness indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended and no material exceptions were noted.

The other supplementary schedules are presented for purposes of complying with the *Revised Securities Regulation Code Rule 68* and are not part of the consolidated financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. [illegible]
Tax Identification No. [illegible]
BOA Accreditation No. 4782/P-011, Valid until June 6, 2026
BIR Accreditation No. [illegible]
Valid until January 24, 2026
PTR No. [illegible]
Issued January 2, 2025, Makati City

March 20, 2025

VITARICH CORPORATION AND A SUBSIDIARY

FINANCIAL RATIOS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

Below is a schedule showing the financial soundness indicators in the years 2024 and 2023.

	Formula	2024	2023
Current Ratio			
	Current assets	₱3,206,286,572	₱2,730,032,638
	Divided by: Current liabilities	3,128,802,760	2,978,775,334
	Current Ratio	1.025	0.917
Debt-to-Equity Ratio			
	Total liabilities	₱3,538,652,338	₱3,321,153,990
	Divided by: Total equity	2,244,954,970	1,901,342,078
	Debt-to-Equity Ratio	1.576	1.747
Asset-to-Equity Ratio			
	Total assets	₱5,783,607,308	₱5,222,496,068
	Divided by: Total equity	2,244,954,970	1,901,342,078
	Asset-to-Equity Ratio	2.576	2.747
Solvency Ratio			
	Net income before depreciation and amortization	₱363,104,054	₱161,045,195
	Divided by: Total liabilities	3,538,652,338	3,321,153,990
	Solvency Ratio	0.103	0.048
Interest Rate Coverage Ratio			
	Pretax income before interest	₱393,384,351	₱82,403,585
	Divided by: Interest expense	79,000,817	75,823,258
	Interest Rate Coverage Ratio	4.980	1.087
Profitability Ratio			
	Net income	₱216,538,562	₱15,304,510
	Divided by: Total equity	2,244,954,970	1,901,342,078
	Profitability Ratio	0.096	0.007

	Formula	2024	2023
Gross Profit Margin			
	Gross profit	₱1,503,847,682	₱904,473,028
	Divided by: Net sales	12,447,519,819	12,543,694,175
	Gross Profit Margin	12.080%	7.211%
Net Profit Margin	Net income	₱216,588,562	₱13,304,916
	Divided by: Net sales	12,447,519,819	12,543,694,175
	Net Profit Margin	1.740%	0.106%
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	Net income	₱216,588,562	₱13,304,916
	Add:		
	Interest expense	79,000,617	75,823,298
	Taxes	97,795,172	(6,724,219)
	Depreciation and amortization	146,515,092	147,240,279
	EBITDA	₱539,899,843	₱230,144,264
EBITDA Margin			
	EBITDA	₱539,899,843	₱230,544,264
	Divided by: Net sales	12,447,519,819	12,543,694,175
	EBITDA Margin	4.337%	1.835%
Price Earnings Ratio			
	Market value per share	0.540	0.510
	Divided by: Earnings per share	0.071	0.004
	Price Earnings Ratio	7.606	127.500
Return on Average Equity			
	Net income	₱216,588,562	₱13,304,916
	Divided by: Average total equity	2,073,148,524	1,887,198,731
	Return on Average Equity	10.447%	0.705%

	Formula	2024	2023
Quick Ratio			
	Quick assets	₱1,671,471,304	₱1,348,222,840
	Divided by: Current liabilities	3,130,803,760	2,998,273,594
	Quick Ratio	0.534	0.450
Debt-to-EBITDA			
	Total liabilities	₱3,534,692,358	₱3,321,193,690
	Divided by: EBITDA	539,399,843	230,144,264
	Debt-to-EBITDA	6.554	14.431
Receivable Days Turnover			
	Average accounts receivable (multiplied by 365 days and divided by net sales)	₱889,173,182	₱852,595,286
	Receivable Days Turnover	29	25
Inventory Days Turnover			
	Average inventories and biological assets - livestock (multiplied by 365 days and divided by cost of goods sold)	₱1,110,744,370	₱1,016,757,524
	Inventory Days Turnover	37	32
Accounts Payable Days			
	Average accounts payable (multiplied by 365 days and divided by credit purchases	₱1,570,679,698	₱1,647,612,896
	Accounts Payable Days	51	52
Cash Conversion Cycle			
	Days inventory outstanding	37	32
	Add: Days sales outstanding	29	25
	Less: Days payable outstanding	(51)	(52)
	Cash Conversion Cycle	15	5

VITARICH CORPORATION AND A SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees	₱3,750,000	₱3,410,000
Non-audit services fees:		
Transfer pricing services	500,000	–
Tax compliance review	–	1,100,000
Total Non-audit Fees	500,000	1,100,000
Total Audit and Non-audit Fees	₱4,250,000	₱4,510,000

VITARICH CORPORATION AND A SUBSIDIARY
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2024

Table of Contents

Notes:

Schedule A - The Group is not required to prepare the schedule because the information requirements are not applicable to the Group.
Schedule B - The Group has no receivable from directors, officers, employees, and principal stockholders of more than one ₱1 million or 1% of the total assets as at December 31, 2024.
Schedule E - The Group has no long-term loans from related parties as at December 31, 2024.
Schedule F - The Group did not guarantee any securities of other issuers as at December 31, 2024.

VITARICH CORPORATION AND A SUBSIDIARY
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in Thousands)

Related Party	Balance as at Beginning of Year	Additions	Deductions			Ending Balance		Balance as at End of Year
			Collections	Write Off	Amounts Written Off	Current	Noncurrent	
Amounts Due from Related Parties								
Barbatos Ventures Corporation	₱180,115	₱119,037	₱75,008	₱-	₱-	₱216,444	₱-	₱216,444

VITARICH CORPORATION AND A SUBSIDIARY
SCHEDULE D – LONG TERM DEBT
DECEMBER 31, 2024
(Amounts in Thousands)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Loans payable - China Bank Savings	₱[illegible]	₱[illegible]	₱[illegible]	[illegible]	[illegible] quarterly payments of principal, monthly interest payments	October [illegible]
Loans payable - China Bank Savings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] quarterly payments of principal, monthly interest payments	November [illegible]
Loans payable - Asia United Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] monthly payments of principal and interest	August [illegible]
	₱[illegible]	₱[illegible]	₱[illegible]			

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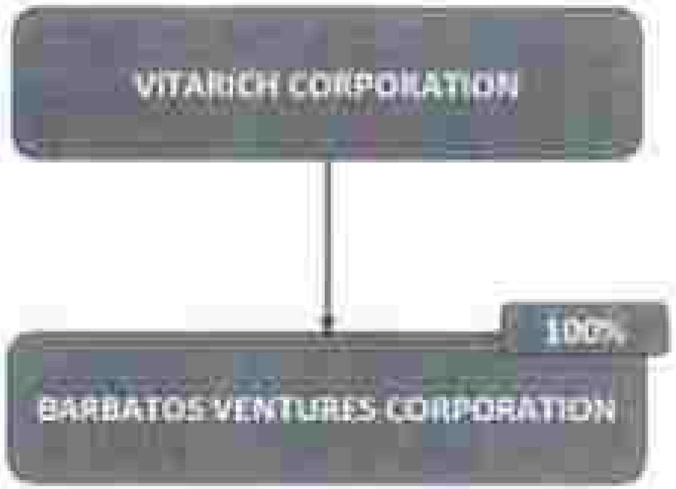
VITARICH CORPORATION AND A SUBSIDIARY
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024
(Amounts in Thousands)

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Number of shares held by: Related parties	Directors, officers and employees	Others
Common stock - [illegible] par value per share						
Authorized - [illegible] shares	3,500,000	[illegible]	-	[illegible]	[illegible]	[illegible]

VITARICH CORPORATION AND A SUBSIDIARY

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

DECEMBER 31, 2024



PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

VITARICH CORPORATION

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

		Amount
Deficit as at the beginning of reporting period		(₱218,530,997)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Transfer from revaluation surplus to retained earnings - net of deferred income tax		7,851,147
Deficit, as adjusted		(210,679,850)
Add: Net income for the current year	275,757,288	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of deferred income tax		
Fair value changes on biological assets - livestock	(68,827,209)	
Gain on fair value changes of investment properties	(15,264,648)	
Adjusted net income		191,665,431
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Unrealized fair value changes on biological assets - livestock in 2023, realized in 2024 - net of deferred income tax	(15,834,684)	
Net movement of unrealized foreign exchange - net of deferred income tax	513,433	
Net movement on set-up of ROU assets and lease liabilities - net of deferred income tax	93,275	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(1,446,413)	(16,674,389)
Deficit as at the end of reporting period		**(₱35,688,808)**

PARENT FINANCIAL STATEMENTS

COVER SHEET
for
AUDITED SEPARATE FINANCIAL STATEMENTS

SEC Registration Number: 21134

COMPANY NAME

VITARICH CORPORATION

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
4,095	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsgarcia@vitarich.com	(02) 8843-3033	(0918) 840 2258

CONTACT PERSON'S ADDRESS

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

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

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as at and for the year ended **December 31, 2024 and 2023** in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

REYES, TACANDONG AND CO., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE VICENTE C. BENGZON III
Chairman

RICARDO MANUEL M. SARMIENTO
President / Chief Executive Officer

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

MAR 27 2025

Subscribed and sworn to before me this ___ day of 2 5 MAR 2025 at [illegible] BULACAN. Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

Name	Valid ID No.	Date of Validity
Jose Vicente C. Bengzon III	PH Passport No. P7361485B	08-05-2031
Ricardo Manuel M. Sarmiento	Drivers License No. N03-04-158846	01-09-2030
Stephanie Nicole S. Garcia	PH Passport No. P8589175B	12-28-2031

Doc. No. 126
Page No. 26
Book No. 2
Series of 2025

ATTY. NENITA DC. TUAZON
NOTARY PUBLIC

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MAR 27 2025

FORGING LIVELIHOOD, NOURISHING LIVES™

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Vitarich Corporation** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the years ended **December 31, 2024**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended **December 31, 2024**, and the accompanying Annual Income Tax Return are in accordance with the books and records of **Vitarich Corporation**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Vitarich Corporation** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JOSE VICENTE C. BENGZON III
Chairman

RICARDO MANUEL M. SARMIENTO
President / Chief Executive Officer

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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MAR 27 2025

Subscribed and sworn to before me this ___ day of 27 MAR 2025 at MALOLOS, BULACAN.
Affiant exhibited to me their respective government-issued ID's as competent proof of their identities and acknowledged that they executed the same freely and voluntarily, to wit:

Name	Valid ID No.	Date of Validity
Jose Vicente C. Gengzon III	PH Passport No. P73014858	08-06-2031
Ricardo Manuel M. Sarmiento	Drivers License No. N03-94-158846	01-20-2032
Stephanie Nicole S. Garcia	PH Passport No. P85901788	12-26-2031

Doc. No. 108
Page No. 22
Book No. 2
Series of 2025.

ATTY. NENITA DC. TUAZON

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MAR 27 2025

REYES TACANDONG & CO.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

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

We have audited the accompanying separate financial statements of Vitarich Corporation (the Company), as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated March 20, 2025.

In compliance with the Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. [illegible]
Tax Identification No. [illegible]
BOA Accreditation No. 4782/P-011, Valid until June 6, 2026
BIR Accreditation No. [illegible]
Valid until January 24, 2026
PTR No. [illegible]
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

MAR 27 2025

RSM

REYES TACANDONG & CO.

INDEPENDENT AUDITORS' REPORT

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
R MAR 2 7 2025 D

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Vitarich Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

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

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
R MAR 27 2025 D

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and licenses in Note 31 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the management of Vitarich Corporation. The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TAGANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782/P-011, valid until June 6, 2026
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. [illegible]
Issued January 2, 2025, Makati City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
MAR 27 2025

March 20, 2025
Makati City, Metro Manila

VITARICH CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION

(With Comparative Figures as at December 31, 2022)

			December 31	
	Note	2024	2023	2022 (As Restated - Note 4)
ASSETS				
Current Assets				
Cash	5	₱585,037,297	₱392,412,416	₱301,040,836
Trade and other receivables	6	1,300,708,199	1,041,599,956	957,123,443
Inventories	7	837,229,253	712,860,168	858,465,136
Biological assets - livestock	8	323,675,626	175,354,759	133,118,715
Advances to suppliers		105,768,440	135,429,885	466,419,711
Other current assets	9	201,271,396	110,795,582	158,566,046
Total Current Assets		3,353,689,151	2,793,476,792	2,965,553,938
Noncurrent Assets				
Receivable from an insurance company	10	70,203,810	70,203,810	70,203,810
Property, plant and equipment	12			
At revalued amounts		1,993,673,218	1,937,800,537	3,019,942,491
At cost		63,360,624	45,935,389	126,495,818
Investment properties	13	312,298,469	301,386,351	238,473,542
Right-of-use (ROU) assets	25	96,999,061	92,417,724	55,329,416
Other noncurrent assets	14	20,018,643	23,476,664	35,315,371
Total Noncurrent Assets		2,556,552,725	2,460,740,455	3,284,758,958
		₱5,910,241,876	₱5,254,217,247	₱6,250,313,376
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	15	₱2,289,990,155	₱2,042,463,630	₱1,993,154,216
Current portions of:				
Loans payable	16	752,615,730	548,475,429	993,478,405
Lease liabilities	25	31,063,007	32,442,683	15,413,841
Cash bond deposits	17	66,192,780	60,308,312	56,107,418
Total Current Liabilities		3,139,861,672	2,973,689,643	3,050,150,299
Noncurrent Liabilities				
Loans payable - net of current portion	16	47,154,780	49,642,856	49,641,856
Lease liabilities - net of current portion	25	69,907,294	41,149,837	36,883,398
Net retirement liability	24	200,999,042	180,585,650	147,007,502
Net deferred tax liabilities	26	112,748,955	72,467,726	68,714,629
Total Noncurrent Liabilities		430,810,071	343,845,089	302,300,685
Total Liabilities		3,570,671,743	3,317,534,732	3,352,460,134
Equity				
Capital stock	18	1,160,646,925	1,160,646,925	1,160,646,925
Additional paid-in capital		1,470,853	1,470,853	1,470,853
Retained earnings		622,411,733	319,843,298	396,235,883
Other comprehensive income		554,894,631	455,721,430	417,500,065
Total Equity		2,339,570,133	1,936,682,515	2,897,853,242
		₱5,910,241,876	₱5,254,217,247	₱6,250,313,376

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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VITARICH CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Figures for 2022)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 4)
REVENUES	19			
Net sale of goods		₱12,353,842,318	₱12,485,249,516	₱11,888,005,954
Fair value changes on biological assets - livestock	9	91,769,612	(47,779,969)	(3,936,438)
		12,445,611,930	12,437,469,547	11,894,942,392
COST OF GOODS SOLD	20	(10,922,169,428)	(11,548,466,305)	(10,823,837,970)
GROSS PROFIT		1,523,442,502	889,003,242	1,071,104,422
OPERATING EXPENSES	21	(1,063,693,310)	(863,372,862)	(874,597,511)
OTHER INCOME (CHARGES)				
Interest expense	16	(77,724,142)	(75,823,288)	(43,001,876)
Net gain on fair value changes of investment properties	13	16,893,118	64,115,893	28,167,200
Interest income	5	1,234,204	1,551,549	3,304,541
Others - net	23	(26,599,912)	9,341,584	(14,626,185)
		(86,196,732)	(815,731)	(23,068,025)
INCOME BEFORE INCOME TAX		373,552,460	24,814,789	173,445,886
PROVISION FOR (BENEFIT FROM) INCOME TAX	26			
Current		79,849,366	21,335,270	51,303,875
Deferred		17,945,806	(20,347,486)	8,727,023
		97,795,172	987,784	61,024,006
NET INCOME		275,757,288	23,827,005	118,425,668
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss:				
Net revaluation increment on property, plant and equipment - net of deferred income tax	12	125,470,897	25,158,607	97,372,482
Remeasurement gain (loss) on net retirement liability - net of deferred income tax	24	1,555,433	(10,152,829)	31,841,070
		127,026,330	15,005,778	129,213,552
TOTAL COMPREHENSIVE INCOME		₱402,783,618	₱38,829,783	₱247,634,541
BASIC/DILUTED EARNINGS PER SHARE	28	₱0.090	₱0.008	₱0.039

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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VITARICH CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Figures for 2022)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 4)
CAPITAL STOCK	18	**₱1,160,638,326**	₱1,160,638,326	₱1,160,638,326
ADDITIONAL PAID-IN CAPITAL		**1,479,458**	1,479,458	1,479,458
RETAINED EARNINGS				
Balance at beginning of year, as previously reported		**338,843,298**	304,556,328	136,015,725
Prior period adjustments	4	**–**	(6,320,445)	31,805,876
Balance at beginning of year, as restated		**338,843,298**	298,235,883	167,821,601
Net income		**275,757,288**	23,827,005	118,420,993
Transfer from revaluation surplus to retained earnings - net of deferred income tax	12	**7,851,147**	16,780,410	11,993,289
Balance at end of year		**622,451,733**	338,843,298	298,235,883
OTHER COMPREHENSIVE INCOME				
REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net of deferred income tax	12			
Balance at beginning of year, as previously reported		**441,958,207**	414,078,148	347,844,331
Prior period adjustments	4	**–**	19,465,862	220,536
Balance at beginning of year, as restated		**441,958,207**	433,544,010	348,064,867
Net revaluation increment on property, plant and equipment - net of deferred income tax		**125,470,897**	25,194,607	97,373,442
Transfer from revaluation surplus to retained earnings - net of deferred income tax		**(7,851,147)**	(16,780,410)	(11,993,289)
Balance at end of year		**559,577,957**	441,958,207	433,544,010
CUMULATIVE REMEASUREMENT GAIN (LOSS) ON NET RETIREMENT LIABILITY - Net of deferred income tax	24			
Balance at beginning of year		**(6,236,774)**	3,956,055	(27,885,015)
Remeasurement gain (loss) - net of deferred income tax		**1,553,433**	(10,192,829)	31,841,070
Balance at end of year		**(4,683,341)**	(6,236,774)	3,956,055
		554,894,616	435,721,433	437,500,065
		₱2,339,464,133	₱1,936,682,515	₱1,897,853,732

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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VITARICH CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Figures for 2022)

	Note	2024	2023	2022 (As Restated - Note 4)
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱373,552,460	₱74,514,749	₱172,545,035
Adjustments for:				
Depreciation and amortization	12	137,921,568	140,717,062	118,846,513
Fair value changes on biological assets - livestock	8	(91,768,412)	47,779,579	(10,895,458)
Interest expense	16	77,724,142	75,825,288	40,001,516
Provision for expected credit loss (ECL) on trade receivables	6	41,951,404	5,539,062	1,704,835
Losses on inventories and property, plant and equipment damaged by the typhoon	7,12	26,409,879	–	–
Retirement expense	24	25,361,136	27,122,540	22,206,519
Gain on collection of previously written off trade receivables	6	(18,152,007)	–	–
Net gain on fair value changes of investment properties	13	(16,893,118)	(64,333,348)	(28,207,200)
Loss (gain) on disposal of property, plant and equipment and investment properties and ROU asset	11	1,599,242	(412,273)	2,857,744
Interest income	5	(1,234,208)	(1,531,588)	(3,394,545)
Operating income before working capital changes		555,569,787	246,496,332	331,014,508
Decrease (increase) in:				
Trade and other receivables		(246,948,121)	(83,009,579)	(91,825,913)
Inventories and biological assets - livestock		(28,178,947)	(121,250,612)	(168,361,396)
Advances to suppliers		14,861,425	349,399,844	(250,075,640)
Other current assets		(10,445,810)	(54,219,534)	34,511,580
Other noncurrent assets related to operations		–	5,500,636	(7,773,832)
Increase in:				
Trade and other payables		347,426,515	49,299,384	281,505,074
Cash bond deposits		1,881,888	4,214,394	8,092,539
Net cash generated from (used for) operations		537,829,712	396,513,776	(73,964,227)
Income taxes paid		(79,849,356)	(21,935,240)	(52,302,879)
Retirement benefits paid	24	(3,876,500)	(2,184,831)	(9,124,210)
Interest received		1,234,208	1,531,588	107,972
Net cash provided by (used in) operating activities		456,438,054	374,125,287	(81,297,079)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	12	(71,257,453)	(123,811,238)	(251,976,891)
Proceeds from sale of property, plant and equipment, investment properties and ROU assets		8,738,370	3,496,483	200,000
Additions to investment properties	13	–	(1,722,208)	–
Net cash used in investing activities		(62,519,083)	(₱122,036,954)	(₱251,776,891)

(Forward)

		Years Ended December 31		
	Note	2024	2023	2022 (As Restated - Note 4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of loans	16	**(₱1,257,031,995)**	(₱1,877,235,724)	(₱1,839,488,526)
Availments of loans	16	**958,881,200**	1,740,223,058	2,349,559,151
Interest paid		**(68,837,102)**	(68,308,883)	(75,773,578)
Payments of lease liabilities	25	**(34,306,243)**	(28,125,747)	(26,322,544)
Net cash provided by (used in) financing activities		**(401,294,140)**	(233,436,695)	406,230,503
NET INCREASE IN CASH		**192,624,831**	30,751,628	131,964,434
CASH AT BEGINNING OF YEAR		**392,412,466**	361,660,838	229,696,404
CASH AT END OF YEAR	5	**₱585,037,297**	₱392,412,466	₱361,660,838
NONCASH FINANCIAL INFORMATION				
Recognition of ROU assets and lease liabilities	25	**₱42,759,584**	₱45,005,227	₱54,231,713

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(With Comparative Information for 2022)

1. General Information

Corporate Information

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

The registered principal place of business of the Company is at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao and maintains satellite offices in southern Philippines.

Approval of the Separate Financial Statements

The separate financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issue by the Board of Directors (BOD) on March 20, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policy information used in the preparation of the separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

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

The Company also prepares consolidated financial statements for the same year in accordance with PFRS Accounting Standards for the Company and its Subsidiary (collectively referred to as the Group). Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The consolidated financial statements may be obtained at the registered office address of the Company or at the SEC.

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

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

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Note 3 - Significant Judgments, Accounting Estimates and Assumptions

Note 8 - Biological Assets - Livestock

Note 12 - Property and Equipment

Note 13 - Investment Properties

Note 32 - Fair Value Measurement

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

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

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

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

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

<u>Adoption of Amended PFRS Accounting Standards</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- *Amendments to PAS 7, Statement of Cash Flows and PFRS Accounting Standards 7, Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the foregoing amended PFRS Accounting Standards did not have any material effect on the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

<u>New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective</u>
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026 –

- *Amendments to PFRS Accounting Standards 9, Financial Instruments, and PFRS Accounting Standards 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvement to PFRS Accounting Standards Volume 11:
  - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
  - Amendments to PFRS Accounting Standards 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS Accounting Standards 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS Accounting Standards 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS Accounting Standards 15'* to remove potential confusion. Earlier application is permitted.
  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 –

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

__Financial Assets and Liabilities__

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2024 and 2023, the Company's cash, trade and other receivables (excluding advances to officers and employees), receivable from an insurance company and security deposits (presented under "Other Noncurrent Assets" account) are classified under this category (see Notes 5, 6, 10 and 14).

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

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

As at December 31, 2024 and 2023, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category (see Notes 15, 16, 17 and 25).

Impairment of Financial Assets at Amortized Cost

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

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

<u>Derecognition of Financial Assets and Liabilities</u>

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

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate statements of comprehensive income.

<u>Offsetting of Financial Assets and Liabilities</u>

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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

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

Raw Materials, Feed Supplements, Supplies and Animal Health Products. For these inventories, all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs.

Finished Goods. Finished goods, which include fresh and frozen chicken cut-ups, include costs of direct materials, labor and overhead.

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

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

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

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

Gain or loss arising on initial recognition and any changes in the fair value less costs to sell of livestock are recorded as part of "Revenues" in the separate statements of comprehensive income.

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

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

<u>Other Current Assets</u>
Other current assets consist of advances to contract growers and breeders, creditable withholding taxes (CWT), prepayments and input value added taxes (VAT).

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

CWT. CWT represent the amounts withheld at source by the Company's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

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

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

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

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

Subsequent to initial recognition at cost, property, plant and equipment (except for land, transportation equipment and construction in-progress) are carried at revalued amounts less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Land is carried at revalued amount less accumulated impairment losses, if any. Fair market value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to "Revaluation Surplus" account presented under "Other Comprehensive Income" section of the separate statements of financial position. Any decrease in the revaluation surplus of the same asset is charged to other comprehensive income (OCI) to the extent of any credit balance existing in the revaluation surplus in respect of that asset and the remaining decline, if any, is recognized in the separate statements of comprehensive income.

Annually, an amount from the "Revaluation Surplus" account is transferred to "Retained Earnings" under the "Equity" section in the separate statements of financial position for the depreciation relating to the revaluation surplus, net of related taxes. Upon disposal, any revaluation surplus relating to the particular asset sold is transferred to "Retained Earnings". Revaluations are performed every one to two years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Asset Type	Number of Years
Plant, machinery and equipment	10 to 20 years
Buildings	20 years
Leasehold and land improvements	2 to 5 years or lease term, whichever is shorter
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years

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

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

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

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

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

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

Rental income and operating expenses from investment properties are reported as part of "Others - net" and "Operating Expenses," respectively, in the separate statements of comprehensive income.

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

Project Development Costs . These represent costs directly attributable to the development of the Company's aqua feeds and aqua culture projects. The capitalized development costs pertain to the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Computer Software. Computer software is measured at cost of acquisition less any accumulated amortization and impairment losses, if any. Computer software is amortized on a straight-line basis over the economic useful life of three (3) years and assessed for impairment whenever there is an indication that the computer software may be impaired. Amortization period and amortization method for computer software are reviewed at each reporting date. Any change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is recognized prospectively.

<u>Impairment of Nonfinancial Assets</u>
The carrying amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's net recoverable amount is estimated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company as a Lessor
Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Equity

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

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

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

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

Revenue Recognition

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

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

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

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

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

Fair Value Changes on Biological Assets - Livestock. Fair value changes on biological assets - livestock are recognized in profit or loss for the period in which it arises.

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

Interest Income. Revenue is recognized as interest accrues, taking into consideration the effective yield on the asset. Interest income from cash in banks are net of final tax.

Other Income. Other income is recognized when earned.

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

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

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

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

Other Charges. Other charges are recognized when incurred.

Employee Benefits

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

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

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

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

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

Remeasurements pertaining to actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the asset ceiling which is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Income Taxes</u>

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

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

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

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

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

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

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

<u>Related Party Relationships and Transactions</u>
Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related these are subject to common control or common significant influence. Key management personnel are also considered as related parties.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. This is measured on an arm's-length basis in a manner similar to transactions with non-related parties.

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

<u>Basic and Diluted Earnings per Share (EPS)</u>
Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

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

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

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

The carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 13.

Determining the Lease Commitments – The Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the period in which these are earned.

Rental income earned in 2024, 2023 and 2022 are disclosed in Note 25.

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

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

The carrying amounts of ROU assets and lease liabilities as at December 31, 2024 and 2023 are disclosed in Note 25.

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

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

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

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

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

The amount of provision for ECL and the carrying amount of the Company's trade receivables as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 are disclosed in Note 6.

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

Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result to any significant adverse impact on the Company's financial condition and results of operations. Thus, no provision for ECL was recognized in 2024, 2023 and 2022.

The carrying amount of receivable from an insurance company and the allowance for ECL recognized as at December 31, 2024 and 2023 are disclosed in Note 10.

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

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

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

The gain or loss on fair value changes of biological assets recognized under "Revenues" in the separate statements of comprehensive income in 2024, 2023 and 2022 and the carrying amount of biological assets as at December 31, 2024 and 2023 are presented in Note 8.

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

In determining the revalued amounts of property, plant and equipment (excluding transportation equipment and CIP), the Company hired independent firms of appraisers as at December 31, 2024 and 2023. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates; and (g) recent trends and development in the industry concerned.

The carrying amounts of property, plant and equipment at revalued amounts as at December 31, 2024 and 2023 are disclosed in Note 12.

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

There were no changes in the estimated useful lives of property, plant and equipment in 2024, 2023 and 2022. The carrying amounts of property, plant and equipment as at December 31, 2024 and 2023 are disclosed in Note 12.

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

The valuation techniques and inputs used in the fair value measurement of investment properties, as well as the carrying amounts of investment properties as at December 31, 2024 and 2023 are disclosed in Note 13.

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

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

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

No provision for impairment loss on nonfinancial assets was recognized in 2024, 2023 and 2022.

The carrying amounts of nonfinancial assets which consist of advances to officers and employees, other current assets, investment in a subsidiary, property, plant and equipment, investment properties, other noncurrent assets (excluding security deposits), and ROU assets are disclosed in Notes 8, 9, 11, 12, 13, 14 and 25.

Estimating Net Retirement Liability. The determination of the Company's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 24 to the separate financial statements and include among others, discount rate and salary increase rate. While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The carrying amounts of net retirement liability as at December 31, 2024 and 2023 are disclosed in Note 24.

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

The carrying amounts of recognized and unrecognized deferred tax assets as at December 31, 2024 and 2023 are disclosed in Note 26.

4. Prior Period Adjustment

The separate financial statements as at and for the year ended December 31, 2022 have been restated to reflect the reclassification to property, plant and equipment of the Company's investment properties which are being operated by Barbatos Ventures Corporation (BVC), as a result of the consolidation of BVC's operations to the Company effective January 1, 2022 (see Note 12). Accordingly, the adjustments also included reclassifications from gain on change in fair value of investment properties in profit or loss to revaluation surplus in OCI, as well as the corresponding recognition of depreciation charges of property, plant and equipment in profit or loss, and other restatements to deferred taxes as presented in the related notes to separate financial statements.

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

	Assets	Liabilities	Equity	Retained Earnings	OCI
As previously reported	₱5,277.6	₱3,382.9	₱1,894.7	₱304.5	₱418.0
Prior period adjustments and reclassifications	(27.3)	(30.4)	3.1	(6.3)	19.5
As restated	₱5,250.3	₱3,352.5	₱1,897.8	₱298.2	₱437.5

5. Cash

This account consists of:

	2024	2023
Cash on hand	₱4,793,448	₱6,434,159
Cash in banks	580,243,849	385,978,307
	₱585,037,297	₱392,412,466

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

Total interest income recognized in the separate statements of comprehensive income pertain to the following:

	Note	2024	2023	2022
Cash in banks		₱199,817	₱110,652	₱107,932
Trade receivables	6	1,034,391	1,420,936	2,287,013
		₱1,234,208	₱1,531,588	₱2,394,945

6. Trade and Other Receivables

This account consists of:

	Note	2024	2023
Trade receivables from:			
Third parties		₱851,151,057	₱775,068,988
Related parties	27	240,722,831	143,528,241
Nontrade receivables from:			
Related parties	27	241,309,205	145,089,993
Third parties		79,534,584	82,960,117
Receivable from an insurance company		35,064,371	–
Advances to officers and employees		26,380,471	22,806,692
Other receivables		7,332,272	9,905,173
		1,481,494,791	1,181,329,204
Less allowance for ECL		(180,786,652)	(139,735,248)
		₱1,300,708,139	₱1,041,593,956

Trade receivables arising mainly from the sale of feeds, food and livestock are generally collectible within 30 to 90 days. Overdue trade receivables bear interest ranging from 1.00% to 3.00% in 2024, 2023 and 2022. Interest income earned from overdue trade receivables amounted to ₱1.0 million in 2024, ₱1.4 million in 2023 and ₱2.3 million in 2022 (see Note 5).

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

In 2024, the Company filed an insurance claim with an insurance company for the properties damaged by Typhoon Carina. Losses from inventories and property, plant and equipment damaged by the typhoon amounted to ₱7.3 million and ₱15.1 million, respectively (see Notes 7, 12 and 23). The proceeds from insurance were subsequently received in January 2025.

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

Other receivables mainly consist of short-term rental deposits and receivables from government agencies.

Movements in the allowance for ECL as at December 31 are shown below:

		2024				
	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance at beginning of year		₱56,754,714	₱74,341,329	₱1,353,913	₱7,234,093	₱139,735,248
Provision for ECL	21	41,051,404	–	–	–	41,051,404
Balance at end of year		₱97,806,118	₱74,341,329	₱1,353,913	₱7,234,093	₱180,786,652

				2023		
	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance at beginning of year		₱56,433,527	₱88,158,268	₱1,260,572	₱7,489,735	₱[illegible]
Provision for ECL	21	3,579,062	–	–	–	3,579,062
Reclassification		(3,474,875)	(13,473,334)	(1,206,665)	(135,252)	(19,212,908)
Balance at end of year		₱56,754,714	₱74,181,325	₱1,053,907	₱7,354,483	₱[illegible]

				2022		
	Note	Trade	Nontrade	Advances to Officers and Employees	Others	Total
Balance at beginning of year		₱54,975,681	₱88,158,268	₱1,260,572	₱7,489,735	₱151,822,457
Provision for ECL	21	1,758,836	–	–	–	1,758,836
Balance at end of year		₱56,433,527	₱88,158,268	₱1,260,572	₱7,489,735	₱[illegible]

In 2024, the Company recognized gain on collection of written off accounts amounting to ₱18.2 million (see Note 23).

In 2023, management reclassified allowance for ECL of receivables aggregating ₱19.2 million to allowance for impairment losses of advances to suppliers and other current assets, as a result of the reclassification of the related gross receivables to advances to suppliers amounting to ₱10.8 million and advances to contract growers and breeders amounting to ₱8.4 million (see Note 9).

7. Inventories

This account consists of:

	2024	2023
At NRV -		
Feeds	₱219,873,500	₱333,552,987
At cost:		
Raw materials and feed supplements	314,682,466	334,370,311
Supplies and animal health products	121,852,262	120,527,576
Finished goods	91,728,873	74,855,683
Hatching eggs	80,091,152	59,353,508
	₱837,228,253	₱918,860,108

Inventories are valued at the lower of cost and NRV as at December 31, 2024 and 2023. The cost of feeds carried at NRV amounted to ₱220.8 million and ₱334.5 million as at December 31, 2024 and 2023, respectively. Inventories charged to cost of goods sold amounted to ₱9,112.7 million in 2024, ₱9,828.7 million in 2023 and ₱9,451.5 million in 2022, respectively (see Note 20).

In 2024, the Company recognized loss on inventories damaged by the typhoon amounting to ₱7.5 million (see Note 23). Allowance for inventory write-down amounted to ₱0.5 million as at December 31, 2024 and 2023.

8. Biological Assets - Livestock

This Company's livestock consists of the following:

	2024	2023
Day old chicks and growing broilers	₱245,728,723	₱89,657,344
Parent stock	77,946,903	39,737,415
	₱323,675,626	₱129,394,759

Movements of the Company's livestock are as follows:

	Note	2024	2023
Balance at beginning of year		₱129,394,759	₱116,118,755
Increase due to purchases and production		8,673,717,832	6,349,921,100
Decrease due to sales, harvest and mortality		(8,571,206,577)	(6,288,865,557)
Gain (loss) on fair value changes	19	91,769,612	(47,779,539)
Balance at end of year		₱323,675,626	₱129,394,759

9. Other Current Assets

This account consists of:

	Note	2024	2023
Advances to contract growers and breeders	25	₱133,468,144	₱88,931,489
CWT		69,420,671	98,857,610
Prepayments		48,736,834	54,550,210
Input VAT		1,676,880	477,404
		253,302,529	242,816,713
Allowance for impairment losses		(52,031,133)	(52,031,133)
		₱201,271,396	₱190,785,580

Movements in the allowance for impairment losses of advances to contract growers and breeders as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Balance at beginning of year		₱52,031,133	₱43,657,050
Reclassification	6	–	8,374,083
Balance at end of year		₱52,031,133	₱52,031,133

10. Receivable from an Insurance Company

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

On August 17, 2016, the Company received ₱58.9 million as partial settlement. On May 31, 2023, the Regional Trial Court (RTC) of Bulacan granted the claim of the Company and ordered Charter Ping An to pay the insurance claim, to which Charter Ping An filed a Notice of Appeal with the Court of Appeals (CA) in Manila City. As at December 31, 2024, the case records had been transmitted to the CA. On December 2, 2024, the CA directed Charter Ping An to file an Appellant's Brief within 45 days from the date of notice. On February 10, 2025, Charter Ping An filed a *Motion for Extension of Time to File Appellant's Brief with Manifestation* seeking additional 45 days, or until April 6, 2025, within which to submit its Brief.

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

The composition of the receivable as at December 31, 2024 and 2023 are as follows:

Cost	₱141,664,583
Allowance for ECL	(71,460,773)
Balance at end of year	₱70,203,810

The Company continues to legally pursue the remaining balance of the insurance claim as at December 31, 2024 and 2023. No provisions nor write-off of allowance for ECL of the receivable were recognized in 2024, 2023 and 2022.

11. Investment in a Subsidiary

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

Beginning January 1, 2022, BVC operated as the Company's wholly-owned subsidiary.

As at December 31, 2024 and 2023, the investment in BVC accounted using the cost method has been provided with full allowance as BVC is in a deficit position.

12. Property, Plant and Equipment

At Revalued Amounts

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

	2024					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	–	[illegible]	–	[illegible]	[illegible]	[illegible]
Reclassifications	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Net Revaluation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance at end of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reclassification	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Disposals	–	[illegible]	[illegible]	–	[illegible]	[illegible]
Balance at end of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrying Amount	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	2023					
	Land	Plant, Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reclassifications	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	–	–	–	[illegible]	[illegible]
Net Revaluation	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]
Balance at end of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Disposals	–	–	–	–	[illegible]	[illegible]
Balance at end of year	–	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrying Amount	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Net revaluation increment on property, plant and equipment, net of deferred income tax, amounted to ₱125.5 million in 2024, ₱25.2 million in 2023 and ₱97.4 million in 2022.

In 2024, the Company recorded loss on property, plant and equipment damaged by the typhoon amounting to ₱15.1 million (see Note 21), net of a receivable from an insurance company amounting to ₱35.1 million (see Note 6).

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

	2024	2023
Land	₱353,331,190	₱353,331,190
Plant, machinery and equipment	537,075,397	641,377,588
Buildings	287,633,800	308,661,317
Leasehold and land improvements	50,927,829	32,357,386
Office furniture, fixtures and equipment	18,601,759	10,795,068
	₱1,247,569,975	₱1,346,522,909

The transfer from revaluation surplus to retained earnings, net of deferred income tax, amounted to ₱7.9 million in 2024, ₱16.3 million in 2023 and ₱11.0 million in 2022.

The Company's property, plant and equipment at revalued amounts were appraised by an independent firm of appraisers as at December 31, 2024 and 2023.

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

			Range	
Class of Property	Valuation Techniques	Significant Inputs	2024	2023
Land	Sales comparison approach	Price per square meter (sqm) Value adjustments	₱2,000 - ₱30,000 5% - 35%	₱2,[illegible] - ₱[illegible] 5% - 35%
Plant, machinery and equipment	Depreciated replacement cost method	Replacement cost Remaining economic life	₱1,300.4 million 3 - 23 years	₱[illegible] million 7 - 25 years
	Discounted cash flow (DCF) approach	Discount rate Fair monthly rent	-	11.02% ₱1.4 million - ₱4.2 million
Buildings	Depreciated replacement cost method	Replacement cost Remaining economic life	₱613.7 million 1 - 40 years	₱175.7 million 7 - 35 years
	DCF approach	Discount rate Fair monthly rent	-	11.02% ₱0.2 million - ₱5.3 million
Leasehold and land improvements	Depreciated replacement cost method	Replacement cost Remaining economic life	₱84.3 million 1 - 43 years	₱22.2 million 2 - 4 years
	DCF approach	Discount rate Fair monthly rent	-	11.02% ₱0.3 million
Office furniture, fixtures and equipment	Depreciated replacement cost method	Replacement cost Remaining economic life	₱14.9 million 2-4 years	₱12.2 million 2 - 4 years

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

Sales Comparison Approach

Sales comparison approach involves the comparison of the Company's land to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the property taking into account the location, size and architectural features among others.

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

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

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

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

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

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

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

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

	2024		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱932,448,310	₱1,005,352,207	₱1,937,800,517
Additions and reclassifications	–	52,375,514	52,375,514
Depreciation and amortization	–	(106,574,815)	(106,574,815)
Disposals	–	(57,221,829)	(57,221,829)
Net revaluation increment	150,118,520	17,176,011	167,294,531
Balance at end of year	₱1,082,566,830	₱911,107,088	₱1,993,673,918

	2023		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱904,156,050	₱929,787,441	₱1,833,943,491
Additions and reclassifications	–	182,248,890	182,248,890
Depreciation and amortization	–	(111,925,750)	(111,925,750)
Disposals	–	(58,923)	(58,923)
Net revaluation increment	28,292,260	5,300,549	33,592,809
Balance at end of year	₱932,448,310	₱1,005,352,207	₱1,937,800,517

There are no transfers between the levels of fair value hierarchy in 2024, 2023 and 2022.

At Cost

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

	2024		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱45,690,206	₱43,674,517	₱89,364,723
Additions	–	26,720,916	26,720,916
Reclassifications	(475,627)	(7,465,289)	(7,940,916)
Balance at end of year	45,214,579	62,930,144	108,144,723
Accumulated Depreciation			
Balance at beginning of year	43,829,334	–	43,829,334
Depreciation	1,056,505	–	1,056,505
Reclassification	(101,920)	–	(101,920)
Balance at end of year	44,783,919	–	44,783,919
Carrying Amount	₱430,660	₱62,930,144	₱63,360,804

	2023		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱48,580,960	₱122,736,649	₱171,317,609
Additions	624,480	30,399,506	31,023,986
Reclassifications	–	(109,461,638)	(109,461,638)
Disposals	(3,515,234)	–	(3,515,234)
Balance at end of year	45,690,206	43,674,517	89,364,723
Accumulated Depreciation			
Balance at beginning of year	44,823,791	–	44,823,791
Depreciation	2,459,277	–	2,459,277
Disposal	(3,453,734)	–	(3,453,734)
Balance at end of year	43,829,334	–	43,829,334
Carrying Amount	₱1,860,872	₱43,674,517	₱45,535,389

CIP represents cost of raw materials, general construction works and installation costs incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation and other developments. Completed construction costs amounting to ₱7.5 million in 2024, ₱109.7 million in 2023 and ₱6.3 million in 2022, were reclassified to the appropriate property, plant and equipment accounts. As at December 31, 2024 and 2023, there are no significant contractual commitments entered into by the Company.

The Company sold property, plant and equipment, investment properties and ROU assets for a cash consideration resulting to a gain (loss) on disposal amounting to (₱1.6 million) in 2024, ₱0.4 million in 2023 and (₱1.0 million) in 2022 (see Note 23).

As at December 31, 2024 and 2023, fully depreciated property, plant and equipment that are still being used by the Company amounted to ₱416.2 million and ₱351.3 million, respectively.

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

	Note	2024	2023	2022
Property, plant and equipment:				
At revalued amounts		**₱106,374,811**	₱111,915,750	₱101,423,228
At cost		**1,058,506**	2,459,277	3,544,039
ROU assets	25	**26,892,227**	22,996,914	17,773,732
Computer software	14	**3,398,021**	3,306,021	3,759,113
		₱137,921,568	₱140,777,962	₱125,886,512

Depreciation and amortization expense were charged to the following:

	Note	2024	2023	2022
Cost of goods sold	20	**₱95,659,467**	₱98,961,312	₱93,613,365
Operating expenses:	21			
Selling and distribution		**26,425,124**	26,384,795	13,233,128
Administrative expenses		**15,836,977**	15,431,855	19,040,019
		42,262,101	41,816,650	32,273,147
		₱137,921,568	₱140,777,962	₱125,886,512

13. Investment Properties

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

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

	2024		
	Land	Building	Total
Cost			
Balance at beginning of year	₱177,161,892	₱15,567,585	₱192,729,477
Disposals	(5,943,000)	–	(5,943,000)
Balance at end of year	171,218,892	15,567,585	186,786,477
Cumulative Gain on Changes in Fair Value			
Balance at beginning of year	109,431,064	(814,190)	108,616,874
Gain on changes in fair value	10,379,338	6,513,780	16,893,118
Balance at end of year	119,810,402	5,699,590	125,509,992
Carrying Amount	₱291,029,294	₱21,267,175	₱312,296,469

	2023		
	Land	Building	Total
Cost			
Balance at beginning of year	₱178,403,468	₱15,567,585	₱193,971,053
Additions	1,712,209	–	1,712,209
Disposals	(2,953,785)	–	(2,953,785)
Balance at end of year	177,161,892	15,567,585	192,729,477
Cumulative Gain (Loss) on Changes in Fair Value			
Balance at beginning of year	45,122,474	(619,585)	44,502,889
Gain (loss) on changes in fair value	64,308,590	(194,605)	64,113,985
Balance at end of year	109,431,064	(814,190)	108,616,874
Carrying Amount	₱286,592,956	₱14,753,395	₱301,346,351

The Company's investment properties were appraised by an independent firm of appraisers as at December 31, 2024 and 2023. Net gain on change in fair value amounted to ₱16.9 million in 2024, ₱64.1 million in 2023 and ₱28.2 million in 2022.

The Company recognized revenue from leasing operations amounting to ₱10.6 million in 2024, ₱14.1 million in 2023 and ₱19.5 million in 2022 (see Note 25). Direct costs related to the lease of investment properties amounted to ₱3.2 million in 2024, ₱1.0 million in 2023 and ₱1.1 million in 2022.

Details of the valuation techniques used in measuring fair values of classified under Level 2 (land) and Level 3 (buildings) of the fair value hierarchy are as follows:

Class of Property	Valuation Techniques	Significant Inputs	Range 2024	2023
Land	Sales comparison approach	Price per square meter (sqm)	₱67 - ₱18,189	₱65 - ₱17,000
		Value adjustments	5% - 70%	5% - 70%
Buildings	DCF approach	Discount rate	12%	11%
		Per monthly rent (sqm)	₱30 - ₱114	₱65 - ₱72

Sales comparison approach involves the comparison of the Company land to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The significant inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

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

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

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

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

14. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Project development costs		₱31,368,395	₱31,368,395
Security deposits	25	12,928,688	12,928,688
Computer software		7,089,955	10,487,976
		51,387,038	54,785,059
Allowance for impairment losses		(31,368,395)	(31,368,395)
		₱20,018,643	₱23,416,664

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. These were already fully provided with valuation allowance as at December 31, 2024 and 2023 since based on management's evaluation, these costs may no longer be recoverable.

The balance and movements in computer software are as follows:

	Note	2024	2023
Cost			
Balance at beginning and end of year		₱43,365,131	₱43,365,131
Accumulated Amortization			
Balance at beginning of year		32,877,155	29,479,134
Amortization	12	3,398,021	3,398,021
Balance at end of year		36,275,176	32,877,155
Carrying Amount		₱7,089,955	₱10,487,976

15. **Trade and Other Payables**

The account consists of the following:

	Note	2024	2023
Trade payables:			
Third parties		₱1,523,852,950	₱1,572,015,025
Related parties	27	89,804,756	41,902,024
Nontrade payables		261,374,486	158,410,428
Accrued expenses:			
Selling and administrative		281,701,186	189,328,480
Outside services		59,620,661	25,528,159
Others		41,383,995	34,785,482
Statutory payables		27,096,982	25,770,482
Customers' deposits		1,016,139	14,150,358
		₱2,285,890,155	₱2,042,464,635

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

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

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

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

Customers' deposits include amounts advanced by customers to the Company. These are normally applied within one year.

19. Loans Payable

The Company's outstanding loans payable to local banks amounted to ₱800.0 million and ₱898.1 million as at December 31, 2024 and 2023, respectively. The Company's short-term and long-term loans are not subject to any debt covenants.

	2024	2023
Short-term loans	₱694,494,301	₱823,657,000
Current portion of long-term loans	58,321,429	24,814,429
Current portion of loans payable	752,815,730	848,471,429
Noncurrent portion of loans payable	47,154,760	49,642,856
	₱799,970,490	₱898,114,285

Short-term Loans Payable
In 2024 and 2023, the Company obtained unsecured, Peso-denominated short-term loans from local banks to finance its working capital requirements. The Company's short-term loans mature within 90 days and bear annual interest rates ranging from 6.00% to 6.50%. Outstanding balance amounted to ₱694.5 million and ₱823.7 million as at December 31, 2024 and 2023, respectively.

Long-term Loans Payable
The following are the Company's long-term loans payable:

a. ₱86.9 million promissory note
On October 31, 2018, the Company entered into an eight-year loan agreement with China Bank Savings, Inc. ("CBS") amounting to ₱86.9 million, payable in 28 quarterly installments starting January 31, 2020 and bearing an interest rate of 7.875% per annum that is repriced annually. Repriced interest rate is 7.875% in 2024 and 7.750% in 2023. Outstanding balance amounted to ₱24.8 million and ₱37.2 million as at December 31, 2024 and 2023, respectively.

b. ₱86.9 million promissory note
On December 6, 2018, the Company entered into another eight-year loan agreement with CBS amounting to ₱86.9 million, payable in 28 quarterly installments, starting March 6, 2020 and bearing an interest rate of 8.125% per annum that is repriced annually. Repriced interest rate is 8.125% in 2024 and 7.750% in 2023. Outstanding balance amounted to ₱24.8 million and ₱37.2million as at December 31, 2024 and 2023, respectively.

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

Total availments of loans payable amounted to ₱958.8 million in 2024 and ₱1,740.2 million in 2023 and ₱2,349.6 in 2022. Total payments of loans payable amounted to ₱1,057.0 million in 2024, ₱1,877.2 million in 2023 and ₱1,813.5 million in 2022 (see Note 28).

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

	Note	2024	2023	2022
Loans payable		**₱68,837,102**	₱68,308,882	₱35,735,576
Accretion of interest on lease liabilities	25	**8,887,040**	7,514,406	4,266,400
		₱77,724,142	₱75,823,288	₱40,001,976

17. Cash Bond Deposits

Cash bond deposits amounting to ₱66.2 million and ₱60.3 million as at December 31, 2024 and 2023, respectively, mainly pertains to surety bond deposits from contract growers, contract breeders, and salesmen.

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

18. Equity

Capital Stock

As of December 31, 2024 and 2023, the Company has issued and outstanding common shares of 3,054,334,014 common shares at ₱0.38 par value equivalent to ₱1,160.6 million. Details of the authorized, issued and outstanding common shares as at December 31 are as follows:

	2024	2023
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014
Capital stock	**₱1,160,646,925**	₱1,160,646,925

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

Date of SEC Approval	Authorized Shares	No. of Shares Issued
October 2, 1972	5,000,000	5,000,000
May 2, 1973	10,000,000	10,000,000
October 31, 1974	7,000,000	7,000,000
December 5, 1977	45,000,000	45,000,000
September 5, 1982	11,000,000	11,000,000
August 11, 1986	100,000,000	100,000,000
February 8, 1989	200,000,000	200,000,000
October 16, 2013	3,500,000,000	2,286,497,901
December 22, 2017	3,500,000,000	397,836,113
		3,054,334,014

The Company has 4,093 and 4,113 stockholders as at December 31, 2024 and 2023, respectively.

19. Revenues

This account consists of:

	Note	2024	2023	2022
Net sales from:				
Foods		₱7,344,260,189	₱6,884,026,308	₱6,157,824,534
Feeds		4,507,108,706	5,129,051,943	5,199,285,804
Farms		502,473,425	472,171,275	526,895,616
		12,353,842,318	12,485,249,526	11,884,005,954
Fair value changes on biological assets - livestock	8	91,769,612	(47,779,579)	10,936,438
		₱12,445,611,930	₱12,437,469,947	₱11,894,942,392

20. Cost of Goods Sold

This account consists of the following:

	Note	2024	2023	2022 (As restated - see Note 4)
Inventories sold	7	₱9,112,734,492	₱9,826,749,087	₱9,451,558,829
Outside services	25	1,234,450,993	1,125,872,634	859,830,177
Contractual services		423,314,388	426,291,217	313,242,806
Depreciation and amortization	12	95,869,467	58,961,312	42,833,365
Salaries and employee benefits	22	36,860,823	35,854,006	45,814,819
Others		29,169,265	32,728,549	60,792,974
		₱10,922,169,428	₱11,548,480,805	₱10,823,832,970

Others is composed of communication, light and water and repairs and maintenance.

21. Operating Expenses

This account consists of the following:

	2024	2023	2022 (As restated - see Note 4)
Administrative expenses	₱671,386,785	₱533,461,389	₱540,091,031
Selling and marketing	394,506,525	330,111,313	324,506,480
	₱1,065,893,310	₱863,572,702	₱864,597,511

The details of operating expenses are as follows:

	Note	2024	2023	2022 (As restated - see Note 4)
Salaries and employee benefits	22	**₱323,928,242**	₱308,581,992	₱272,738,179
Freight and handling		**134,767,048**	148,711,729	149,544,467
Transportation and travel		**137,230,191**	132,325,449	114,431,202
Contractual services		**75,043,755**	31,401,421	11,765,980
Advertising and promotions		**56,113,494**	19,578,566	24,540,837
Professional fees		**42,782,839**	25,298,869	34,081,064
Representation and entertainment		**42,313,698**	15,144,162	36,233,011
Depreciation and amortization	13	**42,262,101**	43,816,650	36,273,147
Provision for ECL on trade receivables	8	**41,051,404**	3,539,082	3,704,635
Publications and subscriptions		**40,083,480**	40,088,581	29,323,376
Computerization project		**36,342,175**	28,243,918	18,826,178
Taxes and licenses		**24,899,810**	24,412,892	23,244,950
Trainings and seminar		**10,487,495**	5,343,021	1,455,007
Communications, light and water		**9,976,368**	9,108,021	9,225,972
Rentals	23	**7,169,531**	10,249,091	8,269,477
Supplies		**5,246,888**	4,488,954	4,456,766
Insurance		**5,215,068**	4,701,170	4,317,408
Repairs and maintenance		**4,145,153**	5,336,323	3,897,165
Others		**8,131,790**	5,140,881	22,086,760
		₱1,065,693,310	₱953,572,361	₱864,597,511

Other expenses include bank charges, association dues and inspection fees, among others.

22. Salaries and Employee Benefits

This account pertains to the following:

	Note	2024	2023	2022
Salaries and wages		**₱294,635,566**	₱288,890,106	₱253,870,375
Retirement benefits	24	**25,361,131**	22,122,540	22,336,339
Commissions		**18,360,789**	15,550,520	27,560,525
Other short-term benefits		**22,431,777**	16,872,832	14,785,759
		₱360,789,065	₱344,435,998	₱318,552,998

Salaries and employee benefits is allocated as follows:

	Note	2024	2023	2022
Cost of goods sold	20	**₱36,860,823**	₱35,854,006	₱45,814,819
Operating expenses:	21			
Administrative		**217,031,922**	205,996,289	176,820,010
Selling and distribution		**106,896,320**	102,585,703	95,918,169
		323,928,242	308,581,992	272,738,179
		₱360,789,065	₱344,435,998	₱318,552,998

23. Others - net

This account consists of:

	Note	2024	2023	2022
Losses on inventories and property, plant and equipment damaged by the typhoon	7,12	(₱26,406,870)	₱–	₱–
Gain on collection of previously written off trade receivables	6	18,192,097	–	–
Tax settlement		(14,493,495)	(4,586,342)	(10,696,915)
Rental income	25	10,786,031	14,051,381	15,877,100
Gain (loss) on disposal of property, plant and equipment, investment properties and ROU assets	12	(1,339,242)	412,275	(1,037,744)
Net foreign exchange gain (loss)		265,283	(615,450)	(24,701,581)
Others		(11,301,720)	–	932,945
		(₱24,590,915)	₱9,261,864	(₱19,626,195)

Others pertain to digitalization expenses and other miscellaneous income.

24. Net Retirement Liability

The Company has a partially funded, noncontributory defined benefit retirement plan covering all of its qualified employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan asset. The Company's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

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

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

The following tables summarize the components of retirement benefit costs recognized in the separate statements of comprehensive income based on the report of an independent actuary as at December 31, 2024.

Details of retirement expense is as follows (see Note 22):

	2024	2023	2022
Current service costs	₱14,345,412	₱11,519,694	₱13,996,753
Net interest cost	11,015,724	10,602,846	8,439,586
	₱25,361,136	₱22,122,540	₱22,436,339

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

	2024	2023
Present value of DBO	₱205,478,854	₱184,617,101
Fair value of plan assets	(4,479,812)	(4,031,451)
	₱200,999,042	₱180,585,650

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

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

	2024	2023
Balance at beginning of year	₱184,617,101	₱150,989,415
Current service costs	14,345,412	11,539,694
Interest expense	11,261,643	10,816,338
Benefits paid	(2,876,500)	(2,134,811)
Remeasurement loss (gain)	(1,868,802)	13,406,465
Balance at end of year	₱205,478,854	₱184,617,101

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

	2024	2023
Balance at beginning of year	₱4,031,451	₱3,931,933
Interest income	245,919	283,492
Remeasurement gain (loss)	202,442	(183,974)
Balance at end of year	₱4,479,812	₱4,031,451

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

	2024	2023
Cash and cash equivalents	₱123,643	₱256,807
Equity instruments	693,475	502,722
Debt instruments - government bonds	3,646,567	3,257,816
Others	16,127	14,106
	₱4,479,812	₱4,031,451

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

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

	2024		
	Cumulative Remeasurement Loss	Deferred Tax (see Note 25)	Net
Balance at beginning of year	(₱8,315,699)	₱2,078,925	(₱6,236,774)
Remeasurement gain	2,071,244	(517,811)	1,553,433
Balance at end of year	(₱6,244,455)	₱1,561,114	(₱4,683,341)

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 26)	Net
Balance at beginning of year	₱5,274,740	(₱1,318,685)	₱3,956,055
Remeasurement loss	(13,590,439)	3,397,610	(10,192,829)
Balance at end of year	(₱8,315,699)	₱2,078,925	(₱6,236,774)

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 26)	Net
Balance at beginning of year	(₱37,180,020)	₱9,295,005	(₱27,885,015)
Remeasurement gain	42,454,760	(10,613,690)	31,841,070
Balance at end of year	₱5,274,740	(₱1,318,685)	₱3,956,055

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

	2024	2023
Discount rate	**6.10%**	6.10%
Salary increase projection rate	**5.00%**	5.00%
Average remaining service years	**21.9**	22.4

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2024 and 2023 are presented below.

		Effect on Present Value of Retirement Liability (in thousands)	
	Change in Assumption	Discount Rate	Salary Increase Projection Rate
December 31, 2024	**+100 bps**	**(₱15,201)**	**₱17,497**
	-100 bps	**17,479**	**(15,529)**
December 31, 2023	+100 bps	(₱13,861)	₱15,904
	-100 bps	15,888	(14,322)

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

	2024	2023
Less than one year	**₱27,284,824**	₱24,011,557
Between one and five years	**83,788,844**	55,006,165
Beyond five years	**782,323,993**	737,372,323
	₱893,397,661	₱816,390,045

The weighted average duration of the present value of retirement benefit obligation as at December 31, 2024 and 2023 are 8.0 years and 8.1 years, respectively.

25. Significant Agreements

<u>Operating Leases - The Company as a Lessor</u>
The Company entered into cancellable leases covering certain production plants (i.e., dressing, rendering and ice production) which have lease terms of around two to three years and are renewable upon mutual agreement of the parties.

Total rent income from these operating leases amounted to ₱10.8 million in 2024, ₱14.1 million in 2023 and ₱15.3 million in 2022 and are shown as part of "Others - net" account in the separate statements of comprehensive income (see Note 23).

<u>The Company as a Lessee - Short-term Leases</u>
The Company leases certain warehouses under operating lease agreements for a period of one year and are renewable upon mutual agreement by the parties. Rent expense amounted to ₱7.2 million in 2024, ₱10.2 million in 2023 and ₱8.7 million in 2022, respectively (see Note 21).

Security deposits amounted to ₱12.9 million as at December 31, 2024 and 2023, respectively (see Note 14).

<u>The Company as a Lessee - Long-term Leases</u>
The Company entered into lease agreements of an office space in a building and finance lease agreements for its transportation equipment for a period of more than a year. The Company recognized ROU assets and lease liabilities on these transactions using the interest rates implicit in the leases which are fixed at the contract date. The average effective interest rate approximates 7.875% to 8.125% per annum in 2024, 2023 and 2022.

<u>ROU Assets</u>
The movements in ROU assets are as follows:

		2024		
	Note	Building	Transportation Equipment	Total
Cost				
Balance at beginning of year		₱21,838,157	₱169,050,075	₱190,888,232
Additions		–	42,799,984	42,799,984
Derecognition		–	(2,801,047)	(2,801,047)
Balance at end of year		21,838,157	209,049,012	230,887,169
Accumulated Amortization				
Balance at beginning of year		14,237,521	94,212,987	108,450,508
Amortization	12	3,257,415	23,634,812	26,892,227
Derecognition		–	(1,454,627)	(1,454,627)
Balance at end of year		17,494,936	116,393,172	133,888,108
Carrying Amount		₱4,343,221	₱92,655,840	₱96,999,061

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

Lease Liabilities

The balance and movements in lease liabilities are as follows:

	Note	2024	2023
Balance at beginning of year		**₱83,591,520**	₱52,299,839
Additions		**42,799,984**	49,903,022
Accretion of interest	16	**8,887,040**	7,514,406
Payments		**(34,308,243)**	(26,125,747)
Balance at end of year		**100,970,301**	83,591,520
Less current portion		**31,063,007**	22,442,663
Noncurrent portion		**₱69,907,294**	₱61,148,857

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

	Note	2024	2023	2022
Amortization of ROU assets		**₱26,892,227**	₱22,994,914	₱17,723,732
Accretion of interest on lease liabilities		**8,887,040**	7,514,406	4,266,400
Short-term leases	21	**7,169,531**	10,249,091	8,269,477
		₱42,948,798	₱40,758,411	₱30,259,609

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

	2024		2023	
	Minimum Lease Payments	**Present Value**	Minimum Lease Payments	Present Value
Not later than one year	**₱37,043,196**	**₱31,063,007**	₱29,168,306	₱22,442,663
Later than one year but not more than five years	**80,797,963**	**69,907,294**	69,585,536	61,148,857
	₱117,841,159	**₱100,970,301**	₱98,753,842	₱83,591,520

<u>Agreements with Contract Growers and Breeders</u>
The Company has entered into various agreements with growers and breeders for the growing and breeding of livestock. These are generally renewed on an annual basis. The carrying amount of related advances to contract growers and breeders amounted to ₱81.4 million and ₱33.0 million as at December 31, 2024 and 2023, respectively. The advances to contract growers and breeders are settled upon delivery of goods to the Company (see Note 3).

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

Total services incurred from tolling arrangements amounted to ₱1,224.4 million in 2024, ₱1,115.9 million in 2023 and ₱858.8 million in 2022 and are recorded as part of "Outside Services" account under "Cost of Goods Sold" account in the separate statements of comprehensive income (see Note 20).

26. Income Tax

The components of provision for income tax are as follows:

	2024	2023	2022 (As Restated – see Note 41)
Reported in profit or loss:			
Current	₱79,849,366	₱21,935,240	₱51,302,873
Deferred	17,945,806	(21,247,496)	9,722,023
	₱97,795,172	₱687,744	₱61,024,896
Reported in OCI:			
Deferred	₱42,341,444	₱5,000,591	(₱42,071,184)

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

	2024	2023
Deferred tax assets:		
Retirement liability	₱50,249,761	₱45,546,413
Allowance for ECL on trade and other receivables	39,288,910	29,030,059
Allowance for impairment loss on advances to contract growers and breeders	13,007,783	13,007,783
Allowance for inventory write-down	224,079	224,079
Unrealized loss on foreign exchange	25,109	–
Fair value changes of biological assets - livestock	–	11,944,895
	102,795,642	99,349,229
Deferred tax liabilities:		
Revaluation surplus on property, plant and equipment	(185,525,886)	(147,319,402)
Fair value changes of biological assets - livestock	(22,942,403)	–
Cumulative gain on fair value changes of investment properties	(5,265,173)	(3,656,703)
Excess of lease liabilities over ROU assets	(837,055)	(848,147)
Unrealized gain on foreign exchange	–	(12,703)
	(215,550,617)	(151,836,955)
	(₱112,754,975)	(₱52,487,726)

As at December 31, 2024 and 2023, the Company did not recognize deferred tax assets relating to the following as management has assessed that these may not be realized in the future:

	2024	2023
Allowance for ECL on:		
Receivable from an insurance company	₱17,465,193	₱17,865,193
Trade and other receivables	5,307,753	5,307,753
Allowance for impairment loss on:		
Project development costs	7,842,099	7,842,099
Advances to suppliers	2,743,206	2,734,206
	₱34,358,251	₱54,349,251

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

	2024	2023	2022
Provision for income tax computed at the statutory income tax rate	25.0%	25.0%	25.0%
Income tax effects of:			
Nondeductible expenses and other adjustments	1.2%	(22.8%)	8.0%
Income already subjected to final tax	0.0%	(0.0%)	(0.8%)
Change in unrecognized deferred tax assets	0.0%	10.7%	–
	26.2%	2.0%	34.0%

The RCIT used in preparing the separate financial statements as at and for the years ended December 31, 2024, 2023 and 2022 is 25%. The MCIT rate used is 2.00%, 1.50% and 1.00% for the years ended December 31, 2024, 2023 and 2022, respectively.

27. Related Party Transactions

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

Related Parties	Note	Nature of Transaction	Amount of Transaction 2024	Amount of Transaction 2023	Outstanding Balance 2024	Outstanding Balance 2023
Trade and Other Receivables	6					
Entities under common control		Sales	₱752,798,546	[illegible]		
		Collections	(630,384,260)	[illegible]	₱245,898,131	[illegible]
Subsidiary		Sales	119,542,538	[illegible]		
		Collections	(18,456,016)	[illegible]	236,241,305	[illegible]
		Sales	₱957,288,888	[illegible]		
		Collections	(818,874,288)	[illegible]	₱482,210,036	[illegible]
Trade and Other Payables	15					
Subsidiary		Purchases	₱1,017,646,812	[illegible]		
		Payments	(983,521,847)	[illegible]	₱34,125,252	[illegible]
Entities under common control		Purchases	233,663,066	[illegible]		
		Payments	(277,882,190)	[illegible]	33,885,401	[illegible]
		Purchases	₱1,387,667,878	[illegible]		
		Payments	(1,254,705,160)	[illegible]	₱89,604,756	[illegible]
Advances to Officers	6	Advances - net of collections	₱[illegible]	[illegible]	₱[illegible]	[illegible]

Trade and Other Receivables
The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest-bearing. Outstanding balances of trade and other receivables from related parties are unsecured and to be settled in cash. No allowance for ECL on trade and other receivables from related parties was recognized as at December 31, 2024 and 2023 (see Note 6).

Trade and Other Payables
The Company buys raw materials and breeder flocks from related parties. These are noninterest-bearing, generally on a 30 to 90 day credit term, unsecured and to be settled in cash (see Note 15).

Advances to Officers
The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction. The allowance for ECL on advances to officers as at December 31, 2024 and 2023 are disclosed in Note 6.

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

	2024	2023	2022
Short-term employee benefits	₱69,911,760	₱54,914,416	₱55,480,527
Retirement benefits	4,656,828	5,238,557	5,010,571
Other employee benefits	24,276,904	15,521,032	17,133,565
	₱98,845,492	₱75,674,005	₱77,624,663

28. **Earnings Per Share**

Basic and diluted earnings per share were computed as follows:

	Note	2024	2023	2022
Net income		₱275,757,288	₱23,827,005	₱118,420,889
Divided by the weighted average number of outstanding common shares	19	3,054,334,014	3,054,334,014	3,054,334,014
Basic and diluted earnings per share		₱0.090	₱0.008	₱0.039

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

The Company does not have any dilutive common shares outstanding as at December 31, 2024, 2023 and 2022.

29. **Reconciliation of Liabilities Arising from Financing Activities**

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

	Note	January 1, 2024	Financing Cash Flows		Non-cash Changes	December 31, 2024
			Availments	Payments		
Loans payable	26	₱878,119,285	₱954,883,090	(₱1,033,031,885)	₱–	₱799,970,490
Lease liabilities	25	83,591,520	–	(34,308,243)	51,687,024	100,970,301
Interest expense	16	–	–	(48,837,102)	48,837,102	–
		₱961,710,805	₱954,883,090	(₱1,116,177,230)	₱100,524,126	₱900,940,791

	Note	January 1, 2023	Financing Cash Flows		Non-cash Changes	December 31, 2023
			Availments	Payments		
Loans payable	26	₱1,015,115,351	₱1,740,233,658	(₱1,877,229,724)	₱–	₱878,119,285
Lease liabilities	25	42,299,830	–	(16,125,737)	57,417,428	83,591,520
Interest expense	16	–	–	(68,938,882)	68,938,882	–
		₱1,057,415,181	₱1,740,233,658	(₱1,962,294,343)	₱126,356,310	₱961,710,805

30. Contingencies

The Company, in the ordinary course of business, has pending legal claims and assessments which are in various stages of discussions, protests and appeals with relevant third parties. Management, in consultation with its legal counsel, believes that the ultimate resolution of these legal claims and assessments would not have a material impact on the Company's financial position and results of operations based upon an analysis of potential results. Thus, no provision for contingencies was recognized in 2024, 2023 and 2022.

31. Financial Risk Management Objectives and Policies

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

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

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

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

As at December 31, 2024 and 2023, there were no significant credit concentrations. The Company also requires collateral which are generally land and real estate from its customers to minimize credit risk.

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

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

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

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

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

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

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

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

	2024			
	Simplified Approach			
	Stage 1	Stage 2	Stage 3	Total
Cash in banks	₱580,243,849	₱–	₱–	₱580,243,849
Trade and other receivables*	933,480,334	384,409,050	137,224,728	1,455,114,112
Receivable from an insurance company	–	141,864,583	–	141,864,583
Security deposits	12,928,688	–	–	12,928,688
	₱1,526,652,871	₱526,273,633	₱137,224,728	₱2,190,151,232

*excluding advances to officers and employees

	2023			
	Simplified Approach			
	Stage 1	Stage 2	Stage 3	Total
Cash in banks	₱385,479,957	₱–	₱–	₱385,479,957
Trade and other receivables*	1,124,344,113	–	54,217,739	1,178,561,852
Receivable from an insurance company	–	141,864,583	–	141,864,583
Security deposits	12,929,688	–	–	12,929,688
	₱1,522,753,758	₱141,864,583	₱54,217,739	₱1,718,836,080

*excluding advances to officers and employees

For trade and other receivables, "Stage 1" pertains to those receivables from customers that always pay on time or even before the maturity date. "Stage 2" includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under "Stage 3".

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

	2024								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full Provision	Total
Expected credit loss rate	0.05%	0.08%	0.39%	0.71%	2.86%	26.71%			
Estimated total gross carrying amount at default (in millions)	₱52.34	₱646.60	₱157.33	₱26.08	₱19.03	₱473.20	₱1403.81	₱61.70	₱1465.51
Expected credit loss (in millions)	₱0.06	₱0.52	₱0.77	₱0.19	₱0.42	₱125.96	₱127.76	₱61.70	₱179.46

	2023								
		Days Past Due							
	Current	Less than 30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full Provision	Total
Expected credit loss rate	0.05%	0.25%	0.37%	1.57%	3.42%	6.46%			
Estimated total gross carrying amount at default (in millions)	₱161.03	₱247.75	₱11.24	₱12.51	₱7.57	₱26.54	[illegible]	₱54.50	[illegible]
Expected credit loss (in millions)	₱0.02	₱0.31	₱0.11	₱0.04	₱0.31	₱1.72	₱1.30	₱54.40	[illegible]

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

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

	2024				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	₱2,202,794,173	₱–	₱–	₱–	₱2,202,794,173
Loans payable	694,494,301	58,321,429	47,154,762	–	799,970,492
Lease liabilities	18,375,409	18,426,181	81,041,469	–	117,843,159
Cash bond deposits	–	68,152,760	–	–	68,152,760
Future interest on long-term loans payable	3,838,225	1,923,754	1,371,525	–	7,133,504
	₱2,979,498,108	₱144,868,244	₱129,567,754	₱–	₱3,253,940,106

*Excluding statutory payables

	2023				
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years	Total
Trade and other payables*	₱2,216,703,847	₱–	₱–	₱–	₱2,216,703,847
Loans payable	₱33,399,000	24,821,429	91,602,856	–	150,123,285
Lease liabilities	14,875,411	14,492,835	69,385,544	–	98,753,790
Cash bond deposits	–	61,206,912	–	–	61,206,912
Future interest on long-term loans payable	5,046,425	5,080,557	11,226,256	–	21,352,738
	[illegible]	[illegible]	[illegible]	₱–	[illegible]

*Excluding statutory payables

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

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

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

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

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

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

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

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

	2024	2023
Total liabilities	₱3,570,777,742	₱3,317,334,732
Total equity	2,339,464,133	1,[illegible]82,515
Debt-to-equity ratio	1.53	1.72

The Company is not subject to externally imposed restrictions.

32. Fair Value Measurement

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

	2024		2023	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets at Amortized Cost				
Cash	₱585,037,297	₱585,037,297	₱372,412,466	₱372,412,466
Trade and other receivables*	1,279,631,390	1,279,631,390	1,020,241,176	1,020,241,176
Receivable from an insurance company	70,203,810	70,203,810	70,203,810	70,203,810
Security deposits	12,929,688	12,929,688	11,938,088	11,938,088
	₱1,947,801,275	₱1,947,801,275	₱1,475,595,540	₱1,475,595,540
Financial Liabilities at Amortized Cost				
Trade and other payables**	₱2,262,794,173	₱2,262,794,173	₱2,116,731,847	₱2,116,731,847
Loans payable	799,070,490	799,070,490	868,115,186	868,115,186
Lease liabilities	100,970,303	100,970,303	83,591,528	83,591,528
Cash bond deposits	66,182,780	66,182,780	65,306,511	65,306,511
	₱3,229,017,744	₱3,229,017,744	₱3,058,722,504	₱3,058,722,504

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

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

Cash, Trade and Other Receivables (Excluding Advances to Officers and Employees), Trade and Other Payables (Excluding Statutory Payables) and Cash Bond Deposits. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

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

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

33. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

The information for the taxable year 2024 required by the above regulation is presented below.

Output VAT

Output VAT declared by the Company for the year ended December 31, 2024, and the revenues upon which the same was based consist of:

	Gross Amount of Revenues	Output VAT
Exempt sales	₱12,352,435,866	
VATable sales	187,214,005	₱22,465,681
Total	12,539,649,871	22,465,681
Less: Applied input VAT		18,408,423
VAT payments		4,057,258
		₱–

The Company has exempt sales from the sale of animal feeds and live poultry pursuant to Section 109 of the National Internal Revenue Code (NIRC), as amended by Republic Act No. 12066.

Input VAT

The movements in input VAT claimed by the Company for the year ended December 31, 2024 are shown below:

Beginning balance	₱427,424
Add: current year's purchases/payments for goods other than capital goods	184,280,466
Less input tax allocable to exempt sales	164,622,587
Total input VAT	20,085,303
Less applied against output VAT	18,408,423
Balance at the end of the year	₱1,676,880

All Other Local and National Taxes

The Company's local and national taxes for the year ended December 31, 2024 consist of:

Business permits and licenses	₱12,185,219
Real property tax	6,545,449
Fringe benefit tax	3,450,245
Others	3,236,847
	₱24,959,810

The above local and national taxes were presented as part of "Taxes and Licenses" under "Operating Expenses" in the separate statements of comprehensive income.

Withholding Taxes
Withholding taxes paid and accrued by the Company as at and for the year ended December 31, 2024 consist of:

	Paid	Accrued	Total
Expanded withholding tax	₱116,052,445	₱17,764,595	₱133,817,040
Withholding tax on compensation	22,165,855	3,055,275	25,221,130
	₱138,218,300	₱20,819,870	₱159,038,170

Withholding taxes payable is classified as "Statutory Payables" under "Trade and Other Payables" account in the separate statements of financial position.

Tax Assessment and Cases
The Company has no pending tax assessment and cases from the BIR, in courts, or in other regulatory bodies as at December 31, 2024.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the accompanying separate financial statements of Vitarich Corporation (the Company), as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated March 20, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has 4,084 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782/P-011; Valid until June 6, 2026
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10467135
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

REYES TACANDONG & CO.

FIRM PRINCIPLES. WISE SOLUTIONS.

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

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

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Vitarich Corporation (the Company) as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 20, 2025. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying supplementary Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2024 are the responsibility of the Company's management.

This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the separate financial statements. This information has been subjected to the auditing procedures applied in the audits of the separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the separate financial statements taken as a whole.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-900-183-000
BOA Accreditation No. 4782/P-021; Valid until June 6, 2026
BIR Accreditation No. 08-005144-015-2023
Valid until January 24, 2026
PTR No. 10467135
Issued January 2, 2025, Makati City

March 20, 2025
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

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

		Amount
Deficit as at the beginning of reporting period		(₱216,530,097)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Transfer from revaluation surplus to retained earnings - net of deferred income tax		7,851,147
Deficit, as adjusted		(208,678,950)
Add: Net income for the current year	275,757,288	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of tax		
Fair value changes on biological assets - livestock	(68,827,209)	
Net gain on fair value changes of investment properties	(15,264,648)	
Adjusted net income		191,665,431
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Unrealized fair value changes on biological assets - livestock in 2023, realized in 2024 - net deferred income tax	(35,834,684)	
Net movement of unrealized foreign exchange - net of deferred income tax	113,433	
Net movement on set-up of ROU assets and lease liabilities - net of deferred income tax	93,275	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(3,446,413)	(39,074,389)
Deficit as at the end of reporting period		**(₱56,087,908)**

VITARICH CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees	₱3,750,000	₱3,450,000
Non-audit services fees:		
Transfer pricing services	500,000	–
Tax compliance review	–	1,100,000
Total Non-audit Fees	500,000	1,100,000
Total Audit and Non-audit Fees	₱4,250,000	₱4,550,000

2024
SUSTAINABILITY REPORT

2024 SUSTAINABILITY REPORT
VITARICH CORPORATION

Contextual Information

Company Details	
Name of Organization	Vitarich Corporation (PSE: VITA)
Location of Headquarters	Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan
Location of Operations	Principal Office: Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan Other offices: Units 6 & 7, 16th Floor, IBP Building, Exchange Road, Ortigas Center, San Antonio, Pasig City #8 C. Building, Maharlika Highway, San Fermin, Cauayan City, Isabela Zone 4, San Isidro, Poblacion, Magarao, Camarines Sur Brgy. Mali-ao, Pavia, Iloilo Luzuriaga Ext., Reclamation Area, Brgy. 13, Bacolod City Km. 14, Panacan, Davao City Unit A, Warehouse 3, Neo Central Arcade, Cugman, Cagayan De Oro City Doors C, D and E, FMUFASCO Building, National Highway, Brgy. Sinawal, Gen. Santos City Feed Mill Plants owned and operated by VITA: Brgy. Mali-ao, Pavia, Iloilo Km. 14, Panacan, Davao City VITA has also operations with its Toll Mill Partner in 105 Barrio Bagbaguin, Sta. Maria, Bulacan Dressing Plants owned by VITA and operated by its subsidiary, Barbatos Ventures Corporation ("BVC"):

	Sta. Rosa I, Marilao, Bulacan Purok 12 Quarry, Tugbok, Davao City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Except as otherwise reported and/or stated, the report covers only VITA and the feed mill plants it operates and excludes: (a) the operations in VITA's dressing plants in Marilao, Bulacan and Tugbok, Davao City; and (b) operations of BVC. Some disclosures were made in general terms so as to avoid disclosing proprietary or confidential information, business strategies, or even trade secrets.
Business Model, including Primary Activities, Brands, Products, and Services	Please see Annex "A" 
Reporting Period	January 1, 2024 to December 31, 2024
Highest Ranking Person responsible for this report	Atty. Mary Christine C. Dabu-Pepito (Assistant Corporate Secretary/Compliance Officer/Corporate Information Officer)

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The data and information necessary for the report were collated from the different departments of VITA. Some of the information came from reports that are also submitted to government agencies like the BIR, DOLE and DENR-EMB. Some were based on the results of engagement with different stakeholders such as the employees, business partners, dealers, and customers. Based on these existing data, the material topics for the report were analyzed using the Materiality Matrix. Per assessment, the following are the topics material to Vitarich: (a) Direct Economic Value Generated and Distributed

[1] See GRI 102-46 (2016) for more guidance.

(b) Climate Related Risks and Opportunities
(c) Proportion of Spending on Local Suppliers
(d) Resource Management except Ecosystems and Biodiversity as the Corporation does not operate within or adjacent to protected areas and areas of high biodiversity value outside protected areas
(e) Environmental Impact Management
(f) Environmental Compliance
(g) Employee Management
(h) Occupational Health and Safety
(i) Relationship with Community, except those pertaining to IPs
(j) Customer Management, except Customer Privacy

The topics that are not material were left in blank/unanswered.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (2024)	Amount (2023)	Amount (Restated 2022)	Units
Direct economic value generated (revenue)	12,571,724,786	12,309,448,013.00	11,978,605,046.00	PhP
Direct economic value distributed:				
a. Operating costs	10,998,780,719	11,535,586962.00	10,853,828,805.00	PhP
b. Employee wages and benefits	371,408,811	352,734,377.00	324,516,851.00	PhP
c. Payments to suppliers, other operating costs	701,467,146	544,145,841.00	576,235,796.00	Php
d. Dividends given to stockholders and interest payments to loan providers	Interest payments only – 78,390,474	Interest payments only – 75,423,301 *(restated; previous disclosure: 75,823,288.00)*	Interest payments only – 39,673,099.00 *(restated; previous disclosure: 40,001,976.00)*	PhP
e. Taxes given to government	296,398,293.00	242,239,018.00	244,056,997.00	PhP
f. Investments to community (e.g. donations, CSR)	396,606.00	0.00	0.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
VITA generated a total consolidated revenue of Php12,571,724,786.00 in 2024, driven by its business operations, strategic initiatives, and other contributing factors. This was higher than the total consolidated revenue in 2023, primarily due to a Php91.8 million fair value gain on biological assets. Revenue also surpassed 2022 levels, fueled by the expansion of the Foods segment, which recorded a 19% growth in sales volume. VITA's revenue allowed it to fund its operating costs and pay its suppliers, employees, creditors and the government (taxes and licenses). Operating costs for 2024 were lower than in 2023, primarily due to a decline in feed sales volume and lower raw material costs. However, operating costs were slightly higher than that in 2022, due to expansion of the Foods segment, which saw a 19% increase in sales volume. This growth resulted in higher manpower requirements for internal farms, as well as increased contract growing and dressing fees. Interest payments for 2024 took into consideration the accretion of interest to right-of-use ("ROU") buildings. For consistency, the interest payments for 2023 were restated to consider accretion of interest to ROU buildings. VITA's CSR activities in 2024 consisted of Marilao river clean-up and tree planting activity, donation drive to aid to employees who were badly hit by typhoon Carina, relief goods operation drive for the victims of typhoons Kristine and Leon, outreach program at BJMP SJDM female dorm, blood letting activity in coordination with Red Cross Philippines in Bulacan and Iloilo, medical missions and feeding program in Iloilo, and dressed chicken donation in Iloilo.	➢ Government ➢ Employees ➢ Creditors ➢ Suppliers ➢ Community ➢ Shareholders ➢ Investors	The management continuously evaluates its strategies and modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations. Organizational changes are also made from time to time to make operations more efficient and productive. Costs and market volatility are closely monitored to effectively manage the same. The monthly results of operations as well as the business outlook for the succeeding months are reported to the Board of Directors, who give insights to aid the management achieve its targets. VITA faithfully complies with its contractual obligations to its stakeholders. VITA's cashflow, including collections and disbursements, are closely monitored and managed. There are also internal control systems and processes in place to manage business operations and finances.

VITA's consolidated net income before tax in 2024 was at Php314,381,734.00.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Financial, liquidity, and operational risks brought about by: (a) animal diseases like African Swine Flu (ASF) or Avian Influenza (AI); (b) high operating costs brought about by increasing prices of raw materials; (c) increasing foreign exchange rates in relation to imported raw materials; (d) rising costs of fuel; (e) increasing interest rates; and (f) low selling price of chicken due to market oversupply.	➢ Suppliers ➢ Employees ➢ Business partners ➢ Customers ➢ Creditors	VITA closely monitored its cash flow and disbursements, continuously improved its inventory levels, innovated strategies to manage costs and cash flow, and constantly communicated and negotiated with suppliers and with creditors as regards debts and interest rates.
What are the Opportunity/ies Identified?		**Management Approach**
➢ The availability of multiple sales channels for VITA's products continue to present an opportunity to continuously innovate. ➢ The innovations and strategies done in 2024 to manage costs also continue to present an opportunity to manage production costs without affecting the quality of VITA's products.		In addition to the foregoing management approaches, VITA commits to continue improving its operations and business strategies to allow expansion of its businesses.

Climate-related risks and opportunities[7]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[8] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

[7] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[8] For this disclosure, impact refers to the impact of climate-related issues on the company.

Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
The President and/or department heads report to the Board of Directors how floods or extreme weather conditions affect or impact VITA's business as well as the measures undertaken/to be undertaken to minimize the impacts and/or maximize the benefits.	VITA is exposed to the following climate-related risks: I. Physical Risks of flooding and land subsidence (Bulacan), typhoons and inland flooding (Isabela and Bicol), coastal erosion and urban flooding (Iloilo, Cebu, and Bacolod), heat waves and urban drainage issues (Davao, CDO), extreme weather events, and biosecurity and disease control. II. Operational Risks such as disruption of feed ingredient supply, and transport disruptions. III. Credit and Liquidity risks affecting VITA's financial performance and access to capital. IV. Regulatory risks relative to the impact of its emissions to air and water quality as well as plastic consumption's threat to marine life. Risks that may occur over the short-term period are the physical risks of	VITA identifies and assesses climate-related risks through any or all of the following methods: (a) continuous analysis of its business processes and finding the factors that could affect its processes and targeted goals; (b) reviewing past negative experiences or negative results and finding out the root cause; and/or (c) continuous research and benchmarking with other companies in the same industry.	VITA's metrics in assessing its climate-related risk management and strategy are: (a) cost efficiency of its strategy; (b) quality of feeds; animal health, dressed chicken and value-added products; (c) ability to meet customers' demands; and (d) customer satisfaction.

	typhoons and inland flooding. Those that may occur over the short to medium term period are the physical risks of flooding and land subsidence, extreme weather events, biosecurity and disease control, and disruptions on transportation and feed ingredient supply. Those that may occur over the medium term are the physical risks of coastal erosion and urban flooding. The risks that may occur over the long-term period are heat waves and urban drainage issues as well as air and water quality and plastic consumption's threat to marine life. VITA's continued use of solar energy in its Iloilo Feed Mill plant in its 2024 operations as well as its other sustainability upgrades in its production/dressing plant present an opportunity for VITA to counter the climate-related risks. a. VITA also allowed its employees to plant within company premises and share with one another their produce (Green Sanctuary Program) provides an avenue for employees to contribute to VITA's sustainability practices. In addition, the climate-related risks identified above present		

	opportunities to develop climate-resilient feed formulations and to rehabilitate the riverbank stability as well as soil and air qualities in the areas of its operations, as may be necessary. The development of climate-resilient feed formulations may be done over the short-term period while the rehabilitation of riverbank stability and soil and air quality as well as sustainability upgrades in the plants can be done over the long-term period. VITA launched its *Sogip Kalikasan* initiative in Bulacan in February 2025, a program that uses bamboo as a solution for climate change mitigation.		
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
The management regularly assesses impacts of predictable climate-related risks, such as extreme rains, extreme humidity, or even flooding, to its operations and makes	The climate-related risks identified above are seen to have the following impacts: a. Flooding and land subsistence: high impact on facilities and logistics,	To manage the climate-related risks, VITA monitors the temperature in the farms, increases cooling systems in farms, as may be necessary, and/or re-	VITA's target in managing its climate-related risk management and strategy is to continue to deliver on time the agreed volume or agreed

the appropriate adjustments in its strategies. The unpredictable climate-related risks like earthquake as well as measures undertaken/to be undertaken to minimize the adverse impacts are discussed by the management and reported to the Board as it happens. VITA's strategies take into account the climate-related risks and opportunities that are material to it.	which may increase insurance and disruption mitigation costs. b. Typhoons and inland flooding: high impact on supply chain and production, which will likely cause business interruption and repair costs. c. Coastal erosion and urban flooding: medium impact on operations, causing erosion-related asset damage and urban disruption. d. Heat waves and urban drainage issues: low to medium impact on workforce and infrastructure, in addition to causing heat stress in animals, affecting their health, growth, and productivity. These risks may likely reduce productivity while increasing cooling costs. These may also cause reduced overall performance in poultry and livestock and higher feed conversion ratios, impacting overall live cost. e. Air and water quality and plastic consumption's threat to marine life: may likely subject VITA to fines or market penalties for non-compliance. f. Extreme weather event: high impact on production and logistics and will likely to increase costs for feeds and animal health care. It may also cause disruption in supply	formulates its feeds as may be necessary to adapt to maintain the same quality while adapting to the environment. It also has biosecurity protocols in place. VITA also benchmarks and conducts continuous consultations and research and development to maintain the quality of feeds despite using alternative raw materials. Likewise, VITA ensures the diversity of its supply chain to address and manage impacts of climate-related risks. VITA also conducts regular trainings on biosecurity measures to help its business partners in terms of productivity. VITA's Iloilo Feed Mill plant continued the use of solar energy. It also allowed the employees to continue the Green Sanctuary Program, which helps absorbs carbon emissions. Apart from this, VITA also regularly maintains and upgrades its equipment to comply with DENR standards as well as to maintain and improve operational efficiencies.	reduced volume of feeds and chicken to its customers without sacrificing quality, and without incurring too much costs.

	chains, causing feed shortages, and impacting animal health. g. Biosecurity and disease control: high impact on livestock health and revenue as VITA will likely incur costs associated with disease outbreaks and loss of livestock. h. Disruption of feed ingredient supply: likely to affect grains quality as it may cause infestation, thereby incurring higher raw material costs resulting in higher feed costs. i. Transport disruptions: affect the timely delivery of raw materials and finished goods, leading to stock shortages and increased transportation costs. These, in turn, translate to higher raw material costs, resulting in higher feeds costs. These may also result in starvation in farms due to delay in feeds delivery. On the other hand, the following are the identified impacts of the climate-related opportunities disclosed above: a. Continued use of solar energy in the Iloilo Feed Mill plant resulted in reducing the GHG emissions in the plant. b. Development of climate-resilient feed formulations may likely improve performance of		

	flock during the summer season, reducing mortality. c. Rehabilitation of riverbank stability, soil and air quality in the areas of operations may likely reduce material costs while enhancing brand image and market access. It may also open up avenues to secure government incentives. d. Sustainability upgrades in the plants will likely result in long-term cost savings and regulatory compliance, thereby avoiding unnecessary costs due to penalties. e. The continued permission for employees to plant within company premises (Green Sanctuary Program) helps absorb carbon emissions, which, in turn, helps minimize VITA's adverse impacts on the environment.		
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
	VITA's climate-related risk management continues to prove to be resilient as evidenced by its continued financial and operational stability.	As can be seen above, changes and modifications are made in VITA's business processes and feed formulation to mitigate	

		impacts of climate-related risks and adapt to constraints brought about by climate-related risks and events.	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity (2024)	Quantity (2023)	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Nationwide: 96.27% Luzon – 42.98% Visayas – 19.58% Mindanao – 33.71%	Nationwide: 92.07% Luzon – 48.26% Visayas – 12.29% Mindanao – 31.52%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For the year 2024, 96.27% of VITA's procurement budget was spent on local suppliers, 4.2% higher than that in 2023. These suppliers include only suppliers of raw and other trade materials and exclude service providers such as consultants and contractors. Local sourcing of raw and other trade materials had been favorable in 2024 since the price against imported raw materials was relatively at par with the budget. In addition, VITA opted to source locally given the higher risks involved for importation.	➤ Suppliers ➤ Domestic companies especially the MSMEs, and farmers.	VITA manages its supply chain by increasing allocation of budget on local suppliers. Its procurement policies and strategies were crafted, reviewed, revised and implemented in a manner consistent with the company's vision of being the backbone of every Filipino farmer's success and mission of building partnerships with its suppliers, among others. Its procurement policies and strategies are periodically reviewed in order to continuously improve the company's buying plans, strategies and timings.
What are the Risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
❖ Operational risks include uncertainty in market supply, off specification with	In addition to the foregoing.	In addition to the foregoing, VITA streamlines its supplier base to

VITA's acceptance standards, animal diseases as well as weather disturbance. ❖ Financial risks due to inflation in prices and regulatory changes. ❖ Legal, operational, financial and reputational risks due to regulatory changes, and delayed or non-payment of suppliers. **What are the Opportunity/ies identified?** ❖ In terms of market opportunities, there is an opportunity to partner with local farmers to secure stable supply chains and rendering support to smallholder farmers by providing technical assistance, training, and market access. ❖ The availability of long-term contracts with suppliers will allow better terms with local raw materials suppliers. ❖ The availability of reliable local suppliers can ensure operational efficiencies despite weather conditions. ❖ The availability of raw materials and other input goods and services all year round can minimize increase in costs despite sudden or significant increase in prices of goods and services.	➢ Customers ➢ Creditors ➢ Shareholders ➢ Investors	reduce costs and improve quality. It accredits additional suppliers, or it re-formulates feeds as may be necessary without sacrificing the quality of feeds. It minimizes exposure to foreign exchange rate volatility. VITA also conducts regular trainings on biosecurity measures to help its business partner – farmers in terms of productivity. VITA makes payment allocations to suppliers, especially major raw materials suppliers and ensure better raw materials cost and continuity of operations. As disclosed above, VITA closely monitors and manages its cash flow and disbursements to ensure liquidity. In line with UN SDG 2 (Zero Hunger), VITA continuously increases the availability of reliable local suppliers, help in the livelihoods of the community in the areas where it operates, and strengthens its support to local agriculture.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti-corruption training		%
Percentage of employees that have received anti-corruption training		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption		#
Number of incidents in which employees were dismissed or disciplined for corruption		#
Number of incidents when contracts with business partners were terminated due to incidents of corruption		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity (2024)	Quantity (2023)	Units
Energy consumption (renewable sources)	Visayas – 166,309	Visayas – 195,626	Kwh
Energy consumption (SFO[4])	Visayas – 3,347	Visayas – 4,464.97	GJ
Energy consumption (gasoline)	Luzon – 31,072.21 Visayas – 4,717.38 Mindanao – 16,523.26	Luzon – 44,041.90 Visayas – 2,410.17 Mindanao – 9,907.69	Liters
Energy consumption (LPG)	Visayas – 200	Visayas – 180	KG
Energy consumption (diesel)	Luzon – 14,780 liters (for forklift); 126,374.21 (for fleet) Visayas – 14,800 liters (for boiler & forklift); 60,752.68 liters (for fleet) Mindanao – 333,742.41 liters (for boilers); 115,889.11 liters (for fleet)	Luzon – 96,167.72 Visayas – 44,889.01 Mindanao – 88,718.74	Liters or GJ
Energy consumption (electricity)	Luzon – 1,233 kwh (office); 3,876,315 (dressing plant) Luzon Warehouse – 153,712 Visayas – 1,449,400 (ILECO), 11,086 (Bacolod Satellite Warehouse) Mindanao – 2,970,069.20 (Panacan, Davao), 7,710 (CDO Satellite Warehouse)	Luzon – 1,287 (Marilao office only); 3,973,922 Luzon Warehouse – 156,555 Visayas – 1,304,800 (Iloilo), 11,398 (Bacolod Satellite Warehouse); 1,285 (Cebu Satellite Warehouse) Mindanao – 3,787,487.85 (Davao); 6,836 (CDO Satellite Warehouse)	KWh

Reduction of energy consumption

Disclosure	Quantity (2024)	Quantity (2023)	Units
Energy consumption (renewable sources)	Visayas – 29, 317	Visayas – 1,947	KWH
Energy reduction (SFO)			GJ
Energy reduction (gasoline)			GJ

[4] Special fuel oil

Energy reduction (LPG)		Visayas – 20	GJ
Energy reduction (diesel)		Visayas – 2.22 Mindanao – 2,130.94	Liters
Energy reduction (electricity)	Luzon – 54 (Marilao office); 97,607 (DP); 2,843 (Luzon warehouse) Visayas – 512 (Bacolod Satellite) Mindanao – 817,418.55 (Panacan, Davao)	Visayas -327,800 (Iloilo); 1,394 (Bacolod Satellite); 4,175 (Cebu Satellite Warehouse)	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above was primarily based from VITA's Iloilo and Davao feed mill plants as well as the electricity consumption in the principal office (Marilao, Bulacan) and satellite warehouses in Luzon, Bacolod, and CDO. The electricity consumption disclosed for the Iloilo feed mill plant is separate and distinct from the renewable source consumption from the said plant. The data on gasoline came from consumption on VITA's fleet. The reductions on renewable sources consumption in Visayas was primarily due to the decrease in production volume, in addition to the defective inverter that is due for replacement by the supplier. The decrease in electricity consumption in the Marilao office was due to typhoon Carina as there was a week-long power interruption in the area due to the said typhoon. The decrease in electricity consumption in the Luzon warehouse was due to the closure of the external warehouse in Bocaue, Bulacan. The decrease in the electricity consumption in CDO	➤ Suppliers ➤ Communities where VITA operates.	VITA complies with laws relating to environment, energy consumption and efficiency. VITA continued using solar energy in its Iloilo feed mill plant and solar perimeter lights in its Davao feed mill plant. The proposed solar project in VITA's Davao feed mill plant is still in process, with the project currently undergoing a review by the Engineering team. In addition, it conducts regular preventive maintenance of all its equipment. In line with UN SDG 12 (Responsible Production and Consumption), it continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient energy consumption.

was due to the additional installation of air conditioning units for AHC storage rooms. The impact is on the environment as the use of renewable sources of energy decreases GHG emissions while the use of non-renewable sources results in emissions that could be harmful to the environment. There is also an impact on the supply chain because the use of non-renewable sources could deplete these sources. The use of solar energy in the Iloilo feed mill plant resulted in reduction of VITA's GHG emissions in 2024 by: (a) 250,764.93 kg in terms of CO_2 emissions; (b) 134.51 kg. in terms of NO_x emissions; and (c) 2.82 kg. in terms of SO_2 emissions. These reductions were lower than those avoided in 2023. It should be, however, noted that VITA's solar capacity is only around 10% of the plant's electrical power requirement versus the 15% to 20% capacity in 2023. Thus, the electricity consumption from ILECO was still higher than that from solar energy. The electricity supplied by ILECO helps run the machineries and utilities in the plant. The use of solar lights in Davao plant's perimeter allowed the Corporation to save a total of 51,840 kw of energy in 2024.		
What are the Risk/s Identified?		
❖ Climate change brought about by increase in air emissions and pollutions due to the use of non-renewable sources of energy.		

❖ Depletion or shortage of non-renewable sources of energy.		
What are the Opportunity/ies identified?		
❖ The continued use of solar energy in the Iloilo feed mill plant gives the opportunity to further increase efficient consumption of energy. ❖ The positive impact on the environment of the use of solar energy in the Iloilo feed mill plant presents an opportunity to further lower VITA's GHG emissions in the Davao feed mill plant. ❖ The solar project in Davao is still an opportunity to further improve VITA's efficiencies.		

Water consumption within the organization

Disclosure	Quantity (2024)	Quantity (2023)	Units
Water withdrawal	Visayas – 3,902 (Iloilo) Mindanao – 5,984 (Davao)	Visayas – 4,317 (Iloilo) Mindanao – 5,842 (Davao)	Cubic meters
Water consumption	Visayas – 3,902 (Iloilo); 135 (Bacolod Satellite Warehouse) Mindanao – 5,984 (Davao); 111 (CDO Satellite Warehouse)	Luzon warehouse – 138.89 Visayas – 4,317 (Iloilo); 120 (Bacolod Satellite Warehouse); 32 (Cebu Satellite Warehouse) Mindanao – 5,842 (Davao); 129 (CDO Satellite Warehouse)	Cubic meters
Water recycled and reused	Visayas – 0 Mindanao – 0	Visayas – 0 Mindanao – 0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The data above were based on the water consumption and/or withdrawal in VITA's satellite warehouse in Luzon, feed mill plant and office in Iloilo, satellite warehouse in Bacolod, feed mill plant and office in Davao, and satellite warehouse in CDO. The data were based on the consumption reflected in VITA's water billings. In Iloilo, water consumption and withdrawal in 2024 decreased by 415 cubic meters. The repair of the steam lines contributed to the decrease in water consumption. The decrease resulted in a savings of about P49K, more or less. On the other hand, the water consumption in Bacolod satellite increased by 15 cubic meters. In Davao, the slight increase in water consumption and withdrawal in 2024 by 142 cubic meters was due to the product mix in production. However, water consumption in CDO warehouse slightly decreased by 18 cubic meters in 2024. In both the Iloilo and Davao feed mill plants, the water is used only for steam generation.	➤ Communities where VITA operates ➤ Government	VITA complies with all laws and regulations pertaining to water and it continuously improves the operational efficiencies in order to maintain efficient water consumption. It also conducts regular preventive maintenance of its equipment and replaces the same with more efficient and more technologically advanced equipment as may be necessary.
What are the Risk/s Identified?		
❖ Climate change ❖ Depletion or shortage of water		
What are the Opportunity/ies Identified?		
❖ VITA could explore rainwater harvesting in the feed mill		

plants in order to further reduce its water withdrawals.		

Materials used by the organization

Disclosure	Quantity (2024)	Quantity (2023)	Units
Materials used by weight or volume			
• Renewable	Luzon – 94,176,250 Visayas – 48,895,450 Mindanao – 74,977,575	Luzon – 105,856,129 Visayas – 41,498,250 Mindanao – 75,358,100	kg
• non-renewable	Luzon – 2,030,488 Visayas – 125,210 Mindanao – 399,820.60 Plastic Packaging (Unaudited data) – 636,374.36 (Feeds); 153,354.92 (Foods)	Luzon – 2,050,221 Visayas – 104,890.14 Mindanao – 526,895 Plastic Packaging (Unaudited data) – 661,529.40 (Feeds); 169,485.86 (Foods)	Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The renewable materials disclosed above are the raw materials used or consumed by VITA for 2024. Renewable materials used and/or consumed in 2024 in Luzon and Mindanao decreased by 11,679,879 kg. and 380,525 kg., respectively,	➤ Suppliers ➤ Communities where VITA operates ➤ Government ➤ Customers	VITA complies with laws relative to materials consumption and conservation. It also shifted from the use of laminated sack to a reusable woven sack for its feeds. Re-using the woven sacks helps reduce waste and pollution. It continuously improves its inventory management to

while the renewable materials used and/or consumed in 2024 in Visayas increased by 7,397,200 kg. The increase in renewable resources used in Visayas in 2024 was due to the 16% increase in production volume while the decrease in renewable sources consumption in Luzon and Mindanao in 2024 was due to a decrease in the production volume in said areas. The non-renewable materials are the energy consumed. The Corporation's plastic footprint for 2024, which consist of plastic packaging materials, are still unaudited. The decrease in the non-renewable materials used in 2024 by 19,733 kg. in Luzon was due to a decrease in production volume while the increase of 20,319.88 kg. and 72,925.60 kg. in the non-renewable materials used in 2024 in Visayas and Mindanao, respectively, were due to the increase in production volume. The impact is on the environment as VITA, although on a minimal level only, continues to contribute to waste generation and pollution as a necessary consequence of its operations.		have higher recovery/conversion of materials to finished products. VITA has also taken steps to address waste and pollution generated and contributed. In compliance with the EPR Act, VITA sought accreditation with an organization that can help it develop, implement and monitor its compliance with the EPR Act and it had engaged an accredited waste diverter in Mindanao. It is in the process of accrediting a third-party auditor to audit its disclosures in compliance with the said law. VITA continuously reduces its plastic waste through its accredited waste diverter. In line with UN SDG 12 [Responsible Production and Consumption], VITA continuously improves its processes to ensure operational efficiencies, which, in turn, helps in the efficient resource management.
What are the Risk/s identified?		
The continuous demand for non-renewable materials increases VITA's contribution to pollution and waste and it increases the possibility of shortage of non-renewable materials.		
What are the Opportunity/ies identified?		

Reduction in waste and pollution contribution through the use of renewable, reusable and recyclable materials in the production of feeds.		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored		Ha
IUCN[7] Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity (2024)	Quantity (2023)	Units

[7] International Union for Conservation of Nature

Direct (Scope 1) GHG Emissions	Iloilo Feedmill – 39 Davao Feedmill (CO emission only) Boiler Yinchen A – 48.1 Boiler Yinchen B – 53.8 Boiler Devotion – 40.8 Boiler Enertech – 59.5	Iloilo Feedmill – 204 Davao Feedmill (CO emission only) Boiler 1A – 129.0 Boiler 1B – 121.0 Boiler 2A – 109.2 Boiler 2B – 89.3	mg/Nm^3
Energy indirect (Scope 2) GHG Emissions	0	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Davao and Iloilo feed mill plants. The decrease in the emissions in Iloilo feed mill plant by 165 mg/Nm3 was due to the rehabilitation of boiler in March 2024 and the use of solar energy. The emissions in the Davao feed mill also decreased by 202.2 mg/Nm3. While VITA has neither indirect GHG emissions nor ozone depleting substances emissions, its feed mill operations in Iloilo and Davao contribute to GHG emissions as a necessary consequence of its operations, albeit in a low level only. **What are the Risk/s Identified?**	❖ Communities where VITA operates ❖ Government ❖ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It also regularly conducts preventive maintenance on its equipment, regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its emissions low against the DENR-EMB standards. VITA rehabilitated its boiler equipment in the Iloilo feed mill plant in March 2024, thus, increasing efficiency of the equipment, and further reducing VITA's emissions in said plant. VITA continued its use of solar energy in its Iloilo feed mill plant. It has also completed the installation of and started using perimeter solar lights in its Davao feed mill plant. The plan to use solar energy in its Davao feed mill plant is still a work in progress.

❖ Operational risks due to climate change brought about by the emissions and continuous contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous GHG emissions. **What are the Opportunity/ies Identified?** ❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the Iloilo feed mill plant will mitigate and reduce VITA's GHG emissions. ❖ The use of solar energy in the Davao feed mill plant is an opportunity that VITA can explore to reduce its GHG emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions.		It had also joined the Iloilo province wide clean up drive in its perimeter areas in order to help lessen its GHG emissions. In addition, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its GHG emissions as plants help reduce these emissions. VITA has Pollution Control Officers ("PCO") who monitor and ensure compliance with laws and regulations relating to the environment and its conservation.

Air pollutants

Disclosure	Quantity (2024)	Quantity (2025)	Units
NO_x	Iloilo Feed mill – 169 Davao Feed mill Boiler Yinchen A – 14.1 Boiler Yinchen B – 5.7 Boiler Devotion – 6.0 Boiler Enertech – 25.0	Iloilo Feedmill – 36.774 Davao Feedmill Boiler 1-A – 33.2 Boiler 1-B – 44.6 Boiler 2-A – 21.3 Boiler 2-B – 24.5 Genset – 343.3	ave. concentration in mg/Nm^3

SO_x	Iloilo Feed mill – 1,461 Davao Feed mill Boiler Yinchen A – 1.8 Boiler Yinchen B – 1.6 Boiler Devotion – 10.2 Boiler Enertech – 2.7	Iloilo Feedmill – 1 Davao Feedmill Boiler 1-A – 8.3 Boiler 1-B – 25.5 Boiler 2-A – 32.4 Boiler 2-B – 5.6	ave. concentration in mg/Nm³
Persistent organic pollutants (POPs)	0	0	Kg
Volatile organic compounds (VOCs)	0	0	Kg
Hazardous air pollutants (HAPs)	0	0	Kg
Particulate matter (PM)	Iloilo Feed mill – 123.6 Davao Feed mill Boiler Yinchen A – 7.4 Boiler Yinchen B – 33 Boiler Devotion – 33 Boiler Enertech – 6.9	Iloilo Feedmill – 53 Davao Feedmill Boiler 1-A – 11.9 Boiler 1-B – 18.7 Boiler 2-A – 29.8 Boiler 2-B – 21.9	ave. concentration in mg/Nm³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data were based on the emission testing conducted by a DENR-EMB accredited third party company on VITA's Iloilo and Davao feed mill plants. The increase in the NO_x in the Iloilo feed mill plant in 2024 by 82.228 mg/Nm3, increase in the SO_x in the Iloilo feed mill plant in 2024 by	➢ Communities where VITA operates ➢ Government ➢ Public in general	VITA complies with all laws relative to the environment, including the Clean Air Act. It regularly conducts preventive maintenance on its equipment, and regular repair of its facilities, including pollution control facilities, to ensure not only good operating conditions but also compliance with the environmental laws and regulations. VITA also ensures that its operations are efficient in order to keep its

1,460 mg/Nm3, and increase in the particulate matter in the Iloilo feed mill plant in 2024 by 70.6 mg/Nm3 were primarily due to the lower efficiency of the boiler due to its old age. The decrease in the NO_x in the Davao feed mill plant in 2024 by 72.8 mg/Nm3, decrease in the SO_x in the Davao feed mill plant in 2024 by 55.5 mg/Nm3, and the slight decrease in the particulate matter in the Davao feed mill plant in 2024 by 2 mg/Nm3 were primarily due to decrease in production volume in 2024. While these pollutants/emissions are low as against DENR thresholds, they still contribute to GHG emissions and air pollution generation. **What are the Risk/s Identified?** ❖ Operational risks due to climate change brought about by contribution to air pollution. ❖ Health risks on the communities where VITA operates as well as the public in general due to the continuous air pollution contribution. **What are the Opportunity/ies Identified?** ❖ The continuous operation and use of as well as the possibility of increase in capacity of the solar energy in the iloilo feed mill plant will mitigate and reduce VITA's air pollutant emissions.		emissions low against the DENR-EMB standards. VITA's continued use of solar energy in 2024 in its Iloilo feed mill plant, which helped avoided these emissions: (a) 250,764.93 kg CO_2; (b) 134.51 NO_x; and (c) 2.82 SO_2. Moreover, by allowing the employees to plant within its plant premises (Green Sanctuary Program), VITA helps mitigate its air pollutant emissions as plants help reduce these emissions. VITA has been using perimeter solar lights in its Davao feed mill since 2023. VITA has PCOs who monitor and ensure compliance with laws and regulations relating to the environment and its conservation. Further, in March 2024, VITA rehabilitated its boiler equipment in its iloilo plant.

❖ The use of solar energy in the Davao feed mill plant is an opportunity that VITA can explore to reduce its air pollutant emissions. ❖ The continuation of the Green Sanctuary Program can also benefit the environment as plants can help reduce GHG emissions.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity (2024)	Quantity (2023)	Units
Total solid waste generated	Luzon – 1,900/month Visayas – 1,700/month Mindanao – 2,350/month	Visayas – 1,600/month Mindanao – 2,350/month	Kg
Reusable	Visayas – 250/month Mindanao – 450/month	Visayas – 200/month Mindanao – 450/month	Kg
Recyclable	Visayas – 250/month Mindanao – 300/month	Visayas – 250/month Mindanao – 300/month	Kg
Composted	Visayas – 200/month Mindanao – 600/month	Visayas – 200/month Mindanao – 600/month	Kg
Incinerated	Visayas – 0 Mindanao – 0	Visayas – 0 Mindanao – 0	Kg
Residuals/Landfilled	Visayas – 1,000/month Mindanao – 1,000/month	Visayas – 950/month Mindanao – 1000/month	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the monthly estimated solid waste collected by third party solid waste collectors from the Iloilo and Davao feed mill plants as reported by VITA's PCOs to the government. The data in Luzon came from MENRO, the one collecting the garbage in the Marilao, Bulacan office. Total solid waste generated in Visayas increased by 100 kg/month	➢ Employees ➢ Communities where VITA operates ➢ Public in general ➢ Government	VITA has a properly labelled Materials Recovery Facility in its Iloilo and Davao feed mill plants for the proper segregation, storage, and disposal of these wastes. It also hired a third-party solid waste collector to properly dispose its solid wastes. VITA has PCOs who monitor compliance with laws and regulations relating to the environment and its conservation, including waste segregation and proper

mainly due to the increase in production. While VITA has recyclable and reusable solid wastes, about 50% of the estimated monthly solid wastes generated still go into the landfills. **What are the Risk/s Identified?** ❖ Increase in pollution due to increase in residual solid wastes. ❖ Health risks on the employees and communities where VITA operates and the public in general due to the increase in solid waste pollution. ❖ Regulatory and legal risks due to non-compliance with the EPR Act. **What are the Opportunity/ies Identified?** ❖ The government's completion of the IRR of the EPR Act presents an opportunity for VITA to comply and even go beyond compliance with the EPR Act by not only re-using and recycling its solid wastes but also in recovering its solid wastes, thus, reducing its residual solid wastes, which, in turn would reduce the solid wastes going into the landfills.		waste disposal. It also continuously reiterated and strengthened its campaign and practice for waste segregation and proper waste disposal. It collects sweepings (assorted wastes collected through the process of sweeping) to be reprocessed/included in the formulation of feeds, reuses and recycles all that may be reused or recycled, as the case may be, and keeps its residual solid wastes within the allowed threshold. It regularly evaluates sweepings to make sure that it would not cause infections. VITA also provides the employees with PPEs and biosecurity measures in place are strictly implemented. In compliance with the EPR Act, VITA engaged an accredited waste diverter in Mindanao. In Marilao, VITA's wastes go to the LGU's MRF. It is continuously developing its program for the recovery of its plastic wastes.

Hazardous Waste

Disclosure	Quantity (2024)	Quantity (2023)	Units
Total weight of hazardous waste generated	Visayas: Used oil – 115 liters/year Busted lamps – 5 kg/year Mindanao:	Visayas: Used oil – 250/year Busted lamps – 45/year Mindanao:	liters or kg

	Busted lamps – 20 kg/year	Used oil – 0/year Busted lamps – 20/year	
Total weight of hazardous waste transported	Visayas: 0 Mindanao: 0	Visayas: 0 Mindanao: 0	liters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data above were based on the report that VITA's PCOs in the Iloilo and Davao feed mill plants submitted to the DENR-EMB. The hazardous wastes that VITA generated for both plants are low or minimal only. Thus, there was no need to transport the same. The used oil generated in the Iloilo feed mill plant decreased in 2024 by 135 liters. In addition, busted lamps in the Iloilo feed mill plant decreased by 40 kg. **What are the Risk/s Identified?** Improper disposal may lead to environmental risks as well as health risks on the employees, the communities where VITA operates and the public in general. It may also lead into fire and pollution. **What are the Opportunity/ies Identified?** ❖ The regular preventive maintenance conducted on VITA's equipment to ensure operational efficiencies also helps in reducing hazardous wastes, thereby reducing environmental and health	➤ Employees ➤ Communities where VITA operates ➤ Public in general ➤ Government	VITA has a designated and properly labelled Materials Recovery Facility to properly store used oil and busted lamps. It has PCOs in its Iloilo and Davao feed mill plants to ensure that the proper waste disposals prescribed under existing laws and regulations are strictly followed. It continuously improves its preventive maintenance program/schedule in order to minimize used oil. VITA's use of LED lights instead of fluorescent ones proved to be efficient in terms of energy use and in terms of costs. In addition to the foregoing, VITA monitors the consumption of oils and lamps so that the waste is kept within threshold and that these hazardous wastes are segregated from the non-hazardous wastes. It participated in Iloilo's province wide clean-up drive in March 2024. It also strictly implements its "No Smoking" policy and provides employees with PPEs, which they are also required to wear within the premises.

risks. It also has the potential to avoid fire and decrease in contribution to pollution. ❖ Avoidance of fire and decrease in contribution to pollution.		

Effluents

Disclosure	Quantity (2024)	Quantity (2023)	Units
Total volume of water discharges	Visayas – 60/month Mindanao – 0	Visayas – 80/month Mindanao – 0	Cubic meters
Percent of wastewater recycled	Visayas – 0 Mindanao – 0	Visayas – 0 Mindanao – 0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The data were based on the water discharges and waste water recycled in the Iloilo and Davao feed mill plants as reported to the DENR. There was no water discharge in the Davao feed mill plant since the waste water goes into a separate container, which eventually dries up or evaporates. Thus, the same are not discharged in the public drainages. VITA's water discharges are minimal or very low as against DENR standards. However, it still impacts the environment, particularly the water bodies.	➤ Communities where VITA operates ➤ Government	VITA monitors the final discharge of waste water to ensure that its operations are within the Clean Water Act and other regulatory standards. It complies with the proper waste water disposal prescribed under the law and regulations. VITA has waste water treatment facilities in its dressing plants although it is not the one operating the same. VITA has a PCO that monitors and ensures compliance with laws and regulations relative to water use, water discharge and proper waste water disposal.
What are the Risk/s Identified?		
Increase in water pollution contribution due to increase in waste water.		

What are the Opportunity/ies Identified?		
❖ Presence of technologies that can help improve waste water treatment in the feed mills. ❖ The proper disposal of waste water as well as waste water treatment present an opportunity to mitigate and decrease water pollution contribution.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
VITA was neither penalized nor complained for violation or non-compliance with environmental laws and regulations in 2024. Having complied with environmental laws and regulations, VITA maintained its contribution to pollution as a necessary consequence of its operations at a minimal level – within DENR thresholds.	➢ Government ➢ Communities where VITA operates ➢ Business partners ➢ Customers ➢ Employees ➢ Investors ➢ Shareholders ➢ Directors ➢ Officers	VITA strictly monitors compliance with environmental laws and regulations, including securing all permits and licenses needed for the continued operation of its business. It continuously upgrades and regularly maintains its facilities to ensure efficiencies and maintain pollution contribution to a minimum. VITA incorporates in its contracts with suppliers and partners the obligation to comply with all existing laws and regulations. This includes the duty to comply with said laws and regulations and there are sanctions for breach of this obligation.
What are the Risk/s Identified?		
Legal, financial, operational and environmental risks due to non-compliance with laws and		

regulations protecting the environment.		In addition, in Mindanao, the company submits a quarterly self-monitoring report to the EMB.
What are the Opportunity/ies identified?		
Business continuity and minimal pollution contribution due to compliance with laws and regulations protecting the environment.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity (2024)	Quantity (2023)	Units
Total number of employees[6]	695	672	
a. Number of female employees	269	262	#
b. Number of male employees	426	410	#
Attrition rate[7]	6.92%	0.62%	Rate
Ratio of lowest paid employee against minimum wage	None	None	Ratio

Employee benefits

List of Benefits	Y/N	2024		2023	
		% of female employees who availed for the year	% of male employees who availed for the year	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	12.16%	6.67%	11.45%	6.10%
PhilHealth	Y	1.85%	0.80%	3.05%	4.15%
Pag-ibig	Y	20.94%	15.60%	21.37%	19.51%
Parental leaves	Y	4.58%	1.01%	6.49%	2.44%

[6] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[7] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Vacation leaves	Y	55.16%	35.89%	73.28%	65.85%
Sick leaves	Y	53.58%	29.13%	53.44%	36.78%
Medical benefits (aside from PhilHealth))	Y	41.24%	24.32%	16.41%	16.10%
Housing assistance (aside from Pag-ibig)	N	0	0	0	0
Retirement fund (aside from SSS)	Y	0%	0.11%	0	0.24%
Further education support	N	0%	0%	0	0
Company stock options	N	0%	0%	0	0
Telecommuting	Y	45.79%	6.65%	37.40%	8.29%
Flexible-working Hours	Y	14.9%	7.93%	17.56%	25.61%
(Others)	Y	0	0	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The data above includes only the regular and organic employees of VITA. With operations in Luzon, Visayas and Mindanao, it contributes to labor and employment. It also helps promote local employment in Bulacan, Iloilo, Davao and all other provinces where it holds its operations. The number of regular employees increased in 2024 mainly due to the growing operational requirements driven by the addition of new products and the expansion in the distribution of network. The attrition rate increased in 2024; where the topmost reason for leaving the company was due to personal reasons followed by a transfer to a company or location with a greener pasteur.	VITA provides benefits on top of the government-mandated benefits, such as providing them and/or their qualified dependents medical benefits other than PhilHealth benefits, PPEs, uniform, rice subsidy, seniority pay, transportation and meal allowances when applicable, mortuary benefits, hazard pay to qualified employees. It also engaged the services of a physician who can conduct physical examinations and check-ups to employees and who goes to the office and plants so that his/her services will be more accessible to the employees. VITA likewise allowed telecommuting and flexible working hours to its employees. It ensures that safety measures are not only in place but are also consistently and strictly implemented to prevent accidents and illnesses from happening or spreading.
What are the Risk/s Identified?	
VITA recognizes that poor over-all well-being of the employees, unsecured workplace, low morale on the employees' part, or uncompetitive compensation and benefits package may result in higher turn-over rate of the employees, thereby increasing its attrition rate. An increase in attrition rate may, in turn, affect VITA's productivity outputs.	VITA continuously engaged with its employees through webinars and seminars on wellness and health, physical activities like Zumba and sports-related activities, safety seminars and trainings, emergency preparedness, and ensuring that the workplace is safe. It also recognized employees' services, milestones, and breakthroughs through service awards.

What are the Opportunity/ies identified?	Management Approach
There is still an opportunity for sustained engagement with the employees to increase their involvement, morale, and over-all well-being, and maintain a harmonious working environment. Availability of skilled workforce in the areas of operation and continuous provision of competitive compensation and benefits package to the employees continue to present an opportunity for VITA to sustain its employees' jobs and continuously provide more employment and livelihood to the residents in the areas of operation.	In addition to the foregoing, VITA regularly checks the laws and regulations on the minimum wage and benefits set by the government as well as industry standards and it benchmarks on similar companies within the industry to evaluate the need to update and increase its compensation and benefit package to ensure that the same is competitive, if not better, than the companies within the industry.

Employee Training and Development

Disclosure	Quantity (2024)	Quantity (2023)	Units
Total training hours provided to employees			
a. Female employees	4,489	6,922.67	Hours
b. Male employees	3,289.50	5,965.83	Hours
Average training hours provided to employees			
a. Female employees	5.71	9.60	hours/employee
b. Male employees	4.19	6.50	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
VITA's training and development programs for its employees, whether internal or external, contribute to the employees' personal and professional growth and efficiency in the performance of their tasks. In 2024, there was a total of 7,778.50 training hours provided to employees. Some of these trainings were conducted in-house and some were conducted by third-party service providers and consultants. Compliance trainings were conducted to maintain ISO, FSMS, and HACCP certifications across the regions. Additionally, skills upgrading trainings and CPD training credits were made available to PRC-licensed	VITA maintains a training calendar per region where Vitarich operates. Unless the relevant department requests differently, the trainings take place once a month. The majority of the trainings are focused and specifically tailored to the needs and demands of the departments and personnel. Based on the manner in which the training was delivered, VITA conducts a comprehensive post-training evaluation and feedback. In addition, it regularly assesses employees' work to gauge their development and progress.

<table>
<tr><td>employees for further career development and continuous learning. Personal development, soft skills, and conflict management trainings were likewise conducted to enhance collaboration and teamwork across departments.

In 2024, a decrease of about 40% of overall training hours for the year versus 2023 data was observed. The focus for 2024 was more on leadership development programs for key managers as well as upper management. In addition, a decrease in training hours was observed as virtual trainings were now limited due to employees' preference for onsite learning instead of virtual sessions for overall program effectiveness and achievement of learning outcomes.</td><td></td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Management Approach</th></tr>
<tr><td>Failure to give trainings and/or to send employees to relevant trainings may result in career stagnancy of employees, demoralization and demotivation, inefficiency, and non-growth of employees due to non-upgrading of skills. This may likewise lead to an increase in employee turnover. Less skilled and demotivated employees may also result in non-attainment of targets. Lack of knowledge transfer and application may also affect succession planning and manpower building. Another risk identified is the failure of employees to return investment on trainings due to their eventual resignation.

What are the Opportunity/ies Identified?

Investing on employees' trainings and development will result in the professional and personal growth of the employees, which, in turn, may yield to higher employee retention and better productivity results. Faculty development of key members of the organization to equip, mentor and coach the growing number of employees. Cultivating a coaching and learning culture may open doors for improved productivity, spark innovation, and organizational growth.</td><td>In addition to the above, VITA has a database of trainings already provided and trainings that may still be provided to the employees to ensure that the trainings remain to be relevant and effective. It also ensures that trainings attended by supervisors and up are cascaded to their teams within three months from the end of the training to ensure that all trainings benefit everyone in the team.

It also ensures that most, if not all, the trainings are industry-related. VITA also commits to institutionalizing a continuous learning program for its employees and has partnered with a Learning Management System (LMS) provider, Disprz, to enhance the learning experience and drive further professional growth and development of VITA's employees. The results of this partnership shall be realized further in 2025.</td></tr>
</table>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements		%
Number of consultations conducted with employees concerning employee-related policies		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce		%
% of male workers in the workforce		%
Number of employees from indigenous communities and/or vulnerable sector*		#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity (2024)	Quantity (2023)	Units
Safe Man-Hours	Luzon – 581,939.50 Visayas – 302,984	Luzon – 845,100 Visayas – 340,344	Man-hours

	Mindanao – 640,398	Mindanao – 432,879 Total: 1,818,523	
No. of work-related injuries	Luzon – 0 Visayas – 0 Mindanao – 8	0	#
No. of work-related fatalities	Luzon – 0 Visayas – 0 Mindanao – 0	0	#
No. of work-related ill-health	Luzon – 0 Visayas – 0 Mindanao – 0	0	#
No. of safety drills	Luzon – 3 Visayas – 2 Mindanao – 4	Luzon – 2 Visayas - 2 Mindanao – 3	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Based on the data recorded by VITA's Safety Officer, there was a total of 551,939.50 safe man-hours on its plants. The decrease in the safe man-hours was primarily due to the work-related injuries in 2024. The 8 work-related injuries in 2024 happened in VITA's Mindanao operations and these resulted in physical injuries to the workers involved. In addition, there were 3 safety drills held in Luzon – 2 fire drills and 1 emergency preparedness seminar/drill. In Visayas, there were 2 safety drills conducted in 2024 – 1 fire drill and 1 earthquake drill. In Mindanao, there were a total of 4 safety drills conducted – 2 fire drills, 1 earthquake drill, and 1 vehicular drill.	VITA has an existing Safety Policy, the implementation of which is being monitored by a Safety Officer in all of its plants and offices. It promotes health and safety awareness to employees through its Safety Officer. It strictly implements all sanitary and biosecurity measures in place. In addition, VITA provides safety-related trainings and PPEs to its employees detailed in the plants. The Safety Officers also regularly sent the employees safety reminders by e-mails, especially during long weekends. VITA's medical doctors and nurses are hands-on in monitoring health concerns of employees. In place are health/medical, hospitalization, and insurance benefits for employees and legal dependents, subject to applicable policies and procedures. VITA has also an emergency response team, first aiders, and fire brigade team in addition to the safety officers. VITA also regularly conducts a safety orientation annually. The same is reiterated during tool box meetings, routine safety inspections & addressing
What are the Risk/s identified?	
Work-related hazards that may cause work-related injuries, fatalities or ill-health include ergonomic hazards (lifting and prolonged sitting), dust and chemical exposure, computer radiation, moving machines, and equipment inside the plant.	

What are the Opportunity/ies Identified?	unsafe acts & conditions, and compliance with safety rules. It also regularly checks its machines, equipment, and facilities, adhering to the Hazard Identification, Risk Assessment, and Control (HIRAC) tool. It also implements appropriate mitigations to address any identified hazard and risk.
The identified risks present an opportunity to continuously engage with employees through trainings to develop awareness and education to certain safety procedures as well as inculcate in them the importance of compliance with all safety procedures as well as reporting hazards and participating in health awareness and safety initiatives. The consistency of e-mail and visual reminders, enhancement of health and safety protocols, and continuous and regular fire and earthquake drills can help sustain the absence of work-related injuries, ill-health and fatalities.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor		#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		
Child labor		
Human Rights		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy.

____

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Feed mill operations	Iloilo		N	As discussed above, VITA contributes to local employment and job creation. However, in the pursuit of its operations, it is unfortunate that it also contributes to pollution	As mentioned above, VITA regularly conducts preventive maintenance of its equipment to minimize its emissions. It also ensures that all wastes are properly segregated. VITA also
	Davao		N		

				through its GHG emissions, air pollutants, solid, water and hazardous wastes.	complies with all environmental laws and regulations.
Research and Development Farm Operations	Nueva Ecija		N	While VITA's R & D farm operations contribute to local employment and job creation, it also contributes to pollution through its air pollutants, solid, water and hazardous wastes.	VITA ensures that all wastes are properly segregated. VITA also complies with all environmental laws and regulations, including safety measures in place.
	San Jose Del Monte, Bulacan		N		

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _______________

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
What are the Opportunity/ies Identified?	**Management Approach**

Customer Management

Customer Satisfaction

Disclosure	Score (2024)	Score (2023)	Did a third party conduct the customer satisfaction study (Y/N)?

Customer satisfaction	Feeds: Overall rating (nationwide) – 4.7/5 Product (color, size, texture, odor, weight, price) – 4.68/5.0 Performance of feeds – 4.54/5 Sales services – 4.8/5 Marketing services - 4.76/5 Foods: Overall rating (nationwide) – 3.5/5 or very satisfied	July 2023 (Feeds only): Overall rating (nationwide) – 4/5 Product (color, size, texture, odor, weight, price) – 4/5.0 Performance of feeds – 4/5 Sales services – 4.30/5 Marketing services – 4.20/5 For Foods: Based on the customer satisfaction survey conducted in Central Luzon, overall rating is 3.73/5.0.	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Based on the customer satisfaction survey conducted for feeds, VITA's over-all rating is 4.7/5, slightly higher than that in 2023. On the other hand, the customer satisfaction survey conducted for foods nationwide showed that VITA's over-all rating is 3/5. This, however, may not necessarily be lower than the rating in 2023 considering that the survey in 2023 was only conducted in Central Luzon. However, in 2024, it was conducted nationwide. These surveys impact VITA's operations considering that quality products and excellent customer service translate to customer satisfaction, which in turn,	VITA regularly engages with its customers, the manner and frequency of which depend on the type of product and customer needs and expectations. For feeds, VITA conducts annual or bi-annual customer satisfaction surveys to assess how VITA can improve its products, services, and processes. For distributors, feedbacks are usually given during the annual trade partners' night and quarterly business reviews. For key customers, VITA conducts bi-annual business reviews with them, where they also give feedback to VITA. It continuously collects customers' feedback through survey, reviews, and direct interactions

contributes to VITA's revenues. They create higher demand for VITA's products and services, thus, necessitating additional manpower. It also contributes to the growth of its business partners.	through regular customer visits. It personalizes its interactions and anticipates certain needs which can create a strong emotional connection with our customers. VITA ensures that complaints are addressed the soonest possible time and within a 24-hour cycle since delays or failure to resolve customer complaints can escalate dissatisfaction. VITA acknowledges and addresses issues as soon as they arise and the same are treated with utmost importance.
What are the Risk/s Identified?	
Unsatisfied customers are less likely to return, diminishing customer retention and repeat business, which can be more expensive to replace than maintaining existing relationships. Higher operational costs and strain on customer service resources when there is a high number of complaints, returns, and issues that need to be resolved.	
What are the Opportunity/ies Identified?	
Based on the survey, there is an opportunity to improve VITA's ability to meet due dates and be at par, if not better, than the competitors. Aligning with the timeliness that the clients set is crucial as it will maintain positive relationships and build a reputation for being reliable and professional. There is still an opportunity for sustained and continuous customer satisfaction surveys for both feeds and foods to gauge and further improve VITA's brand offering based on its customer needs and expectations. In addition, there is still an opportunity to streamline the feedback mechanism for both feeds and foods products of VITA.	

Health and Safety

Disclosure	Quantity (2024)	Quantity (2023)	Units
No. of substantiated complaints on product or service health and safety*	2	0	#
No. of complaints addressed	2	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2024, there were 2 valid complaints relative to the safety of VITA's foods segment products. They were already resolved. These complaints raised risks in the food safety and food defense programs of VITA as well as gaps in the food safety culture. **What are the Risk/s identified?** Failure to maintain the health and safety of its products exposes VITA to legal, operational, reputational and financial risks. **What are the Opportunity/ies identified?** Keeping and ensuring the products' health and safety to avoid legal, operational, reputational and financial risks. The regular assessment and enhancement of VITA's HACCP plans, food safety programs, food defense, and process monitoring and verification system ensures that VITA's products and services are healthy and safe.	VITA takes into consideration the health and safety of its feeds for consumption of poultry and livestock. It also requires its growers and breeders to follow the best practices in growing and raising poultry. It has Quality Assurance team that ensures a secure and compliant food production environment in all the dressing plant sites whether it is owned or tolled. The team continuously provide trainings to production employees in both food safety and food defense policies. Food safety and defense measures such as sanitation and hygiene as well as a more stringent security protocol to avoid adulterations align with VITA's efforts to prevent intentional and unintentional contamination. Moreover, both food safety and food defense require detailed documentation and traceability for products in case of contamination or tampering. VITA's dressing plant operated by third parties and VITA's toll partners are NMIS accredited. Good Manufacturing Practices and Food Safety Systems are being implemented and safely and strictly followed. Some of VITA's plants are HACCP-certified, which is a testament that VITA's production process and food safety program are at par with internally recognized standards. Moreover, VITA's Iloilo and Davao feed mill plants are FSMS ISO 22000:2018 certified, meaning that the food safety management systems in place in these plants passed internationally recognized standards. VITA's dressed chicken are likewise Halal certified, meaning that the products were processed following Islamic law. Likewise, established environmental monitoring and product testing are being done to ensure and verify the safety of the product. VITA continuously holds trainings related to food safety to comply and maintain with regulatory, statutory, and customer specifications and requirements. In 2024, VITA evaluated, reviewed, and filled in the gaps in its HACCP plans, food safety programs, and food defenses. It also improved strengthened its process monitoring and verification system and

	employee training in order to have a more mature food safety culture and ensure that the incidents shall not happen again in the future.

Marketing and labelling

Disclosure	Quantity (2024)	Quantity (2023)	Units
No. of substantiated complaints on marketing and labelling*	2	1	#
No. of complaints addressed	2	1	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2024, there were 2 complaints relative to packaging of VITA's Cook's chicken. One of the complaints pertained to the open seal in VITA's Flavor Origins packaging, which, upon investigation, was probably due to the weak heat sealing on the production line. The other complaint pertained to the loose packaging of the vacuum-packed Cook's Freshly Frozen products resulting in ice crystallization on the product, which, upon investigation, was also due to the weak heat sealing on the production line. The complaints impacted both operations and finance. **What are the Risk/s Identified?** Faded label prints may give an impression that VITA's products are old/expired. In addition, loose seals of the sacks expose the feeds to infestation. Both the foragoing may negatively impact VITA's branding and sales. Loose, or open, or easily opened seals expose VITA's Cook's products to the following risks: contamination, spoilage, ice crystallization, dehydration (freezer burn), and customer dissatisfaction. **What are the Opportunity/ies Identified?**	VITA has Quality Assurance personnel to ensure not only the health and safety of its products but also the proper packaging and labeling of each item. In 2024, VITA implemented and used its improved woven sacks which has better print quality and specification. Further, prior to launching and using a particular packaging for a product, internal surveys among the employees are conducted to test run the intended packaging. These surveys are signed-off by the marketing, sales, quality assurance and R&D departments. VITA commits to continuously enhance its quality control by improving production line checks and staff training to prevent packaging issues. It also commits to proactively communicate with customers about improvements. VITA also commits to continue continuously improve its quality checking and control of animal feeds packaging materials prior to use, ensuring that it meets the quality standards the company upholds.

Sustained and increased customer satisfaction through the sustained and continued improvement of the packaging materials for both feeds and foods. There is an opportunity to continuously improve its packaging, emphasizing product freshness and quality. Strengthening customer loyalty through transparent updates and incentives will build long-term trust while showcasing these proactive measures will enhance the brand's reputation and position it as a commitment to excellence. Organic marketing through the brand advocacy of satisfied customers on account of increased customer engagement as well as customer reassurance and quality assurance messaging of VITA.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
What are the Risk/s Identified?	**Management Approach**
What are the Opportunity/ies Identified?	**Management Approach**

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2024, VITA did not experience data breach, leak, theft or even loss. All data regarding its business operations, trade secrets, employees, suppliers, and customers are intact and secured. Since it was able to keep its data secured, its business operations and supply chain remained undisturbed and its business operations and supply chain were not exposed to legal, financial and operational risks.	VITA has an IT department in charge of maintaining the integrity and security of data stored electronically as well as the maintenance and security of all computers used by the employees. It has also developed a safe-keeping system of all its contracts, records, and important documents to protect the data in the said contracts, records or documents. Only those that have a "need" to access these documents may be allowed access to the said records, contracts, or documents and the information contained in those records, contracts or documents must be used only for a legitimate purpose. In 2024, VITA also renewed existing endpoints, firewall, and SSL to protect and secure data. It has also implemented a single sign on application.
What are the Risk/s Identified?	
Breach of data security exposes VITA, its directors, officers, and employees to legal, operational, financial and reputational risks.	
What are the Opportunity/ies Identified?	
The development and implementation of the active directory in Visayas and Mindanao operations will give the same protection as the data in Luzon. VITA still sees opportunities to increase its data security through: (a) improved e-mail security, and (b) use of additional security measures, such as two-factor authentication, to prevent unauthorized access to data.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Animal Feeds Animal Health Care	**SDG Goal 2: Zero Hunger** 1. Continuous provision of healthy and safe feeds for	1. Shortage of natural resources. 2. Waste generation.	As disclosed in the previous topics, VITA continuously evaluates its strategies and

Chicken (Dressed and Value-Added Products under the flagship brand "Cook's")	animals and foods for people. 2. Lifetime Profitable Partnerships with its business partners, suppliers, customers and employees. 3. Higher allocation of VITA's procurement budget to local suppliers. 4. Increased and strengthened support to local agriculture. 4. Continuation of the Green Sanctuary Program. **SDG Goal 8: Decent Work and Economic Growth** 1. Continued economic growth of VITA and contribution to its stakeholders' economic growth. 2. Job creation, competitive compensation packages, and career growth opportunities. 3. Full, productive, efficient, healthy and safe workplace. 4. Continuation of the Green Sanctuary program. 5. Higher allocation of VITA's procurement budget to local suppliers. **SDG Goal 12: Responsible Production and Consumption** 1. Efficient use and management of natural and non-natural resources. 2. Compliance with environmental laws and	3. Pollution contribution. 4. Contribution to Climate Change.	modifies them as may be necessary to adapt to the changing landscapes, provide solutions to challenges encountered, and pioneer innovations. VITA operates within the parameters of law, regulations, its ECC and it shall continue to look for solutions to further mitigate, manage, and reduce its contributions to pollution and climate change as well as to further reduce the wastes it generates/produces from its operations. It shall continue to regularly maintain and upgrade its equipment and facilities. VITA is continuously improving and innovating its operations and processes to manage its negative impacts to the economy, environment, and society as well as to have continuous LPPs with its stakeholders. VITA launched its *Sagip Kalikasan* Initiative in Bulacan in February 2025, a program that uses bamboo as a solution for climate change mitigation.

	regulations, including compliance with EPR Act. 3. Continued use of Solar Energy Project in Iloilo feed mill. 4. About 96.27% of procurement budget was spent on local suppliers. 5. Healthy and safe feeds and food.		

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

ANNEX "A"


FORGING LIVELIHOOD. NOURISHING LIVES
LEADERSHIP with INTEGRITY | EXCELLENCE | CARE FOR OTHERS