VITARICH
CORPORATION

REACHING NEW HEIGHTS

VITARICH
2021 Annual Report

About Us

With roots dating back to 1950, Vitarich is a pioneer, agribusiness partner, and leader in the animal feeds industry in the Philippines. We operate in three segments: feeds, foods, and farms, and are recognized with international standards for sanitation, food safety, and quality.

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

Our Purpose

Forging Livelihood, Nourishing Lives™

Core Values

Leadership with integrity
Excellence
Care for others

Contents

Reaching New Heights

2021 continued to challenge us all in ways we never thought likely. Yet during this most unprecedented and uncertain period, we delivered record revenues and learned new ways to operate. We rose to the challenges, looked outward to our communities, and served millions of Filipinos in their time of greatest need. We did everything as a team of committed individuals whose collective purpose is the pursuit of our mission—to forge livelihood and nourish lives.

ABOUT THIS REPORT

This annual report serves as a summary of our most important activities, performance, and results for the calendar year 2021. We welcome your feedback and suggestions. To contact us, please email us at ir@vitarich.com

Performance Highlights

in PHP '000	2019	2020	2021
Revenues	8,918,466	7,881,920	**9,704,281**
Gross profit	717,488	571,799	**856,354**
GP margin	8%	7%	**9%**
Operating profit	158,581	79,010	**183,992**
OP margin	2%	1%	**2%**
EBITDA	385,533	222,493	**249,664**
EBITDA margin	4%	3%	**3%**
Net income	128,823	9,288	**89,442**

Our Businesses

At A Glance

Recognized with international standards for sanitation, food safety, and quality

Hazard Analysis and Critical Control Points (HACCP) adopted by the CODEX Alimentarius Commission: Marilao Bulacan

ISO 22000:2018 Food Safety Management Systems:
Pavia Iloilo, Panacan Davao City

71 years
Operating history

P9.7B
Revenues

14%
5-year revenue CAGR

300,200 MT
Feeds production capacity

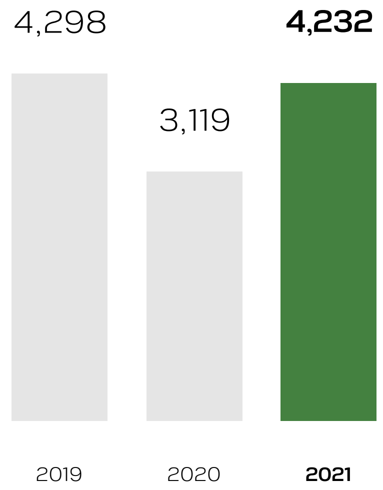
79,000 MT
Foods production capacity

822
Employees

FOOD

broiler chickens sold to hotels, restaurants, institutional (HRI) clients, supermarkets, and wet markets

+36% in revenue



35,700 MT
chicken produced

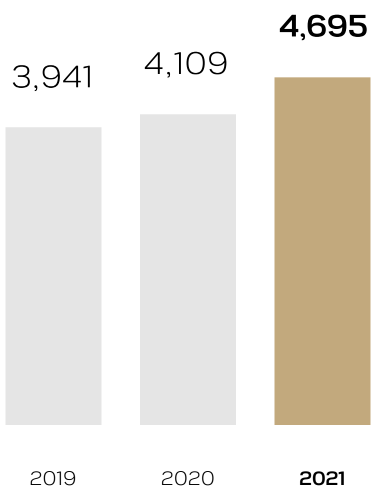
140
broiler farms nationwide

75%
utilization rate

FEEDS

animal feeds, health and nutritional products, and supplements sold to distributors, dealers, and end users

+14% in revenue



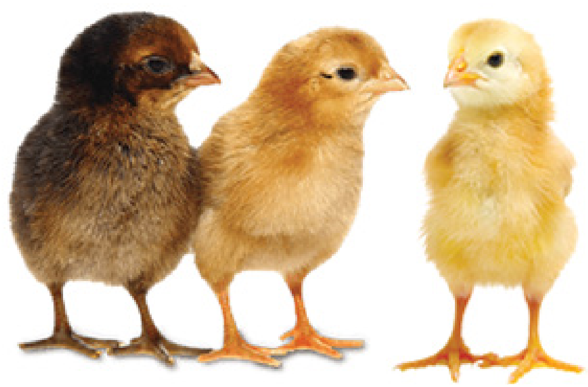
226,900 MT
feeds produced

1,100+ stores
distribution network

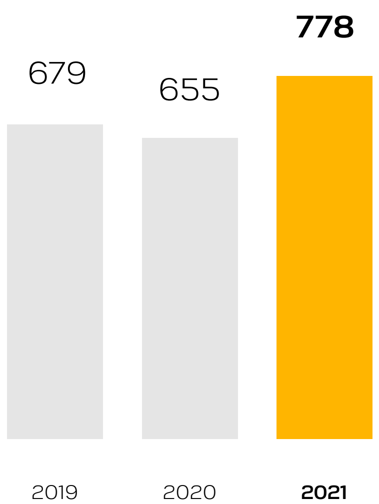
76%
utilization rate

FARMS

day-old chicks (DOC) and pullets sold to commercial end users or supplied to contract growers



+19% in revenue



46.9 MILLION
day-old-chicks produced

Dear Fellow Shareholders,

In such a year as 2021, Vitarich had chosen to see opportunities instead of challenges. We marked the year with expansion, innovation, team building, and lessons from successes and failures. We continued to transform the business. In this regard, we reaffirm who we are, what we do, and where we want to be, as we create value for everyone and work towards food self-sufficiency for the country.

Who we are and what we do

We are a pioneer, agribusiness partner, and leader in the animal feeds industry in the Philippines. Since the brothers Feliciano, Lorenzo, and Pablo Sarmiento founded the forerunner of Vitarich in 1950, we have been the backbone of the Filipino farmer's success—forging livelihood and nourishing lives.

OUR STRENGTHS

- Experienced leadership team with strong execution track record
- Scalable operations with multiple growth levers and advantaged synergies
- Attractive Philippine economy and favorable demographics
- Rising domestic demand and prospects for poultry
- Focused on accelerating growth while maintaining financial discipline

Today, we are in three markets: feeds, foods, and farms. The Feeds segment manufactures and markets animal feeds, health and nutritional products, and supplements to various distributors, dealers, and end users nationwide. The Foods segment sells chicken broilers, either live or dressed, to hotel, restaurant, and institutional (HRI) customers, supermarkets, and wet markets. The Farms segment produces day-old chicks and pullets for commercial end users and contract growers..

We derive our competitiveness from the collective strength of our organization and value chain. Our leadership team brings together diverse skills and experience, strong execution track record, and deep commitment to our values. Our footprint extends across 1,100+ stores and 140 partner broiler farms nationwide. Our workforce includes more than 800 people. Our management systems are certified to international standards for sanitation, food safety, and quality, including ISO 22000:2018 Food Safety Management Systems (FSMS) and Hazard Analysis and Critical Control Points (HACCP).

As we strive for continued progress, we are proud to be part of a business that is firmly committed to evolve in support of food security and nutrition. With an unwavering focus on excellence and care for others, both of which are core to our values, we are constantly looking for ways to help many of our customers provide safe, nutritious, and sufficient food—whether micro-scale businesses or large corporations such as Jollibee, Andok's, Mang Inasal, Okada Manila, SM Supermarket, and Lawson, among others.

Thus far, we have already built what we believe to be a solid foundation on which Vitarich can grow. Such heritage and well-established relationships and systems position us to meet the urgency of the challenges and opportunities that lie ahead.

"We have already built what we believe to be a solid foundation on which Vitarich can grow. Such heritage and well-established relationships and systems position us to meet the urgency of the challenges and opportunities that lie ahead."

"Taken together, we believe our strategy will drive growth, build differentiation, and enable our business to create value for all stakeholders"

Where we want to be

Our next chapter involves even more transformation to match our ambition—to become an original equipment manufacturer (OEM) for many hospitality and food companies and ultimately, a key pillar of the country's food ecosystem.

Taking action has never been more urgent.

The food supply chain has undergone significant restructuring in the past two years, with an increased focus on diversifying supply chain risks. Businesses are adding raw material suppliers to improve resilience. We are benefiting from that decision. Our HRI customers are adopting enhanced risk management practices, including finding suitable suppliers and facilitating knowledge and technology transfer to strengthen their partners and in turn, their supply chains.

At the same time, the food industry has yet to fully rebuild after the African Swine Fever (ASF) outbreak that started in July 2019.

It is very early days, but we are seeing positive outcomes from our initiatives. Taken together, we believe our strategy will drive growth, build differentiation, and enable our business to create value for all stakeholders—customers, employees, shareholders, partners, and communities. Our strategy includes:

1. **Growing the core**
   - Add new OEM accounts and deepen relationships with many of our existing HRI customers through joint product development, customization, and collaborative demand planning with customers.
   - Expand food processing operations by introducing new products, such as ready-to-cook lines, under our *Cook's* brand to deliver more distinctive and differentiated items.

2. **Diversifying into adjacent opportunities**
   - Following ASF, capture domestic opportunities in hog repopulation and pork meat market by venturing into hog raising and marketing.
   - Leverage our strengths and replicate the scalable model of poultry contract growing in allied industries.
3. **Transforming the cost base and enhancing risk management processes**
   - Manage raw materials price volatility and other business risks through diversification and more robust risk management protocols.
   - Offset upward pressure on costs through automation, further integration, supply chain optimization as well as continuous improvement in feeds formulation and efficiency.
4. **Investing and adapting for the future**
   - Continue to invest in facilities, technology, research and development, and strategic alliances and acquisitions.
   - Be an employer of choice by attracting, retaining, and further developing engaged, competent people aligned with our core values.
5. **Creating shared value**
   - Create value for everyone and contribute towards achieving zero hunger, decent work and economic growth, and responsible production and consumption.

Financial and Operating Highlights

The year 2021 remained volatile. It was still dominated by the COVID-19 pandemic and the responses of governments, businesses, and individuals to the unfolding situation. For us at Vitarich, it was a time of both challenge and substantial progress. Specifically, our key highlights included:

- Revenues reached an all-time high of P9.7 billion, rising 23% from the prior year driven by new revenue records in all three business segments.
- Feeds revenues grew 14% to P4.7 billion with volumes of tie-up and commercial customers registering the highest levels. Volume climbed 12% while average selling prices inched up 3%. In parallel, we also made great strides in new product development. In the fourth quarter, we launched Vitarich Poultry Advantage 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.
- Foods revenues jumped 36% to P4.2 billion on increased volume of 21% and pricing of 12%. Building on the foundation laid in 2020, we continued to expand *Cook's* portfolio by customizing *Cook's Premium Chicken* products for HRI clients that now account for 55% of Foods revenues from 33% in 2020. Additionally, we grew our branded retail business, *Cook's Freshly Frozen*, that saw total volume soar by 608%.

- Farms revenues expanded 19% to P778.0 million. Fair value adjustments on biological assets amounting to P55.1 million was recognized as part of revenues and P78.0 million as part of cost of goods.
- Annual capacity increased 3% to 300,200 MT for feed mill plants and 5% to 79,000 MT for dressing plants, while production grew 8% to 226,900 MT and 21% to 35,700 MT, respectively. As a result, utilization rates improved to 76% and 75%.
- Cost of goods increased 21% to P8.9 billion reflecting higher prices of raw materials such as wheat, soybean, and corn in the second half of the year. The main drivers of cost inflation were logistical challenges and related pricing pressures as well as supply disruptions in 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.
- Operating expenses were up 31% to P700.9 million 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. As a percentage of revenues, operating expenses were maintained at 7%.
- Net income rose nearly ten-fold to P89.4 million or P0.029 per share with stronger profitability in the first half, thanks to higher selling prices of chicken, coupled with lower raw material and production costs compared to the second half of the year.
- Capital expenditures 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 in response to strong volume demand and automation initiatives.

P9.7B
Record-high revenues

UTILIZATION RATES

76%
from 72% in 2020
FEED MILL

75%
from 70% in 2020
DRESSING PLANT

In the pages that follow, we invite you to explore how our teams have navigated the rapid changes in the business environment to ensure that Filipinos have access to food all year round.

Environmental, Social, and Governance (ESG) and Sustainability

Beyond tackling COVID-19, another important area we are working on is sustainability.

In a wider governance perspective, we look at sustainability as a business approach—one that enhances long-term shareholder value and partnerships with stakeholders where our employees are engaged, product integrity is prioritized, productivity is improved, and negative impacts of our operations to the environment and social risks are minimized.

We encourage you to review the Sustainability section of this report where we explain the topics material to our business and stakeholders and detail some of the key initiatives we are taking to advance our ESG efforts as well as contribute to the UN Sustainable Development Goals.

Board and Our People

During 2021, we have also seen some changes to our leadership and the implementation of new policies and programs for people management and engagement. On May 17, the Board appointed our former Chairman, President, and CEO Rogelio M. Sarmiento as Chairman Emeritus, who was later elected as a director to fill the vacancy resulting from the death of Director Jose M. Sarmiento. On July 29, we lost Jose, to whom we are grateful for his tireless counsel and insight, and whose memory we will continue to honor. On December 3, we welcomed Maria Alicia C. Arnaldo as our Chief Finance Officer with experience spanning over 20 years in senior finance executive roles, including as public company CFO.

In 2022, we will see some further additions to our senior management. We are appointing Elaine C. Nantes as Vice President and Quality Assurance and Research and Development Foods Technical Director, and Carmencita S. Policarpio as Vice President and General Manager. They are both highly respected in their fields, and we believe their extensive experience will bring depth to the roles.

As we move forward, we thank our employees for their dedication and hard work, especially in these extraordinary times. We are also grateful for the support of our customers, partners, and the communities where we operate. We thank you, our shareholders, for your continued trust and confidence. There is more work to be done, but we are equally energized by the opportunities ahead of us. We believe in our ability to deliver another year of strong performance in 2022 as we grow our footprint and embark on initiatives inherent in our Lifetime Profitable Partnership™ approach.

JOSE VICENTE C. BENGZON III
Chairman

RICARDO MANUEL M. SARMIENTO
President and Chief Executive Officer

Our purpose:
Forging Livelihood, Nourishing Lives

As a company, we are actively cultivating a culture that values an Environmental, Social, and Governance (ESG) mindset. To us, it means aligning our actions with our purpose—to forge livelihood and nourish lives—and improving our business resilience in a manner that creates value for our customers, employees, shareholders, and other stakeholders, as well as contributes to the United Nations Sustainable Development Goals (SDGs).

This year, we concentrated our efforts on reassessing impacts of our business, revisiting our priorities, and understanding how we can develop a more inclusive business model. Following numerous internal consultations, we solidified our commitment to focus on three key SDGs of most importance to our stakeholders. Specifically, we will pursue initiatives where we can have a meaningful impact to achieve Zero Hunger, Decent Work and Economic Growth, and Responsible Production and Consumption.

We also updated our sustainability framework to ensure that our SDG commitments are built into our day-to-day business operations in light of ESG risks and opportunities. We added the outcomes we hope to achieve for our employees, the society, and the environment. Throughout 2022, we will be working on how we can amplify our communications in this area. We believe that making it visible to all our stakeholders is another step towards our commitment to being transparent, holding ourselves accountable, and keeping our employees and external stakeholders engaged.

2 ZERO HUNGER

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Materiality assessment

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

In 2021, similar to the previous year, we collected and reviewed information from our management and department representatives to establish the context of our analysis and to understand current practices and standards relevant to our sector .The result of the materiality assessment is summarized as follows:

1. All topics under Economic Sustainability in the SEC-provided template;
2. Resource Management except Reduction of Energy Consumption and Ecosystems and Biodiversity (as we do not operate within or adjacent to protected areas and areas of high biodiversity value outside protected areas)
3. Environmental Impact Management;
4. Environmental Compliance;
5. Employee Management
6. Workplace Conditions, Labor Standards and Human Rights, except Supply Chain Management;
7. Relationship with Community, except those pertaining to Indigenous Peoples (IPs); and
8. Customer Management, except Customer Privacy

BRAND PURPOSE	FORGING LIVELIHOOD, NOURISHING LIVES

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

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

Direct Economic Value Generated and Distributed

DISCLOSURE (IN PHP)	2021	2020
Direct economic value generated (revenues)	**9,734,138,801**	7,928,548,948
Direct economic value distributed		
a. Operating costs	**8,809454,556**	7,246,545,920
b. Employee wages and benefits	**247,960,506**	209,735,077
c. Payments to suppliers, other operating costs	**473,966,753**	377,414,989
d. Interest payments to loan providers	**23,051,290**	34,454,582
e. Taxes to government	**123,431,294**	98,788,835
f. (Investments to community) e.g .donations, CSR	**1,391,075**	317,500

Economic

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

OUR IMPACT

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

In 2021, our economic value generated increased by 23% compared to the previous year, while value distributed rose by 21%. You can read more about our performance on pages 7-8.

OUR MANAGEMENT APPROACH

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

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

In response to COVID 19-pandemic, we have closely monitored our performance, actively searched for additional sales channels, and renegotiated some of our contracts with suppliers and customers for mutually beneficial amendments. We have maintained a Crisis Management Team since 2020 to ensure the health and safety of our employees and business continuity. We have followed all public health standards imposed and recommended by the government, provided transportation to our employees, and adopted work from home arrangements for job functions that can be performed remotely.

95% procurement budget spent on local suppliers

Climate-related risks

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

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

To address these risks, our department heads:

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

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

Procurement

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

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

During 2021, 95% of our procurement budget was spent on local suppliers of raw and other trade materials as well as service providers such as consultants and contractors.

In 2022, we look forward to the implementation of our involvement in the government's *"Pilipinas Kontra Gutom"* movement. At this program, we will source one of our major raw materials from local farmers, which we hope will assist in raising their productivity and income.

Anti-corruption

Our anti-corruption policies primarily prohibit conflicts of interests, theft, and bribes and kickbacks, as well as ensure market transactions are on arm's length terms. We believe that adherence to these policies and procedures directly impacts our business operations, supply chain, human capital, and goodwill.

In 2021, we had no incidents of corruption in which directors, employees or business partners were removed, dismissed, or terminated due to violations of corruption. Moreover, we have reinforced our company rules and regulations including anti-corruption through training sessions that covered 100% of our employees. We have also updated our policy on whistleblowing to provide comprehensive reporting mechanisms.

We will extend the training and communication of policies to our business partners, directors, and management in 2022.

0% incident of corruption

Environment

Our industry relies heavily on natural resources as critical inputs for value creation. Although we are still in the early stage in integrating sustainability in our business model, that does not mean our commitment to responsible stewardship of the environment is any less clear. We are working to advance our practices in resource management, impact management, and environmental compliance.

OUR IMPACT

DISCLOSURE			LOCATION	2021	2020	UNITS
Air emissions	DirecT (Scope) 1 (GHG Emissions		Iloilo	**0.079**	0.08	MT
			Davao	**4.2**	6.0	tonnes
Air pollutants	NOx		Iloilo	**350**	348	mg/Nm^3
			Davao	**389.3**	284.2	
	SOx		Iloilo	**618**	605	mg/Nm^3
			Davao	**12**	49.2	
	Particulate matter (PM)		Iloilo	**62.6**	62.47	mg/Nm^3
			Davao	**49.8**	10.30	
Solid waste	Total solid waste generated		Iloilo	**1,700**	1,700	kg/month
			Davao	**2,500**	2,500	
	Reusable		Iloilo	**300**	200	
			Davao	**500**	500	
	Recyclable		Iloilo	**250**	250	
			Davao	**300**	300	
	Composted		Iloilo	**150**	100	
			Davao	**700**	700	
	Residuals/Landfilled		Iloilo	**1,000**	1,150	
			Davao	**1,000**	1,000	
Hazardous waste	Total weight of waste generated	Used oil	Iloilo	**350**	275	liters
			Davao	**1,000**	900	
		Busted lamps	Iloilo	**61**	51	kg
			Davao	**0**	0	
Effluents	Total weight of waste transported		Iloilo	**0**	0	liters
			Davao	**1,000**	0	

International Organization for Standardization (ISO) 22000:2018 Food Safety Management Systems

OUR MANAGEMENT APPROACH

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

To mitigate our adverse impacts, we keep abreast of evolving trends and constantly look for ways to reduce negative environmental impact and increase productivity. In particular, we invest in new machinery and processes, conduct regular preventive maintenance of our equipment and facilities, maintain a Materials Recovery Facility (MRF), monitor consumption of resources, and raise awareness among employees and operators, among others. In parallel, we require our suppliers and partners to comply with all existing requirements related to environmental laws and regulations. This obligation is incorporated into our contracts which also stipulate the sanctions for breach.

Hazard Analysis and Critical Control Points (HACCP)

Some examples of our initiatives in 2021 include:

- ☑ Replacement of auto-bagger and mixer in our Davao feed mill plant and redesign of production planning;
- ☑ Ongoing development of 300kWh solar energy project in Iloilo that is expected to be completed in 2022 and with plans of expansion to our Davao feed mill plant;
- ☑ Switch from bunker to diesel-fueled boilers in Davao that lowered our nitrogen oxides (NOx) and sulphur oxides (SOx) emissions;
- ☑ Upgrade of water treatment system to reverse osmosis in Bulacan dressing plant and enhancements in supply connection among others;
- ☑ Completion of switch to LED light bulbs;
- ☑ Launch of Green Sanctuary Program in all our sites where employees can grow flowers and vegetables and share its produce;
- ☑ Ongoing study examining the shift from laminated sack to reusable woven sack for our feeds products;

Social

Our purpose is our foundation. We live by our ambition of forging livelihood and nourishing lives. Marrying this with our competitive advantages, we create opportunities that respect, protect, and benefit our customers, employees, and communities.

OUR IMPACT

DISCLOSURE			2021	2020	UNITS
Employee data	Total number of employees		**822 (of which 581 are regular)**	963 (of which 526 are regular)	Number
	Female		**223**	293	
	Male		**599**	670	
	Attrition rate		**1.75%**	16.54%	Rate
	Ratio of lowest paid employee against minimum wage		**None**	None	Ratio
Employee benefits	SSS	Female	**36**	47	Number of employees who availed for the year
		Male	**56**	82	
	Philhealth	Female	**14**	8	
		Male	**15**	28	
	Pag-ibig	Female	**29**	37	
		Male	**55**	57	
	Parental leaves	Female	**16**	5	
		Male	**4**	5	
	Vacation leaves	Female	**186**	182	
		Male	**296**	307	
	Sick leaves	Female	**134**	146	
		Male	**176**	262	
	Medical benefits (aside from PhilHealth)	Female	**111**	53	
		Male	**161**	70	
	Retirement fund (aside from SSS)	Female	**1**	1	
		Male	**6**	2	
	Telecommuting	Female	**80**	26	
		Male	**25**	7	
	Flexible-working hours	Female	**27**	41	
		Male	**65**	85	
Employee Training and Development	Training hours	Female	**1,534**	1,250	Hours
		Male	**2,709.5**	2,295.5	
	Average training hours per employee	Female	**7.4**	6.0	
		Male	**7.5**	6.3	

OUR MANAGEMENT APPROACH

At Vitarich, our culture is a great strength, especially in navigating our way through a crisis like the COVID-19 pandemic. And for years, that culture has driven our approach to social issues where we can deliver the most significant value, which are addressing hunger (SDG Goal 2) and decent work and economic growth (SDG Goal 8).

Our practices based on UN Global Impact and International Labour Organization checklist:

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

Employees

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

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

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

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

In 2021, our training programs were specific on technical topics, administrative and support, and leadership. Other subjects were related to ISO-FSMS compliance, such as upskilling of workforce, supervisory training, fundamentals of sales capability, food safety, as well as awareness orientation for all employees.

Labor-Management Relations. In March 2021, in recognition of the right to collective bargaining, our management and the union representing our rank-and-file employees negotiated and closed a new Collective Bargaining Agreement that became effective retroactively as of August 2020 until 2026.

Diversity and Equal Opportunity. We adhere to the principle that equal opportunity for all does not mean equality in numbers but equality in rights and obligations. To put this in context, we maintain strong female representation at all levels of our organization. Even more, many of our key management positions are held by female leaders such as quality and risk management, supply chain, finance, and human resources.

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

1,582,560

safe man-hours

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

Since the beginning of the COVID-19 pandemic, health and safety considerations have been central to our business response. We have complied with all recommended and mandatory public health standards, including awareness campaigns and vaccination program, to minimize and prevent its spread. Further, we have provided vaccines, PPEs, and vitamins to employees and extended provisions of COVID-19 care kits to their families. While a small number of our employees contracted the virus, we are grateful that none was seriously ill, and all have made full and complete recovery. By year-end, vaccination drive registered at 99.7% for employees nationwide.

Our practices based on UN Global Impact checklist:

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

Customers and Communities

We are a pioneer, agribusiness partner, and leader in the animal feeds industry in the Philippines since the 1950s. Together, our corporate culture and Lifetime Profitable Partnership approach gain long-standing relationships with stakeholders, from which we derive our strengths, competitiveness, and cost efficiency through an effective, efficient, compliant supply chain.

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

Added to that, we launched a series of broad-based information campaigns and thought leadership webinars over the year. We covered a variety of topics that are relevant and timely to our target audience such as sources of possible contamination, best practices for farm cleaning and disinfection, regular disinfection, water sanitation and disinfection, and chicken layer farm management.

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

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

As a reflection of our Lifetime Profitable Partnership (LPP) principle and good practice more generally, we regularly perform customer satisfaction surveys with target responses from farmers, retailers, and distributors. We use this tool as a guide to gather information and devise improvements on our products, services, and processes.

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

Going forward, we are taking steps to institutionalize our customer care processes for improving customer service.

2021 Information Campaigns and Thought Leadership Webinars:

- ☑ Sources of possible contamination,
- ☑ Best practices for farm cleaning and disinfection,
- ☑ Regular disinfection,
- ☑ Water sanitation and disinfection, and
- ☑ Chicken layer farm management

Metric (Feeds products)	September	July
Product (physical appearance, bulk and price at the market)	3.9	3.58
Performance of feeds	4.17	3.8
Logistics	3.59	N/A
Sales, technical and marketing services provided to customers	3.83	3.99
Marketing services provided to customers	3.44	N/A
Average score for all criteria	3.8	3.79

Investors

We are working to raise our visibility and promote a two-way communication between us and the investing public. And we recognize that we still have a lot of work to do in this area.

This past year, we stepped up our efforts towards investor relations (IR) and appointed Onward Investor Relations (OnwardIR) as our IR consultant in the second half of the year. Since then, we have constantly looked for new avenues to facilitate investor communications through:

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

Our engagement started off with OnwardIR conducting a perception study on our behalf. The study involved in-depth interviews with the 15 buy-side and sell-side analysts, with questions deliberately structured as open-ended to gain deeper insights into opinions on Vitarich, both positive and negative. It examined how the market views and values the company as well as how well our investment proposition is understood. Findings served as a key pillar for setting our IR strategy and identified immediate priorities which were acted upon during the year and which informed plans for 2022.

To further inform our IR strategy, we also benchmarked our practices against local and regional sector peers as well as other relevant peers to set the baseline and explore how we can improve our IR function. In addition, we organized an IR workshop that was participated by 13 members of our Leadership Council. Focus areas were overview of the Philippine stock market, definition of IR, stakeholders, partners, and the company's IR program.

Finally, we executed our IR calendar and engagement plan that prioritized Buy-side and Sell-side engagement. For example, our senior executives including our CEO and our CFO have met with 35 buy- and sell-side professionals through one-on-one and group meetings to introduce our company and establish relationships with them. The meetings were conducted virtually through Zoom, a video conferencing platform, and the presentation materials were posted on our website. https://vitarich.com/investor-relations/

Just as we initiated relations with the investment community, so did we with the members of the media. We worked closely with them via e-mails and phone calls to augment our IR efforts and help deliver the company's investment story to a wider audience.

Some examples of our investor relations activities in 2021:

- ☑ Current state review and benchmarking
- ☑ Perception study
- ☑ Creation and approval of Market Disclosure and Communications Manual
- ☑ IR workshop for management
- ☑ IR presentation and factsheet development
- ☑ One-on-one and group meetings with the Buy-side and Sell-side
- ☑ Media relations

35

buy- and sell-side professionals met by our senior executives

Governance

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

During the year, we have adopted the following additions to our systems of governance:

- Appointment of Onward Investor Relations Inc. (OnwardIR) as IR consultant;
- Approval of Market Disclosure and Communications Manual;
- Creation of Disclosure Committee; and
- Approval of amended Whistleblowing Policy

Specifically, on August 20, the Board approved our Market Disclosure and Communications Manual which describes the processes designed to ensure that our company meets the continuing disclosure requirements of the Philippine Stock Exchange and outlines the way in which information is communicated to the public. As part of its implementation, the Board approved the creation of our Disclosure Committee whose members have been appointed by our President and CEO. The committee is composed of key individuals from the finance and accounting department, internal audit, legal and compliance, and investor relations.

On December 16, the Board approved our amended whistleblowing policy which now covers all our directors, officers, and employees. The policy also sets out more comprehensive procedures for handling reports to ensure its integrity and reliability as well as strengthen the protection of the whistleblower against retaliation.

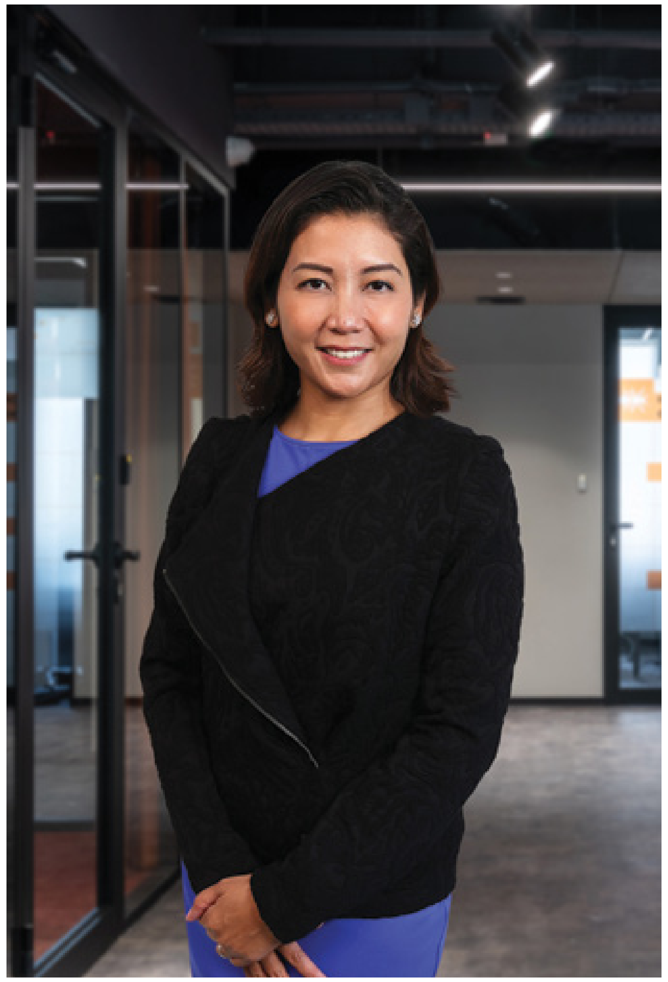
Board of Directors

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

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

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

- Responsible for the overall success of the organization with primary responsibilities in driving growth, setting corporate objectives, guiding strategy, and leading total company operations towards achievement of goals
- Member of the Upsilon Sigma Phi and Rotary Club of Manila
- Bachelor's degree in tourism from the University of the Philippines, Diliman



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

- Oversees cash management, administration, and corporate services
- Board member and former President of Philippine Association of Feed Millers Inc.
- Bachelor's degree in international hospitality management from Glion Institute of Higher Education (formerly known as Glion Hotels School)

ROGELIO M. SARMIENTO
Non-Executive Director

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

BENJAMIN I. SARMIENTO, JR.
Non-Executive Director

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

LORENZO VITO M. SARMIENTO III
Non-Executive Director

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

JUAN ARTURO ILUMINADO C. DE CASTRO
Non-Executive Director

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

MANUEL D. ESCUETA
Independent Director

- Independent Director of Union Bank of the Philippines, and Pascual Laboratories where he formerly held the roles of President and CEO.
- Former Chairman of Pascual Consumer Health Corp, Vice President for Corporate Marketing and Communication of United Laboratories, and General Advertising Manager of P&G Asia.
- Former Director of the Advertising Board of the Philippines
- Bachelor's degree in marketing from the University of the Philippines, Diliman.

VICENTE JULIAN A. SARZA
Independent Director

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

Management Committee

RICARDO MANUEL M. SARMIENTO
President and Chief Executive Officer

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

MARIA ALICIA C. ARNALDO
Executive Vice President and Chief Finance Officer

REYNALDO D. ORTEGA
Senior Vice President and General Manager - Poultry, Foods, and Feed Sales Division

ALICIA G. DANQUE
Vice President and Supply Chain Director

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

ELAINE C. NANTES
Vice President and Quality Assurance/Research and Development - Foods Technical Director

CARMENCITA S. POLICARPIO
Vice President and General Manager

GLENMARK R. SEDUCON
Chief Audit Executive

RUBY P. MACARIO
Executive Assistant to the President

LILIBETH R. CARAO
Human Resource and Compliance Risk Manager

MARIAN A. DIONISIO
Comptroller

CAMILLE ANNE A. SARMIENTO
Business Process Unit Manager

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

DIANE M. CUNA
Executive Advisor for Human Resources and Organizational Development

KARLO TUGAFF
Executive Advisor for Strategy and Marketing

AISON BENEDICT C. VELASCO
Corporate Secretary

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

FINANCIAL STATEMENTS

VITARICH

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Vitarich Corporation and Subsidiaries (the Company)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at and for the year ended **December 31, 2021 and 2020** in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Sycip Gorres Velayo and Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

José Vicente C. Bengzon III
Chairman of the Board

Ricardo Manuel M. Sarmiento
President/Chief Executive Officer

Stephanie Nicole S. Garcia
Executive Vice President & Corporate Management Services Director / Treasurer

APR 12 2022

Signed this ___ day of _____ 2022

Main Office: Marilao- San Jose Road, Sta. Rosa I, Marilao, Bulacan 3019 Philippines
Tel. No.: 8843-3033

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Adequacy of Allowance for Expected Credit Losses on Receivable from Insurance

The Company applies general approach in calculating expected credit losses (ECL) on its receivable from insurance. As at December 31, 2021, the carrying value of the Company's receivable from insurance amounted to ₱70.2 million. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether the amount is impaired.

The disclosures on the receivable from insurance are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodologies and models used for the Company's assessment on the realizability of the receivable from insurance and the estimation of such amount. We discussed with management the status of the legal proceedings and obtained correspondences and opinions of the external legal counsel. We obtained management's legal bases in pursuing the insurance claim. We also evaluated management's estimate of the amount and timing of the future cash inflows from this receivable and the related effective interest rate used to discount the cash flows by comparing them to internal and market data.

Fair Value of Biological Assets

The Company's biological assets are accounted for at fair value. The carrying value of the Company's biological assets amounted ₱52.5 million as at December 31, 2021 and the Company's fair value adjustment on biological assets for the year then ended in the statement of comprehensive income amounted to ₱55.1 million. The valuation of biological assets is significant to our audit because the estimation process involves significant management estimate and is based on assumptions that can be affected by natural phenomena. The key assumptions for the fair value of the biological assets include the livestock's future selling prices, hatchability and mortality rate, estimated volume of production and future growing costs, including the impact associated with coronavirus pandemic.

The disclosures on the fair value of biological assets are included in Notes 4, 8 and 17 to the consolidated financial statements.

Audit Response

We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include the livestock's future selling prices, hatchability and mortality rate, estimated volume of production and future growing costs, taking into consideration the impact associated with coronavirus pandemic, by comparing them to external data such as selling prices in the principal market and historical information.

We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.

Valuation of Investment Properties at Fair Value and Property, Plant and Equipment at Revalued Amount

The Company accounts for its investment properties using the fair value model and property, plant and equipment (except transportation equipment and construction in-progress) at revalued amount. These properties represent 44.6% of the total consolidated assets as at December 31, 2021. We considered this as key audit matter since the determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions such as sales and listing of comparable properties registered within the vicinity, adjustments to sales price, market rent levels, expected vacancy rate, interest rates, and explicit forecast period based on internal and external factors. Other assumptions used in the valuation also include the current replacement cost of an asset and the related deductions for physical deterioration and other relevant forms of obsolescence.

The disclosures relating to property, plant and equipment and investment properties are included in Notes 11 and 12 of the consolidated financial statements, respectively.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We assessed the methodology adopted by referencing common valuation models and assessed the relevant information supporting the sales and listings of comparable properties by checking the market prices of properties within the vicinity and the reproduction costs against current market prices on a sample basis. We compared the inputs and assumptions used with internal and external evidence such as lease contracts, historical vacancy rates, and published market data. We also inquired from the external appraisers the basis of adjustments made to the sales price.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Sheet), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Erwin A. Paigma.

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SYCIP GORRES VELAYO & CO.

Erwin A. Paigma

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 944-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118576-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2021, November 10, 2021, valid until November 9, 2024
PTR No. 8854346, January 3, 2022, Makati City

April 12, 2022

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020 (Note 25)
ASSETS		
Current Assets		
Cash (Note 6)	**₱230,015,919**	₱177,304,767
Trade and other receivables (Note 7)	**902,390,653**	815,329,855
Inventories and livestock (Note 8)	**675,486,067**	502,928,504
Other current assets (Note 9)	**291,732,449**	240,756,038
Total Current Assets	**2,099,625,088**	1,736,319,164
Noncurrent Assets		
Receivable from insurance (Note 10)	**70,203,810**	70,203,810
Property, plant and equipment - net (Note 11)		
At revalued amount	**872,012,237**	906,718,914
At cost	**45,981,165**	29,714,145
Investment properties (Note 12)	**973,432,752**	931,375,980
Right-of-use assets (Note 13)	**38,921,635**	32,551,359
Other noncurrent assets (Note 13)	**35,120,487**	16,078,041
Total Noncurrent Assets	**2,035,672,086**	1,986,642,249
TOTAL ASSETS	**₱4,135,297,174**	₱3,722,961,413
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	**₱1,692,447,486**	₱1,629,159,192
Loans payable (Note 15)	**406,754,258**	156,844,958
Current portion of lease liabilities (Note 27)	**17,808,894**	18,497,266
Total Current Liabilities	**2,117,010,638**	1,804,501,416
Noncurrent Liabilities		
Loans payable - net of current portion (Note 15)	**98,297,470**	123,118,899
Cash bond deposits (Note 16)	**48,052,089**	40,097,279
Lease liabilities - net of current portion (Note 27)	**24,196,376**	17,140,191
Net retirement liability (Note 22)	**166,461,260**	132,205,929
Deferred tax liabilities - net (Note 23)	**64,180,551**	83,674,140
Total Noncurrent Liabilities	**401,187,746**	396,236,438
Total Liabilities	**2,518,198,384**	2,200,737,854
Equity		
Capital stock (Note 25)	**1,160,646,925**	1,160,646,925
Additional paid-in capital (Note 1)	**1,470,859**	1,470,859
Retained earnings	**135,021,722**	41,157,542
Other comprehensive income (Notes 11, 22 and 25)	**319,959,284**	318,948,233
Total Equity	**1,617,098,790**	1,522,223,559
TOTAL LIABILITIES AND EQUITY	**₱4,135,297,174**	₱3,722,961,413

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Sale of goods, net of discount (Notes 17 and 24)	**₱9,649,161,808**	₱7,682,430,958	₱8,438,897,411
Fair value adjustment on biological assets (Notes 4 and 17)	**55,119,641**	199,489,329	479,569,099
	9,704,281,449	7,881,920,287	8,918,466,510
COST OF GOODS SOLD			
Cost of goods sold (Note 18)	**(8,769,953,424)**	(7,125,724,162)	(7,729,616,389)
Fair value adjustment on biological assets (Notes 4 and 17)	**(77,973,862)**	(184,396,574)	(471,362,481)
	(8,847,927,286)	(7,310,120,736)	(8,200,978,870)
GROSS PROFIT	**856,354,163**	571,799,551	717,487,640
Operating expenses (Note 19)	**(700,926,732)**	(536,760,257)	(588,305,146)
Other operating income (Note 20)	**28,564,205**	43,970,861	29,398,993
	(672,362,527)	(492,789,396)	(558,906,153)
OPERATING PROFIT	**183,991,636**	79,010,155	158,581,487
OTHER INCOME (EXPENSES)			
Interest expense (Notes 15, 24, and 27)	**(23,051,290)**	(34,454,582)	(81,909,050)
Interest income (Notes 6 and 7)	**1,293,145**	202,303	2,341,144
Gain on fair value changes in investment properties (Note 12)	**1,268,133**	4,053,232	158,346,757
Other charges - net (Note 21)	**(42,895,874)**	(23,383,725)	(94,673,217)
	(63,385,886)	(53,582,772)	(15,894,366)
INCOME BEFORE INCOME TAX	**120,605,750**	25,427,383	142,687,121
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)			
Current	**25,793,096**	11,629,665	28,333,100
Deferred	**5,371,040**	4,509,242	(14,469,008)
	31,164,136	16,138,907	13,864,092
NET INCOME	**89,441,614**	9,288,476	128,823,029
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss:			
Actuarial gain (loss) - net of deferred income tax (Note 22)	**(17,757,985)**	(19,880,635)	19,220,596
Revaluation increase on property, plant and equipment - net of deferred income tax (Note 11)	**23,191,602**	15,421,851	–
	5,433,617	(4,458,784)	19,220,596
TOTAL COMPREHENSIVE INCOME	**₱94,875,231**	₱4,829,692	₱148,043,625
EARNINGS PER SHARE - BASIC AND DILUTED (Note 26)	**₱0.029**	₱0.003	₱0.042

See accompanying Notes to Consolidated Financial Statements

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2020, as previously reported	**₱1,160,646,925**	**₱1,470,859**	**₱186,235,489**	**₱318,948,233**	**₱1,667,301,506**
Prior period adjustments (Note 25)	**–**	**–**	**(145,077,947)**	**–**	**(145,077,947)**
Balances at December 31, 2020, as restated	**1,160,646,925**	**1,470,859**	**41,157,542**	**318,948,233**	**1,522,223,559**
Net income	**–**	**–**	**89,441,614**	**–**	**89,441,614**
Other comprehensive income	**–**	**–**	**–**	**5,433,617**	**5,433,617**
Total comprehensive income	**–**	**–**	**89,441,614**	**5,433,617**	**94,875,231**
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	**–**	**–**	**4,422,566**	**(4,422,566)**	**–**
Balances at December 31, 2021	**₱1,160,646,925**	**₱1,470,859**	**₱135,021,722**	**₱319,959,284**	**₱1,617,098,790**

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at December 31, 2019, as previously reported	₱1,160,646,925	₱1,470,859	₱173,183,434	₱327,170,596	₱1,662,471,814
Prior period adjustments (Note 25)	–	–	(145,077,947)	–	(145,077,947)
Balances at December 31, 2019, as restated	1,160,646,925	1,470,859	28,105,487	327,170,596	1,517,393,867
Net income	–	–	9,288,476	–	9,288,476
Other comprehensive loss	–	–	–	(4,458,784)	(4,458,784)
Total comprehensive income	–	–	9,288,476	(4,458,784)	4,829,692
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	3,763,579	(3,763,579)	–
Balances at December 31, 2020, as restated	₱1,160,646,925	₱1,470,859	₱41,157,542	₱318,948,233	₱1,522,223,559

	Capital Stock (Note 25)	Additional Paid-in Capital (Note 1)	Retained Earnings (Deficit)	Other Comprehensive Income (Notes 11, 22 and 25)	Total
Balances at January 1, 2019, as previously reported	₱1,160,646,925	₱1,470,859	₱39,162,470	₱313,147,935	₱1,514,428,189
Prior period adjustments (Note 25)	–	–	(145,077,947)	–	(145,077,947)
Balances at January 1, 2019, as restated	1,160,646,925	1,470,859	(105,915,477)	313,147,935	1,369,350,242
Net income	–	–	128,823,029	–	128,823,029
Other comprehensive income	–	–	–	19,220,596	19,220,596
Total comprehensive income	–	–	128,823,029	19,220,596	148,043,625
Transfer to retained earnings of revaluation reserve realized through depreciation, net of deferred income tax (Note 11)	–	–	5,197,935	(5,197,935)	–
Balances at December 31, 2019, as restated	₱1,160,646,925	₱1,470,859	₱28,105,487	₱327,170,596	₱1,517,393,867

See accompanying Notes to Consolidated Financial Statements

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱120,605,750**	₱25,427,383	₱142,687,121
Adjustments for:			
Depreciation and amortization (Notes 11, 13 and 19)	**106,006,621**	162,610,786	160,937,330
Interest expense (Notes 15 and 27)	**23,051,290**	34,454,582	81,909,050
Gain on fair value of biological assets (Note 17)	**22,854,221**	(15,092,757)	(8,206,618)
Retirement benefit expense (Note 22)	**16,993,091**	14,327,563	19,571,098
Loss (gain) on fair value changes of investment properties (Note 12)	**(1,268,133)**	(4,053,232)	(158,346,757)
Loss (gain) on pre-termination of lease contracts (Notes 21 and 27)	–	(3,424,542)	–
Loss (gain) on disposal of property, plant and equipment, and investment property, and right-of-use assets (Notes 11, 12, 13 and 21)	**1,060,988**	2,269,651	(410,176)
Interest income (Notes 6 and 7)	**(1,293,145)**	(202,303)	(2,341,144)
Operating income before working capital changes	**288,010,683**	216,317,131	235,799,904
Decrease (increase) in:			
Trade and other receivables	**(85,908,326)**	207,112,559	18,025,289
Inventories and livestock	**(195,411,784)**	78,902,302	377,996,391
Other current assets	**(50,976,411)**	45,476,240	38,879,053
Other noncurrent assets related to operations	**(11,299,126)**	(1,655,887)	(23,377,800)
Increase (decrease) in:			
Trade and other payables	**63,288,294**	29,077,196	(133,320,002)
Cash bond deposits	**7,954,810**	(857,508)	611,230
Net cash generated from operations	**15,658,140**	574,372,033	514,614,065
Income tax paid	**(25,793,096)**	(11,629,665)	(13,355,257)
Retirement benefits paid (Note 22)	**(5,868,959)**	(2,039,380)	(2,176,724)
Interest received	**140,673**	202,303	227,913
Net cash provided by (used in) operating activities	**(15,863,242)**	560,905,291	499,309,997
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 11)	**(74,036,594)**	(70,403,848)	(94,213,429)
Investment properties (Note 12)	**(43,610,106)**	(125,303,374)	(14,035,188)
Proceeds from sale of property, plant and equipment	**1,025,000**	–	4,942,934
Net cash used in investing activities	**(116,621,700)**	(195,707,222)	(103,305,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans (Note 15)	**540,681,912**	457,507,642	1,069,496,769
Payments of loans (Note 15)	**(315,594,041)**	(709,878,962)	(1,359,641,576)
Interest paid	**(20,665,516)**	(35,328,078)	(82,819,923)
Payments of principal lease liabilities (Note 27)	**(19,226,261)**	(79,839,294)	(61,107,034)
Net cash provided by (used in) financing activities	**185,196,094**	(367,538,692)	(434,071,764)
NET INCREASE (DECREASE) IN CASH	**52,711,152**	(2,340,623)	(38,067,450)
CASH AT BEGINNING OF YEAR	**177,304,767**	179,645,390	217,712,840
CASH AT END OF YEAR	**₱230,015,919**	₱177,304,767	₱179,645,390

See accompanying Notes to Consolidated Financial Statements

1. **Corporate Information**

Vitarich Corporation (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing, growing and selling of feeds and livestock. The Parent Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The subsidiaries of the Parent Company are as follows:

		Percentage	
	Line of Business	**2021**	2020
Gromax, Inc. (Gromax)*	Manufacturing	**100%**	100%
Philippines Favorite Chicken, Inc. (PFCI)**	Distributor	**–**	–

**Ceased operations in 2015*
***Ceased operations in 2005 and deconsolidated in 2017*

The Parent Company and its subsidiaries are collectively referred herein as "the Company".

On October 16, 2013, the SEC approved the Parent Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Parent Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at one share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Parent Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Parent Company's exit from corporate rehabilitation on September 16, 2016.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90% (see Note 25).

On June 30, 2017, the Parent Company's stockholders approved the Parent Company's plan to undergo a quasi-reorganization. The Parent Company reduced the par value of the Parent Company's shares and the existing additional paid-in capital and outstanding revaluation surplus was applied to eliminate the Parent Company's deficit of ₱2.2 billion as at December 31, 2017.

On July 11, 2018, the SEC approved the change in par value which resulted to a decrease in the capital stock of the Parent Company from ₱3.5 billion divided into 3.5 billion shares with par value of ₱1.00 each to ₱1.3 billion divided into 3.5 billion shares with par value of ₱0.38 each. The reduction in par value resulted to recognition of additional paid-in capital of ₱1.9 billion. On July 18, 2018, the Parent Company received the Certificate of Approval of Equity Restructuring to wipe out the deficit as of December 31, 2017 in the amount of ₱2.3 billion against the additional paid in capital of ₱2.3 billion.

On May 31, 2018, the SEC approved the shortening of the corporate life of Gromax until November 10, 2019. Gromax ceased operations since 2015. In 2018, the Company recognized an impairment loss of ₱7.4 million which pertains to assets that are no longer recoverable.

As at December 31, 2021 and 2020, Kormasinc ownership interest is at 48.47% and 48.28%, respectively.

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

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on April 12, 2022.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The consolidated financial statements have been prepared on a going concern basis. All amounts are stated at historical cost, except for property, plant and equipment (excluding transportation equipment and construction in-progress) which are stated at revalued amount, and investment properties and biological assets which are stated at fair value.

The consolidated financial statements of the Company are presented in Philippine Peso, the Company's functional and presentational currency. All values represent absolute amounts except when otherwise stated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council (FRSC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC. This financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PAS), interpretations from the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC), and SEC provisions.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each reporting date. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, it has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is considered as an acquisition or disposal of noncontrolling interest and is accounted for as an equity transaction. The difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full during consolidation.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the Parent Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Parent Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive income.

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

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

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company determines the policies and procedures for fair value measurements on financial instruments, biological assets, property, plant and equipment and investment properties.

External valuers are involved for valuation of significant assets, such as property, plant and equipment and investment properties. The involvement of external valuers is determined annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

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

The Company, in conjunction with the external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

<u>Cash</u>
Cash includes cash on hand and in banks. Cash in banks earn interest at prevailing bank deposit rates.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Financial Assets</u>
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVOCI), and fair value through profit or loss (FVTPL).

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

- *Financial Assets at Amortized Cost (Debt Instruments)*. This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

  Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

  Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

  As at December 31, 2021 and 2020, the Company's cash, trade and other receivables, receivable from insurance and security deposits (presented under "Other noncurrent assets") are classified under this category.

The Company has no debt and equity instruments at FVOCI and at FVTPL as at December 31, 2021 and 2020.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Determining the Stage for Impairment. At each reporting date, the Company assesses whether there has been a significant increase in credit risk (SICR) for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Staging Assessment. PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages are established to determine the amount of impairment to be recognized:

- Stage 1 is comprised of all financial instruments which have not experienced SICR since initial recognition. The Company is required to recognize 12-month ECL for stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced SICR since initial recognition. The Company is required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then the Company shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39, *Financial Instruments: Recognition and Measurement*, for impaired financial instruments.

General Approach for Cash, Other Receivables, Receivable from Insurance, and Security Deposit. For cash, other receivables, receivable from insurance and security deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been SICR on its cash, other receivables, receivable from insurance and security deposits since initial recognition.

For cash in banks, the Company assessed that placements are with reputable counterparty banks that possess good credit ratings. For receivable from insurance, the Company assessed the timing and amount of expected net recoveries in calculating the ECL. For other receivables and security deposits, the Company used external benchmarking which compares the internal credit risk rating of certain debtor with the external rating agencies and use the latter's estimate of probability of default (PD) for similar credit risk rating.

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

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Note 4, *Significant Judgment, Accounting Estimates and Assumptions*
- Note 7, *Trade and Other Receivables*

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

<u>Financial Liabilities</u>

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent Measurement. For purposes of subsequent measurement, financial liabilities are classified in two categories: financial liabilities at amortized cost and financial liabilities at FVTPL.

- *Financial Liabilities at Amortized Cost*. This is the category most relevant to the Company. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

As at December 31, 2021 and 2020, the Company's trade and other payables (excluding statutory payables), loans payable, lease liabilities and cash bond deposits are classified under this category.

The Company has no financial liabilities at FVTPL and derivatives designated as hedging instruments in an effective hedge as at December 31, 2021 and 2020.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original EIR, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statement of comprehensive income. On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. The gross carrying amount of the financial liability is recalculated as the present value of the modified contractual cash flows discounted at the original EIR and recognizes modification gain or loss. Cost or fees incurred adjust the carrying amount of the financial liability and are amortized over the remaining term of the modified financial liability.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Inventories

The Company recognizes inventories when the risk and rewards of ownership are transferred to the Company (i.e., usually upon receipt from local suppliers and upon delivery of the goods to the carrier from importation).

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

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

Finished Goods and Factory Stocks and Supplies Inventories - Weighted Average Method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories. Included also are the costs of direct materials, labor and manufacturing overhead.

NRV of finished goods is based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. NRV of raw materials and supplies is the current replacement cost.

Livestock

Livestock consist of biological assets such as day-old chicks after undergoing hatching process, chicks which are grown as chicken broilers, hatching eggs which are recorded under raw materials, and live, fresh, frozen and cut-ups chicken which are recorded under finished goods.

Day-old Chicks and Chicken Broilers. These are accounted for as biological assets in accordance with PAS 41, *Agriculture*. The Company recognized the amount of fair value adjustment on agricultural produce that are in the inventory and sold during the year. The valuation takes into consideration input based on hatchability rate of eggs, mortality of chicks being grown as chicken broilers and estimated future cash flows to be incurred in hatching the eggs and growing the chicks. The market prices are derived from unobservable market prices. The prices are reduced for costs incurred in dressing the chicken and freight costs to market, to arrive at a net fair value at farm gate. The fair value adjustments of livestock that are sold during the year is presented as part of revenues and cost of goods sold.

Raw Materials (Hatching Eggs). All costs directly attributable to acquisition such as the purchase price and taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Finished Goods (Live, Fresh, Frozen and Cut Ups Chicken) - Weighted Average Method. The costs include all costs of the chicken broilers, labor and manufacturing overhead costs.

Other Current and Noncurrent Assets

Other current assets consist of creditable withholding taxes (CWT), prepayments, input value-added taxes (VAT) and advances to suppliers.

CWT. CWT represents the amount withheld at source by the Company's customers in relation to its income. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is stated at its estimated NRV.

Advances to Suppliers. Advances to suppliers consist of payments in advance of raw materials, supply labor tools, subscriptions, memberships, and other fees.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

VAT. Input value-added taxes (VAT) represent VAT imposed on the Company by its suppliers for the acquisition of goods and services. Output VAT represents indirect tax on consumption levied on the sale of goods and services, which is passed on by the Company to its customers. Where VAT incurred on the purchase of an asset or services is not recoverable from the taxation authority, such VAT is recognized as part of the cost of acquisition of the asset or part of the expense item, as applicable.

When output VAT exceeds input VAT, the excess is recognized as payable in the statement of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset (presented under "Other current assets") in the statement of financial position to the extent of the recoverable amount.

Other noncurrent assets consist of right-of-use asset, project development costs, security deposits and computer software.

Project Development Costs. These costs represent capitalized development costs which are accounted for under the cost model. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Costs associated with research activities are recognized as expense in the consolidated statement of comprehensive income as these are incurred. Costs that are directly attributable to the development phase of the Company's aqua feeds and aqua culture projects are recognized as project development cost provided, they meet the following recognition requirements:

a. there is a demonstration of technical feasibility of the prospective product for internal use or sale;
b. the intangible asset will generate probable economic benefits through internal use or sale;
c. sufficient technical, financial and other resources are available for completion; and
d. the intangible asset can be reliably measured.

All other development costs are expensed as incurred.

Security Deposits. These represent rental deposits paid by the Company and will be returned at the end of the lease term. These qualify as financial assets.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less any accumulated amortization and any impairment losses. Internally generated computer software, excluding capitalized development costs, is not capitalized and expenditure is charged against the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

Computer software is amortized on the straight-line basis over the economic useful life of three years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Property, Plant and Equipment

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

The cost of an asset at initial recognition comprises its purchase price and directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditures for major additions, improvements and renewals are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

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

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

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets (except for land).

The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in-progress (CIP) pertains to properties under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

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

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

Investment Properties
Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at acquisition cost, including transaction costs. Subsequently, investment properties are stated at fair value as determined by independent appraisers on an annual basis. The carrying amount recognized in the consolidated statement of financial position reflects the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the consolidated statement of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Impairment of Nonfinancial Assets
Nonfinancial assets consisting of property, plant and equipment, investment properties, right-of-use assets, computer software and project development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGU is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction, while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity
Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

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

Retained Earnings. Retained earnings represents the accumulated net income or losses, net of any dividend declaration. Retained earnings may also include effect of changes in accounting policy as may be required by a standard's transitional provisions.

Revenue Recognition
The Company is engaged in the growing, production and distribution of chicken broilers, either as live or dressed, manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements and production of day-old chicks and pullets. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of live or dressed chicken, animal feeds, animal health and nutritional products, and feed supplements and day-old chicks is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

Sale of Goods. Revenue is recognized at point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Tolling. Revenue is recognized over time when the performance of contractually agreed tasks have been substantially rendered.

Other Income. Other income is recognized when earned. Revenue is measured at the fair value of the consideration received.

<u>*Rights of Return*</u>
For sale of animal feeds, certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

<u>Contract Balances</u>
Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

As at December 31, 2021 and 2020, the Company does not have contract assets and contract liabilities.

Right of Return Assets. Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

As at December 31, 2021 and 2020, the Company's estimated right of return assets and refund liabilities are not material.

<u>Revenue Outside the Scope of PFRS 15</u>
Interest income. Interest income is recognized as the interest accrues on a time proportion basis taking into account the principal amount outstanding and effective yield on the assets.

Rentals. Revenue from operating leases is recognized on a straight-line basis over the lease term.

<u>Cost and Expense Recognition</u>
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized in the consolidated statement of comprehensive income in the period these are incurred and are measured at the fair value of the consideration paid or payable.

<u>Leases</u>
The Company assesses at contract inception whether a contract is, or contains, a lease - that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Company as a Lessee</u>
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the assets.

The amortization periods for the right-of-use asset, based on the above policies, are as follows:

Asset Type	Number of Years
Right-of-use asset - transportation equipment	5 years
Right-of-use asset - building	2 to 5 years
Right-of-use asset - machineries	2 to 3 years

Lease Liabilities. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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

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

Pre-termination of Lease Contracts. The Company, as a lessee, reassesses whether it is reasonably certain not to exercise a termination option upon the occurrence of either a significant event or a significant change in circumstances that: (a) is within the control of the Company; and (b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of lease term, or not to exercise an option previously included in its determination of the lease term. Pre-termination of the lease will result in the derecognition of the right-of-use assets and lease liability and recognition of a pre-termination gain or loss.

Company as a Lessor
Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits
Short-term benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Retirement Benefits. The Company has a partially funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefits are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in the consolidated statement of comprehensive income.

Past service costs are recognized in the statements of comprehensive income on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability or asset.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

The defined benefit asset or liability is the aggregate of the present value of the DBO and FVPA on which the liabilities are to be settled directly. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

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

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the

borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

Interest expense are expensed as incurred.

Income Taxes
Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity or recognized in OCI.

Current Tax. Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

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

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Foreign Currency Transactions
The Company determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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

Provisions and Contingencies
Provisions for legal claims are recognized when (1) the Company has a present legal or constructive obligation as a result of past events, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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

Earnings Per Share
The Company presents basic and diluted earnings per share rate for its shares.

Basic earnings per share (EPS) is calculated by dividing net income for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares, if any, and after giving retroactive effect to any stock dividend declarations.

Diluted EPS is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Company's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting
Operating segments are components of the Company: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Company); (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Company's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. New and Amended Standards and Interpretations

Adoption of Amendments to Standards and Interpretation
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2021. The adoption of these amended standards did not have an impact on the Company's consolidated financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

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

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a First-time Adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has three reportable operating segments which are its foods, feeds and farms segments, and one geographical segment as the Company's operations are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of geographical segments are necessary.

Assessment of Legal Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with external counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

There are ongoing litigations filed against the Company that management believes would not have a material adverse impact on the Company's financial condition and results of operations.

Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Classification of Properties. The Company classifies its property as owner-occupied based on its current intentions where the property will be used. When the property is held for capital appreciation or when management is still undecided as to its future use, land is classified as investment property. Property used in operations are classified as owner-occupied property and included as part of property, plant and equipment.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of ECL of Receivable from Insurance. As discussed in Note 10, the Company has an outstanding claim for typhoon damages from an insurance company. The Company is currently involved in legal proceedings to pursue the collection of the remaining balance of receivable from insurance. The determination of whether the insurance claims receivable is realizable requires management's estimate of the amount and timing of the future cash inflows from this receivable and the related EIR used to discount the cashflows.

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

Receivable from insurance amounted to ₱70.2 million as at December 31, 2021 and 2020. Allowance for ECL related to receivable from insurance amounted to ₱71.5 million as at December 31, 2021 and 2020 (see Note 10).

Estimation of Fair Value of Biological Assets. The fair values of the Company's livestock are based on the most reliable estimate of market prices at the point of harvest.

The following table provides a description of the various biological asset types, shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Day-old chicks - These are hatched from eggs with hatching period of 21 days.	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of day-old chicks. The cash flow projections include specific estimates for the hatching period. The valuation model also considers the hatchability rate. Due to the short hatching period, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of day-old chicks ▪ Estimated hatchability and mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the hatching process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated; hatchability rate was higher (lower); ▪ the estimated volume of production was higher (lower) or ▪ the estimated costs to be incurred in the hatching process were lower (higher).
Growing broilers - These are grown from chicks for a period of 30 days	Income approach. The valuation model considers the net cash flows expected to be generated from the sale of fully-grown broilers as dressed chickens. The cash flow projections include specific estimates for the volume of harvest considering the mortality rates. Due to the short growing period of chicks into broilers, discounting is generally ignored.	Inclusive of: ▪ Estimated future sale price of dressed chicken (growing broilers) or breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of production ▪ Estimated costs to be incurred in the growing process	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted sales were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of production was higher (lower);or the estimated costs to be incurred in the growing process were lower (higher).
Parent stock	Income approach. The valuation model considers the net cash flows expected to be generated from the day-old chicks that will be born. The cash flow projections include specific estimates for the volume of harvest	Inclusive of: ▪ Estimated future sale price of breeder chicken (parent stock) ▪ Estimated mortality rate ▪ Estimated volume of raised breeder	The estimated fair value would increase (decrease) if: ▪ the estimated sale price was higher (lower); ▪ the estimated cash inflows based on forecasted

Description	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
	considering the mortality rates. Due to the short growing period of chicks into parent stock, discounting is generally ignored.	chicken (parent stock) ▪ Estimated costs to be incurred in the growing process	purchased were higher (lower); ▪ the estimated mortality rate was lower (higher); ▪ the estimated volume of raised breeder chicken was higher (lower);or ▪ the estimated costs to be incurred in the growing process were lower (higher).

The changes in fair value of biological assets are recognized under sales amounting to ₱55.1 million, ₱199.5 million and ₱479.6 million in 2021, 2020 and 2019, respectively, and under cost of sales amounting to ₱78.0 million, ₱184.4 million and ₱471.4 in 2021, 2020 and 2019, respectively (see Note 17).

Revaluation of Property, Plant and Equipment (excluding Transportation Equipment and CIP) and Investment Properties. The Company carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. In addition, the Company measures property, plant and equipment (excluding transportation equipment and CIP) at revalued amounts, with changes in fair value being recognized in OCI.

In determining the appraised values of the property, plant and equipment and investment properties, the Company hired independent firms of appraisers as at December 31, 2021 and 2020. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction of the replaceable property; (c) current prices for similar-use property in the second-hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of similar kind; (e) accumulated depreciation; (f) lease rates and, (g) recent trends and development in the industry concerned.

The fair values of the land classified as part of investment properties and under property, plant and equipment were derived using the sales comparison approach. Under this approach, the value of the land is based on the sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property to those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on factors such as location, size and shape of the land, and time element which are the most significant unobservable inputs on the valuation. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

The fair values of property, plant and equipment (except for land) and investment properties (except for land and the Bulacan and Davao dressing plants) were arrived at using the cost reproduction approach as there is a lack of comparable market data because of the nature of the properties. Under this approach, the most significant inputs are estimates of the current cost of reproduction of the replaceable property in accordance with the current market prices for materials, labor, manufactured equipment, contractor's overhead and profit and fees, but without prior provision for overtime or bonuses for labor and premiums for materials. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence to arrive at a reasonable valuation which is an unobservable input.

The fair values of the Company's dressing plants in Bulacan and Davao which is classified as investment properties were arrived at using the income approach. Under this approach, the value of an asset is determined by reference to the value of income, cash flow, or cost savings generated by the asset. Assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

In 2020 and 2018, the Company's property, plant and equipment (except transportation equipment and CIP) were reappraised by an independent firm of appraisers resulting to an additional revaluation gain of ₱22.0 million and ₱90.7 million before tax effect, respectively. The carrying value of property, plant and equipment at revalued amount amounted to ₱872.0 million and ₱906.7 million as at December 31, 2021 and 2020, respectively. No revaluation was made in 2021 and 2019 (see Note 11).

In 2021, 2020 and 2019, the Company's investment properties were reappraised by independent firms of appraisers resulting to an additional fair value gain of ₱1.3 million, ₱4.1 million and ₱158.3 million, respectively (see Note 12). The carrying value of investment properties amounted to ₱973.4 million and ₱931.4 million as at December 31, 2021 and 2020 respectively (see Note 12).

Estimating ECL on Trade and Other Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. To search the most relevant macroeconomic variable with a strong linear relationship on the past due behavior of the portfolio, regression analysis was applied to the following: inflation, unemployment, movement of Philippine peso against the US dollar, percentage change in gross domestic product and consumer price index. Among these factors, the forward-looking information on percentage change in gross domestic product was determined to have a strong and symmetrical relationship with the past due behavior of the Company's trade receivable portfolio. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's receivables is disclosed in Notes 7 and 31.

The Company did not provide any extension or reduction in payment, except for very few customers, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 pandemic on its ECL calculation and assessed the impact to be not significant.

The Company recognized provision for ECL on trade and other receivables amounting to ₱10.2 million, ₱10.7 million and ₱23.1 million in 2021, 2020 and 2019, respectively (see Note 21). Trade and other receivables amounting to ₱104.6 million was written-off in 2021 (nil in 2020 and 2019) (see Note 7).

The carrying value of trade and other receivables amounted to ₱902.4 million and ₱815.3 million as at December 31, 2021 and 2020, respectively. Allowance for ECL on trade and other receivables as at December 31, 2021 and 2020 amounted to ₱213.3 million and ₱307.8 million, respectively (see Note 7).

Estimating Retirement Benefits. The cost of the defined benefit pension plan and the present value of the DBO are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the Philippines. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases consider historical rate increases as well as expected future inflation rates.

Further details about pension obligations are provided in Note 22.

The Company's net retirement liability amounted to ₱166.5 million and ₱132.2 million as at December 31, 2021 and 2020, respectively (see Note 22).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies.

No deferred tax assets were recognized on certain deductible temporary differences and carryforward benefits of MCIT as at December 31, 2021 and 2020, respectively (see Note 23). Management has assessed that it may not be probable that future taxable profit will be available in the near future against which these deferred tax assets can be utilized.

Deferred tax assets recognized by the Company amounted to ₱101.4 million and ₱137.8 million as at December 31, 2021 and 2020, respectively (see Note 23).

5. Segment Reporting

Business Segments

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

The industry segments where the Company operates are as follows:

a. The Food segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed. Its products are distributed to wet markets and supermarkets.
b. The Feeds segment caters to the feed requirement of the poultry growers' industry. It is engaged in the manufacture and distribution of animal feeds, animal health and nutritional products, and feed supplements.
c. The Farms segment is involved in the production of day-old chicks and pullets.
d. The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred tax assets and liabilities.

Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments and between geographical segments. Such sales and purchases are eliminated in consolidation. The Company generally accounts for intersegment sales and transfers at cost.

Segment Financial Information

The segment financial information is presented as follows (in thousands):

	December 31, 2021					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱4,231,571	₱4,694,677	₱722,913	₱–	₱–	₱9,649,161
Fair value adjustment on biological assets	–	–	55,120	–	–	55,120
	4,231,571	4,694,677	778,033	–	–	9,704,281
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	₱3,754,268	₱4,157,247	₱864,396	₱–	₱–	₱8,775,911
Operating expenses excluding depreciation	91,489	150,911	13,210	411,326	–	666,936
Depreciation and amortization	4,582	84,744	–	16,680	–	106,006
Other operating income	–	(17,468)	–	(11,096)	–	(28,564)
	3,850,339	4,375,434	877,606	416,910	–	9,520,289
SEGMENT OPERATING PROFIT (LOSS)	₱381,232	₱319,243	(₱99,573)	(₱416,910)	₱–	₱183,992
Other charges -net						(63,386)
Income before income tax						120,606
Tax expense						(31,164)
Net income						₱89,442
ASSETS AND LIABILITIES						
Segment assets	₱895,912	₱1,933,004	₱191,327	₱1,115,054	₱–	₱4,135,297
Segment liabilities	₱111,659	₱1,198,038	₱42,655	₱1,165,846	₱–	₱2,518,198
OTHER INFORMATION						
Capital expenditures	₱43,610	₱64,750	₱–	₱9,287	₱–	₱117,647
Non-cash expenses other than depreciation and impairment losses	₱7,452	₱8,268	₱173	₱1,100	₱–	₱16,993

	December 31, 2020					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱3,118,889	₱4,108,529	₱455,013	₱–	₱–	₱7,682,431
Fair value adjustment on biological assets	–	–	199,489	–	–	199,489
	3,118,889	4,108,529	654,502	–	–	7,881,920
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	₱3,060,313	₱3,398,395	₱723,093	₱–	₱–	₱7,181,801
Operating expenses excluding depreciation	93,407	135,602	9,715	263,745	–	502,469
Depreciation and amortization	4,554	137,886	32	20,139	–	162,611
Other operating income	–	(32,074)	–	(11,897)	–	(43,971)
	3,158,274	3,639,809	732,840	271,987	–	7,802,910
SEGMENT OPERATING PROFIT (LOSS)	(₱39,385)	₱468,720	(₱78,338)	(₱271,987)	₱–	₱79,010
Other charges -net						(53,583)
Income before income tax						25,427
Tax expense						(16,139)
Net income						₱9,288

	December 31, 2020					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
ASSETS AND LIABILITIES						
Segment assets, as restated	₱809,953	₱1,638,296	₱193,209	₱1,081,503	₱–	₱3,722,961
Segment liabilities	₱96,474	₱1,034,108	₱36,854	₱1,033,302	₱–	₱2,200,738
OTHER INFORMATION						
Capital expenditures	₱135,952	₱34,943	₱1,255	₱23,557	₱–	₱195,707
Non-cash expenses other than depreciation and impairment losses	₱5,903	₱7,142	₱654	₱629	₱–	₱14,328

	December 31, 2019					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Sale of goods, net of discount	₱4,031,723	₱3,941,107	₱466,067	₱–	₱–	₱8,438,897
Fair value adjustment on biological assets	266,646	–	212,923	–	–	479,569
	₱4,298,369	₱3,941,107	₱678,990	₱–	₱–	₱8,918,466
COST AND OTHER OPERATING EXPENSES AND OTHER OPERATING INCOME						
Cost of goods sold excluding depreciation	3,605,643	3,538,406	933,972	–	–	8,078,021
Operating expenses excluding depreciation	94,671	146,615	–	309,040	–	550,326
Depreciation and amortization	4,279	69,417	358	86,883	–	160,937
Other operating income	–	(18,162)	–	(11,237)	–	(29,399)
	3,704,593	3,736,276	934,330	384,686	–	8,759,885

	December 31, 2019					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
SEGMENT OPERATING PROFIT (LOSS)	₱593,776	₱204,831	(₱255,340)	(₱384,686)	₱–	₱158,581
Other income -net						(15,894)
Income before tax						142,687
Tax expense						(13,864)
Net income						₱128,823
ASSETS AND LIABILITIES						
Segment assets, as restated	₱861,996	₱1,837,500	₱207,847	₱1,150,824	₱–	₱4,058,167
Segment liabilities	₱107,465	₱1,241,241	₱41,052	₱1,151,016	₱–	₱2,540,774
OTHER INFORMATION						
Capital expenditures	₱16,373	₱53,726	₱1,930	₱36,220	₱–	₱108,249
Non-cash expenses other than depreciation and impairment losses	₱8,063	₱9,756	₱893	₱859	₱–	₱19,571

Currently, the Company's operation is only in the Philippines, hence it has no geographical segment. The Company, however, has manufacturing plants in different regions of the country.

6. Cash

	2021	2020
Cash on hand	**₱2,487,637**	₱2,379,620
Cash in banks	**227,528,282**	174,925,147
	₱230,015,919	₱177,304,767

Cash in banks earn interest at prevailing bank deposit interest rates of 0.1% to 1.3% in 2021, 2020 and 2019. Interest income on cash in banks amounted to ₱0.1 million, ₱0.2 million and ₱0.2 million in 2021, 2020 and 2019, respectively.

7. Trade and Other Receivables

	December 31, 2021	December 31, 2020 (Note 25)	January 1, 2020 (Note 25)
Trade:			
Third parties	**₱565,508,598**	₱708,621,981	₱904,708,420
Related parties (Note 24)	**262,799,719**	195,651,548	228,610,377
Nontrade	**241,271,819**	151,535,626	142,403,739
Advances to officers and employees (Note 24)	**12,474,296**	12,000,448	12,276,664
Receivable from government	**4,059,611**	4,046,563	3,538,405
Others	**29,584,276**	51,245,763	28,003,726
	1,115,695,319	1,123,101,929	1,319,541,331
Allowance for ECL	**(213,307,666)**	(307,772,074)	(297,098,917)
	₱902,390,653	₱815,329,855	₱1,022,442,414

The restatement in trade and other receivables is discussed in Note 25.

Trade receivables are usually due within 30 to 90 days and are noninterest-bearing (see Note 24).

Advances to officers and employees are unsecured, noninterest-bearing and subject to salary deduction or liquidation for a specified period of time of about one year (see Notes 14 and 24).

Nontrade receivables comprise mainly of receivables arising from incidental income of the Company such as tolling, rentals, hatching, hauling and laboratory analysis charges. These are settled within 30 to 90 days and are noninterest-bearing.

Other receivables comprise mainly of unsecured and noninterest-bearing short term deposits and claims from Philippine Social Security System.

Trade and other receivables collected after due date earned an interest income amounting to ₱1.2 million, nil and ₱2.1 million in 2021, 2020 and 2019, respectively .

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

	Trade	Others	Total
Balance as at January 1, 2021, as previously reported	**₱161,126,222**	**₱123,014,839**	**₱284,238,779**
Prior period adjustments (Note 25)	**97,718**	**23,533,295**	**23,631,013**
Balance as at January 1, 2021, as restated	**161,223,940**	**146,548,134**	**307,772,074**
Provision (Note 21)	**10,157,719**	**–**	**10,157,719**
Accounts written-off	**–**	**(104,622,127)**	**(104,622,127)**
Balance as at December 31, 2021	**₱171,381,659**	**₱41,926,007**	**₱213,307,666**

	Trade	Others	Total
Balance as at January 1, 2020, as previously reported	₱150,777,196	₱122,690,708	₱273,467,904
Prior period adjustments (Note 25)	97,718	23,533,295	23,631,013
Balance as at January 1, 2020, as restated	150,874,914	146,224,003	297,098,917
Provision (Note 21)	10,349,026	324,131	10,673,157
Balance as at December 31, 2020	₱161,223,940	₱146,548,134	₱307,772,074

8. Inventories and Livestock

	2021	2020
Inventories:		
At net realizable value - Finished goods	**₱184,305,798**	₱109,898,787
At cost:		
Raw materials and feeds supplements	**315,027,658**	240,102,927
Supplies and animal health products	**64,126,465**	73,190,787
Hatching eggs	**36,849,974**	31,212,283
Finished goods	**22,708,402**	6,191,253
	623,018,297	460,596,037
Livestock:		
Day-old chicks and growing broilers	**38,086,778**	42,332,467
Parent stock	**14,380,992**	–
	52,467,770	42,332,467
	₱675,486,067	₱502,928,504

Inventories

Inventories are valued at lower of cost and NRV as at December 31, 2021 and 2020. The cost of finished goods carried at NRV amounted to ₱185.2 million and ₱110.8 million as at December 31, 2021 and 2020, respectively. Inventories charged to cost of goods sold amounted to ₱7,645.0 million, ₱5,982.6 million and ₱6,650.6 million in 2021, 2020 and 2019, respectively (see Note 18).

Livestock

The Company's biological assets pertain to its livestock consisting of day-old chicks, broilers and parent stock.

Day-old chicks and broilers	2021	2020
Opening balance	**₱42,332,469**	₱51,300,581
Increase due to production	**4,014,182,626**	2,888,296,655
Fair value adjustment due to production	**48,631,208**	199,489,329
Decrease due to sales, harvest and mortality	**(3,989,265,663)**	(2,912,357,524)
Fair value adjustment due to sales, harvest and mortality	**(77,793,862)**	(184,396,574)
	₱38,086,778	₱42,332,467

Parent stock	2021	2020
Opening balance	**₱–**	₱–
Increase due to purchase	**7,892,559**	–
Fair value adjustment due to growth	**6,488,433**	–
	₱14,380,992	₱–

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

	2021	2020
Balance at beginning of year	**₱896,315**	₱4,039
Provision (Note 21)	**–**	892,276
	₱896,315	₱896,315

9. Other Current Assets

This account consists of:

	2021	2020
Advances to suppliers	**₱176,344,063**	₱140,877,487
CWT	**88,608,614**	77,860,449
Prepayments	**26,382,863**	22,018,102
Input VAT	**3,488,442**	3,091,532
	294,823,982	243,847,570
Allowance for impairment losses	**(3,091,532)**	(3,091,532)
	₱291,732,450	₱240,756,038

Advances to suppliers pertain to advance payments on purchases of goods and services to be purchased in the Company's normal course of business. These goods and services are expected to be delivered within a year.

CWT represents the amount withheld by the Company's customers in relation to its sale of goods and services. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Prepayments mainly pertain to insurance and bond premiums, among others, which are amortized within a year. The allowance for impairment losses pertain to input VAT which is no longer recoverable by the Company.

10. Receivable from Insurance

The Company has an outstanding claim for typhoon damages from Charter Ping An Insurance Corporation. Pursuant to the Insurance Code, the Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Company has filed the claim. On August 17, 2016, the Company received ₱58.9 million as partial settlement. The Company continues to legally pursue the remaining outstanding balance of ₱141.6 million as at December 31, 2021. The court proceedings for the remaining claims were remanded to the Regional Trial Court of Malolos City in accordance with the resolution issued by the Court of Appeals on February 13, 2018. Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

The composition of receivable from insurance are as follows:

	December 31, 2021	December 31, 2020 (Note 25)	January 1, 2020 (Note 25)
Cost	**₱141,664,583**	₱141,664,583	₱141,664,583
Allowance for ECL	**71,460,773**	71,460,773	71,460,773
	₱70,203,810	₱70,203,810	₱70,203,810

No provisions for and write off of allowance for receivable from insurance were recognized in the statement of comprehensive income for the years ended December 31, 2021, 2020 and 2019. As at January 1, 2019, the Company recognized additional provision for ECL on receivable from insurance as discussed in Note 25.

11. Property, Plant and Equipment

At Revalued Amount

The composition and movements of this account are presented below:

2021	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	**₱439,712,887**	**₱569,729,900**	**₱167,127,587**	**₱29,939,642**	**₱82,558,444**	**₱1,289,068,460**
Additions	**–**	**19,891,913**	**5,554,310**	**2,228,341**	**10,159,526**	**37,834,090**
Disposals	**–**	**(3,253,425)**	**–**	**–**	**(35,000)**	**(3,288,425)**
Reclassification	**–**	**(2,186,450)**	**760,892**	**4,405,713**	**(60,675)**	**2,919,480**
Transfer to investment properties	**(5,543,000)**	**–**	**–**	**–**	**–**	**(5,543,000)**
Adjustments	**–**	**(961,950)**	**–**	**(47,698)**	**–**	**(1,009,648)**
Balance at end of year	**434,169,887**	**583,219,988**	**173,442,789**	**36,525,997**	**92,622,295**	**1,319,980,956**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**–**	**246,977,446**	**65,170,245**	**12,605,328**	**57,596,527**	**382,349,546**
Depreciation and amortization (Notes 18 and 19)	**–**	**55,155,948**	**7,081,549**	**3,280,276**	**14,809,549**	**80,327,322**
Reclassification	**–**	**(10,969,434)**	**(874,508)**	**(189,288)**	**(60,675)**	**(12,093,905)**
Disposals	**–**	**(2,607,438)**	**–**	**–**	**(6,806)**	**(2,614,244)**
Balance at end of year	**–**	**288,556,522**	**71,377,286**	**15,696,316**	**72,338,595**	**447,968,719**
Net carrying amount	**₱434,169,887**	**₱294,663,466**	**₱102,065,503**	**₱20,829,681**	**₱20,283,700**	**₱872,012,237**

2020	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost						
Balance at beginning of year	₱386,767,894	₱521,415,893	₱210,211,827	₱32,189,597	₱64,486,178	₱1,215,071,389
Additions	–	37,415,918	1,907,000	1,330,272	15,900,266	56,553,456
Revaluation gain	52,944,993	14,819,545	(46,872,240)	(2,913,336)	4,052,250	22,031,212
Reclassification and adjustments	–	(3,921,456)	1,881,000	(666,891)	(1,799,350)	(4,506,697)
Disposals	–	–	–	–	(80,900)	(80,900)
Balance at end of year	439,712,887	569,729,900	167,127,587	29,939,642	82,558,444	1,289,068,460
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	207,564,305	54,865,526	13,521,636	47,832,102	323,783,569
Depreciation and amortization (Notes 18 and 19)	–	46,944,675	10,054,254	3,238,253	11,964,485	72,201,667
Reclassification and adjustments	–	(7,531,534)	250,465	(4,154,561)	(2,139,385)	(13,575,015)
Disposals	–	–	–	–	(60,675)	(60,675)
Balance at end of year	–	246,977,446	65,170,245	12,605,328	57,596,527	382,349,546
Net carrying amount	₱439,712,887	₱322,752,454	₱101,957,342	₱17,334,314	₱24,961,917	₱906,718,914

If all the property, plant and equipment were measured at cost model, the carrying amounts will be as follows:

	2021					
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost	**₱14,159,490**	**₱497,902,014**	**₱190,421,988**	**₱35,282,493**	**₱83,211,132**	**₱820,977,117**
Accumulated depreciation and impairment	**–**	**(266,429,519)**	**(62,608,559)**	**(12,641,339)**	**(65,220,773)**	**(406,900,190)**
Net carrying amount	**₱14,159,490**	**₱231,472,495**	**₱127,813,429**	**₱22,641,154**	**₱17,990,359**	**₱414,076,927**

	2020					
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Total
Cost as at year end	₱19,702,490	₱484,411,926	₱184,106,786	₱28,696,138	₱73,147,281	₱790,064,621
Accumulated depreciation and impairment	–	(230,714,608)	(54,063,595)	(9,452,634)	(52,946,926)	(347,177,763)
Net carrying amount	₱19,702,490	₱253,697,318	₱130,043,191	₱19,243,504	₱20,200,355	₱442,886,858

The Company's property, plant and equipment (except transportation equipment and construction in-progress) was appraised in 2020 and 2018.

Fair Value Measurement

The Company's property, plant and equipment (except for transportation equipment and construction in-progress) were appraised by an independent firm of appraisers. The latest appraisal report is at December 31, 2020. The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

The description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

Market approach

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

			Range	
	Valuation Technique	Significant Unobservable Inputs	**2021**	2020
Land	Sales Comparison Approach	Price per square meter	**₱1,493-₱1,857**	₱1,493-₱1,857
		Value adjustments	**35%-48%**	35%-48%

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Replacement cost less accumulated depreciation

Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Machinery and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining economic life
Buildings	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 25 years remaining economic life
Land Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Office Furniture, Fixtures and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life
Leasehold Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining economic life

This approach is applied by estimating the amount that currently would be required to construct a substitute asset of comparable utility.

Significant increases (decreases) in the replacement cost in isolation would result in a significantly higher (lower) fair value on a linear basis.

At Cost

The composition and movements of this account are presented below:

	2021		
	Transportation Equipment	**CIP**	**Total**
Cost			
Balance at beginning of year	**₱51,158,960**	**₱17,510,838**	**₱68,669,798**
Additions	**–**	**36,202,504**	**36,202,504**
Reclassification	**–**	**(15,013,385)**	**(15,013,385)**
Disposals	**(2,998,000)**	**–**	**(2,998,000)**
Balance at end of year	**₱48,160,960**	**₱38,699,957**	**₱86,860,917**
Accumulated Depreciation, and Amortization			
Balance at beginning of year	**38,955,653**	**–**	**38,955,653**
Depreciation and amortization (Notes 18 and 19)	**4,922,099**	**–**	**4,922,099**
Disposals	**(2,998,000)**	**–**	**(2,998,000)**
Balance at end of year	**40,879,752**	**–**	**40,879,752**
Net carrying amount	**₱7,281,208**	**₱38,699,957**	**₱45,981,165**

	2020		
	Transportation Equipment	CIP	Total
Cost			
Balance at beginning of year	₱57,894,027	₱14,787,329	₱72,681,356
Additions	1,054,340	12,796,052	13,850,392
Reclassification	(2,234,513)	(10,072,543)	(12,307,056)
Disposals	(5,554,894)	–	(5,554,894)
Balance at end of year	₱51,158,960	₱17,510,838	₱68,669,798
Accumulated Depreciation and Amortization			
Balance at beginning of year	₱39,095,330	₱–	₱39,095,330
Depreciation and amortization (Notes 18 and 19)	7,692,669	–	7,692,669
Reclassification	(2,277,452)	–	(2,277,452)
Disposals	(5,554,894)	–	(5,554,894)
Balance at end of year	38,955,653	–	38,955,653
Net carrying amount	₱12,203,307	₱17,510,838	₱29,714,145

In 2021 and 2020, the Company sold property, plant and equipment for a cash consideration of ₱1.0 million and nil, resulting to a loss on disposal amounting to ₱1.0 million and ₱2.3 million, respectively.

Construction in-progress represents cost incurred in the construction of the Company's offices, cabling installation, piping, bagging system installation, and other developments. Costs primarily include raw materials procurement, general construction works and installation costs.

As at December 31, 2021 and 2020, there are no significant contractual commitments entered into by the Company.

Depreciation and amortization expense follow:

	2021	2020	2019
Property, plant and equipment:			
At revalued amount	**₱80,327,323**	₱72,201,667	₱70,357,023
At cost	**4,922,099**	7,692,669	22,522,996
Right-of-use asset (Note 13)	**17,079,097**	79,038,348	64,379,209
Computer software (Note 13)	**3,678,102**	3,678,102	3,678,102
	₱106,006,621	₱162,610,786	₱160,937,330

12. Investment Properties

Investment properties comprise of the Company's hatchery buildings, and dressing and rendering plants that are held to earn rentals and parcels of land which are either for lease or foreclosed by the Company to settle customers' liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below:

	December 31, 2021		
	Land	**Building**	**Total**
Balance at beginning of year	**₱554,272,573**	**₱377,103,407**	**₱931,375,980**
Gain (loss) on fair value changes	**7,830,673**	**(6,562,540)**	**1,268,133**
Additions	–	**43,610,106**	**43,610,106**
Transfer from property, plant and equipment	**5,543,000**	–	**5,543,000**
Disposals	**(1,870,779)**	–	**(1,870,779)**
Write-offs	**(6,493,688)**	–	**(6,493,688)**
Balance at end of year	**₱559,281,779**	**₱414,150,973**	**₱973,432,752**

	2020		
	Land	Building	Total
Balance at beginning of year	₱545,128,167	₱257,138,422	₱802,266,589
Gain on fair value changes	3,992,855	60,377	4,053,232
Additions	5,398,766	119,904,608	125,303,374
Disposals	(247,215)	–	(247,215)
Balance at end of year	₱554,272,573	₱377,103,407	₱931,375,980

The composition of investment properties as at December 31 are as follows:

	2021	2020
Cost	**₱597,716,371**	₱556,927,732
Cumulative gain on fair value changes	**375,716,381**	374,448,248
	₱973,432,752	₱931,375,980

Rental income earned from the dressing plant in Bulacan amounted to ₱11.1 million, ₱11.9 million and ₱11.2 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 20). Direct costs related to properties that generate rental income amounted to ₱0.9 million, ₱0.6 million and ₱0.6 million in 2021, 2020 and 2019, respectively.

Fair Value Measurement
Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal reports are at December 31, 2021. The Company recognized fair value gain of ₱1.3 million, ₱4.1 million and ₱158.3 million in 2021, 2020 and 2019, respectively. The fair value measurement for investment properties has been categorized as Level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on investment properties follows:

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

	Valuation Technique	Significant Unobservable Inputs	Range **2021**	Range 2020
Land	Sales Comparison Approach	Price per square meter	**₱200-12,000**	₱200-₱12,000
		Value adjustments	**5%-21%**	5%-21%

Replacement cost less accumulated depreciation
Replacement cost approach is a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence. Depreciation is estimated as evidence by the observed condition and present and prospective serviceability in comparison with new units of like kind.

	Valuation Technique	Significant Unobservable Inputs	Remaining economic life
Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	7 - 33 years remaining economic life

Income approach
Income approach is a form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon.

	Valuation Technique	Significant Unobservable Inputs
Bulacan and Davao dressing plants	Income Approach	Price per square meter, value adjustments, discount rate, lease rates, escalation rate, and vacancy and bad debt allowance

The significant unobservable inputs to fair valuation are as follows:

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

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

Discount rate: This was arrived at by summing up the risk-free rate and management /liquidity rate. Management/liquidity rate refers to the estimated premium to compensate for the burden of management and the ease with which an investment can be sold.

Lease rates: estimated rental rates prevailing in the real estate market depending on the location of the properties.

Escalation rate: adjustments are made to account for the increase in rental rates in the subsequent periods.

Vacancy and bad debt allowance: adjustments made to consider that the properties may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling, maintenance). Collection losses can result from a tenant's inability or refusal to pay rent.

Significant increases (decreases) in estimated price per square meter, value adjustments, discount rates, lease rates, escalation rate, and vacancy and bad debt allowance in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in discount rates and vacancy and bad debt allowance in isolation would result in a significantly lower (higher) fair value on a linear basis.

13. Right-of-Use Assets and Other Noncurrent Assets

Right-of-use Assets
Movements in right-of-use assets are as follows:

	December 31, 2021 Building	Transportation Equipment	Total
Cost			
Balance at beginning of year	**₱12,065,912**	**₱71,138,213**	**₱83,204,125**
Additions	**–**	**23,194,616**	**23,194,616**
Reclassification	**–**	**254,756**	**254,756**
Balance at end of year	**12,065,912**	**94,587,585**	**106,653,497**
Accumulated Amortization			
Balance at beginning of year	**5,550,319**	**45,102,446**	**50,652,765**
Depreciation	**2,895,819**	**14,183,278**	**17,079,097**
Balance at end of year	**8,446,138**	**59,285,724**	**67,731,862**
Net carrying value	**₱3,619,774**	**₱35,301,861**	**₱38,921,635**

	December 31, 2020 Building	Transportation Equipment	Machineries	Total
Cost				
Balance at beginning of year	₱21,455,220	₱73,847,259	₱174,905,773	₱270,208,252
Pre-termination of lease contract (see Note 27)	(9,389,308)	–	(174,905,773)	(184,295,081)
Disposals	–	(2,709,046)	–	(2,709,046)
Balance at end of year	12,065,912	71,138,213	–	83,204,125
Accumulated Amortization				
Balance at beginning of year	6,426,192	32,390,718	43,726,443	82,543,353
Depreciation	7,226,572	14,379,852	57,431,924	79,038,348
Pre-termination of lease contract (see Note 27)	(8,102,445)	–	(101,158,367)	(109,260,812)
Disposals	–	(1,668,123)	–	(1,668,123)
Balance at end of year	5,550,319	45,102,447	–	50,652,766
Net carrying value	₱6,515,593	₱26,035,766	₱–	₱32,551,359

Other Noncurrent Assets

	2021	2020
Project development costs	**₱31,368,395**	₱31,368,396
Security deposits	**15,459,460**	9,729,018
Computer software	**19,661,027**	6,349,023
	66,488,882	47,446,437
Allowance for impairment losses	**(31,368,395)**	(31,368,396)
	₱35,120,487	₱16,078,041

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. Based on management's evaluation, these costs may no longer be recoverable. Accordingly, the project development cost amounting to ₱31.4 million was provided with full valuation allowance as at December 31, 2021 and 2020.

Security deposits represent rental and other deposits paid by the Company and will be returned at the end of the lease term (see Note 27).

Movements in computer software are as follows:

	2021	2020
Cost		
Balance at beginning of year	**₱26,354,542**	₱23,867,955
Additions	**16,990,106**	2,486,587
Balance at end of year	**43,344,648**	26,354,542
Accumulated Depreciation and Amortization		
Balance at beginning of year	**20,005,519**	16,327,417
Depreciation and amortization	**3,678,102**	3,678,102
Balance at end of year	**23,683,621**	20,005,519
Net Book Value	**₱19,661,027**	₱6,349,023

Computer software is amortized over the economic life of three years with an average remaining useful life of two to three years.

14. Trade and Other Payables

	2021	2020
Trade payables		
Third parties	**₱1,170,645,926**	₱1,202,401,796
Related parties (Note 24)	**89,707,830**	41,918,534
Accrued expenses		
Selling and administrative	**218,454,340**	79,318,075
Outside services	**31,336,924**	77,195,148
Others	**66,319,172**	35,663,921
Nontrade payables	**88,002,512**	145,102,863
Customers' deposits	**12,035,187**	27,670,921
Statutory liabilities	**15,945,595**	19,887,934
	₱1,692,447,486	₱1,629,159,192

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

Accrued expenses mainly pertain to salaries and wages, freight and handling, outside services, rebates, taxes and licenses, commission, plant and office supplies. Accrued expenses are normally settled within one year.

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

Customers' deposits are amounts received from animal and aqua feeds' customers. These serve as collateral for any unpaid balances.

Other payables consist of social security premiums payable and other statutory liabilities. These are normally settled within a month.

15. Loans Payable

This account consists of the following:

	2021	2020
Short-term loans	**₱381,932,829**	₱132,023,529
Long-term loans	**123,118,899**	147,940,328
	₱505,051,728	₱279,963,857

	2021	2020
Short-term loans	**₱381,932,829**	₱132,023,529
Current portion of long-term loans	**24,821,429**	24,821,429
Current portion	**406,754,258**	156,844,958
Noncurrent portion of long-term loans	**98,297,470**	123,118,899
	₱505,051,728	₱279,963,857

Total availment of loans payable amounted to ₱540.7 million and ₱457.5 million in 2021 and 2020, respectively. Total payments of loans payable amounted to ₱315.6 million and ₱709.9 million in 2021 and 2020, respectively.

Interest expense on loans payable amounted to ₱20.7 million, ₱23.4 million and ₱60.7 million in 2021, 2020 and 2019, respectively.

The Company's short-term and long-term loans are not subject to any debt covenants.

Short-Term Loans
In 2021 and 2020, the Company obtained unsecured Peso-denominated short-term loans from local banks to finance working capital requirements. The Company's short-term loans bear interest at rates ranging from 6.00% to 6.50%.

In 2020, the Company also obtained short-term loan amounting to ₱87.4 million from one of its stockholders bearing an interest rate of 3% per annum (see Note 24). The carrying value of this short-term loan as at December 31, 2020 is ₱76.6 million. This short-term loan was fully paid in 2021.

Long-Term Loans
Long-term loans of the Company have remaining terms of five years. The Company's long-term loans bear interest at repriced interest rates ranging from 6.13% to 6.25%.

a. ₱86.9 million promissory note
On October 31, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with China Bank Savings, Inc. ("CBS") payable in 28 quarterly installments with an interest rate of 7.875% per annum, repriced annually. Debt issue cost related to the promissory note

pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

b. ₱86.9 million promissory note
On December 6, 2018, the Parent Company entered into an aggregate of ₱86.9 million, eight-year loan with CBS payable in 28 quarterly installments with an interest rate of 8.125% per annum, repriced annually. Debt issue cost related to the promissory note pertaining to documentary stamp tax of ₱0.7 million was capitalized as part of the carrying amount of the loan amortized over the loan term using the effective interest method.

16. Cash Bond Deposits

Cash bond deposits amounting to ₱48.1 million and ₱40.1 million as at December 31, 2021 and 2020, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen. These will be refunded upon termination of the contract.

The carrying amounts of the cash bond deposits are at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

17. Revenue

	2021	2020	2019
Sales			
Feeds	**₱4,821,057,084**	₱4,218,925,663	₱4,027,789,349
Foods	**4,236,179,697**	3,133,270,647	4,046,782,155
Farms	**742,624,261**	462,852,599	477,343,897
Sales discount, returns and allowances	**(150,699,234)**	(132,617,951)	(113,017,990)
	9,649,161,808	7,682,430,958	8,438,897,411
Changes in fair values of biological assets	**55,119,641**	199,489,329	479,569,099
	₱9,704,281,449	₱7,881,920,287	₱8,918,466,510

The changes in fair values of biological assets are recognized for (see Note 8):

	2021	2020	2019
Day-old chicks and broilers	**₱48,631,208**	₱199,489,329	₱479,569,099
Parent stock	**6,488,433**	–	–
	₱55,119,641	₱199,489,329	₱479,569,099

18. Cost of Goods Sold

	2021	2020	2019
Inventories used (Note 8)	**₱7,645,035,746**	₱5,982,643,379	₱6,650,598,455
Outside services	**712,164,921**	785,219,089	783,154,116
Contractual services	**258,517,601**	92,865,024	40,779,898
Depreciation (Notes 11 and 13)	**72,016,730**	128,319,828	122,958,110
Salaries and employee benefits (Note 19)	**38,472,730**	63,574,816	78,170,496
Communication, light and water	**31,797,494**	45,151,999	39,894,661
Repairs and maintenance	**8,216,556**	25,618,917	9,665,810
Others	**3,731,646**	2,331,110	4,394,843
	₱8,769,953,424	₱7,125,724,162	₱7,729,616,389

19. Operating Expenses

Operating expenses in the consolidated statements of comprehensive income are classified as follows:

	2021	2020	2019
Administrative expenses	**₱452,654,119**	₱260,967,587	₱286,028,208
Selling and distribution expenses	**248,272,613**	275,792,670	302,276,938
	₱700,926,732	₱536,760,257	₱588,305,146

The details of operating expenses by nature are shown below:

	2021	2020	2019
Salaries and employee benefits (Note 24)	**₱209,487,866**	₱146,160,261	₱189,624,710
Transportation, travel and freight and handling	**207,879,032**	193,871,823	164,130,588
Publications and subscriptions	**38,877,116**	921,458	3,139,567
Depreciation and amortization (Notes 11 and 13)	**33,989,891**	34,290,958	37,979,220
Advertising and promotions	**30,852,722**	17,087,198	23,013,540
Professional fees	**29,894,725**	22,931,396	21,522,711
Representation and entertainment	**24,959,164**	5,243,696	16,688,758
Commissions	**21,476,608**	9,748,116	15,298,296
Contractual services	**20,517,627**	20,539,027	20,175,914
Taxes and licenses	**17,764,542**	14,632,394	30,794,775
Rentals (Note 27)	**8,526,711**	21,106,429	21,626,674
Communications, light and water	**8,374,622**	8,774,538	9,693,809
Supplies	**7,437,118**	4,629,887	4,479,922
Insurance	**4,383,834**	4,364,799	4,483,422
Repairs and maintenance	**4,121,943**	8,272,443	4,141,570
Others	**32,383,211**	24,185,834	21,511,670
	₱700,926,732	₱536,760,257	₱588,305,146

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

Employee Benefits
Breakdown of employee benefits is presented below:

	2021	2020	2019
Salaries and wages	**₱218,104,366**	₱182,391,552	₱233,914,570
Retirement benefits (Note 22)	**16,993,091**	14,327,563	19,571,098
Other short-term benefits	**12,863,139**	13,015,962	14,309,538
	₱247,960,596	₱209,735,077	₱267,795,206

Salaries and employee benefits is allocated as follows:

	2021	2020	2019
Cost of goods sold (see Note 18)	**₱38,472,730**	₱63,574,816	₱78,170,496
Operating expenses:			
Administrative expenses	**166,331,166**	105,090,755	101,155,581
Selling and distribution expenses	**43,156,700**	41,069,506	88,469,129
	209,487,866	146,160,261	189,624,710
	₱247,960,596	₱209,735,077	₱267,795,206

Depreciation and Amortization
Depreciation and amortization are allocated as follows (see Notes 11 and 13):

	2021	2020	2019
Cost of goods sold (Note 18)	**₱72,016,730**	₱128,319,828	₱122,958,110
Operating expenses:			
Administrative expenses	**16,680,045**	16,996,891	18,825,040
Selling and distribution expenses	**17,309,846**	17,294,067	19,154,180
	33,989,891	34,290,958	37,979,220
	₱106,006,621	₱162,610,786	₱160,937,330

20. Other Operating Income

	2021	2020	2019
Miscellaneous sales (scrap materials, etc.)	**₱17,467,801**	₱19,449,045	₱18,161,672
Rentals (Notes 24 and 27)	**11,096,404**	11,895,676	11,237,321
Tolling services	–	12,626,140	–
	₱28,564,205	₱43,970,861	₱29,398,993

21. Other Income (Charges)

	2021	2020	2019
Impairment losses on:			
Receivables (Note 7)	**(₱10,157,719)**	(₱10,673,157)	(₱23,124,961)
Inventory (Note 8)	–	(892,276)	–
Deficiency tax settlement	**(10,000,000)**	(15,073,202)	(56,517,505)
Loss on chicken mortalities	**(7,024,740)**	–	–
Foreign exchange gain (loss)	**(5,714,952)**	2,455,497	1,516,061
Gain (loss) on disposal of property, plant and equipment, and investment property	**(1,060,988)**	(2,269,651)	410,176
Gain on pre-termination of lease contracts	–	3,424,542	–
Professional fees	–	–	(57,720,854)
Gain on reversal of long-outstanding payables	–	–	34,264,507
Recovery of accounts written-off	–	–	5,295,695
Gain on reversal of allowance for inventory losses	–	–	2,382,824
Others - net	**(8,937,475)**	(355,478)	(1,179,160)
	(₱42,895,874)	(₱23,383,725)	(₱94,673,217)

Deficient tax settlement pertains to the Company's payments to Bureau of Internal Revenue to settle tax assessments (including accruals).

Professional expense pertains to one-time consultancy made during 2019. This pertains to payments to local and international consultants for the operational efficiency of the Company.

22. Net Retirement Liability

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

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

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2021.

Breakdown of retirement expense recognized in the consolidated statements of comprehensive income is as follows:

	2021	2020	2019
Current service costs	**₱11,956,045**	₱9,321,592	₱11,749,402
Interest expense	**5,187,339**	5,215,260	8,096,322
Interest income	**(150,293)**	(209,289)	(274,626)
	₱16,993,091	₱14,327,563	₱19,571,098

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

	2021	2020
Present value of the DBO	**₱170,439,444**	₱136,150,631
FVPA	**(3,978,184)**	(3,944,702)
	₱166,461,260	₱132,205,929

Movements in the present value of the DBO are as follows:

	2021	2020
Balance at beginning of year	**₱136,150,631**	₱95,342,964
Remeasurement loss recognized in OCI	**23,014,388**	28,310,195
Current service costs	**11,956,045**	9,321,592
Interest expense	**5,187,339**	5,215,260
Benefits paid	**(5,868,959)**	(2,039,380)
Balance at end of year	**₱170,439,444**	₱136,150,631

Movements in the FVPA are presented below:

	2021	2020
Balance at beginning of year	**₱3,944,702**	₱3,826,125
Interest income	**150,293**	209,289
Remeasurement loss	**(116,811)**	(90,712)
	₱3,978,184	₱3,944,702

Remeasurement loss on retirement liability, net of tax presented in the consolidated statements of comprehensive income for the years ended December 31 were are follows:

	2021	2020	2019
Remeasurement loss (gain)	**₱23,131,199**	₱28,400,907	(₱27,457,993)
Deferred income tax effect			
Current year	**(5,782,800)**	(8,520,272)	8,237,397
Impact of CREATE	**409,586**	–	–
	(5,373,214)	(8,520,272)	8,237,397
Remeasurement loss (gain)	**₱17,757,985**	₱19,880,635	(₱19,220,596)

Actual returns on plan assets amounted to ₱33,482 and ₱118,577 in 2021 and 2020, respectively. The categories of plan assets of the Company are as follows:

	2021	2020
Cash and cash equivalents	**₱1,992,275**	₱1,631,262
Equity instruments	**502,047**	501,924
Debt instruments	**1,487,840**	1,801,697
Others	**(3,978)**	9,819
	₱3,978,184	₱3,944,702

There are no expected future contributions in the plan in 2022.

The schedule below presents a projection of benefit payments expected to be paid out of the retirement fund.

	2021	2020
Less than one year	**₱18,757,732**	₱8,067,134
Between one and five years	**46,202,735**	41,849,209
Over five years	**103,855,449**	74,331,793
	₱168,815,916	₱124,248,136

For the determination of retirement liability, the following actuarial assumptions were used:

	2021	2020
Discount rate	**5.07%**	3.81%
Expected rate of salary increase	**5.00%**	5.00%
Average remaining working life of an employee retiring at the age of 60:		
Male	**39**	39
Female	**34**	34

The weighted average duration of the present value of defined benefit obligation is 9.1 and 9.8 years in 2021 and 2020, respectively.

A quantitative sensitivity analysis for changes in assumptions as at December 31, 2021 and 2020 are shown below (amounts in thousands):

		Impact on Defined Benefit Obligation	
	Change in Assumptions	2021	2020
Discount rate	+100 bps	**(₱14,073)**	(₱12,335)
	-100 bps	**16,277**	14,346
Salary rate	+100 bps	**16,122**	14,026
	-100 bps	**(14,207)**	(12,314)

23. **Income Tax**

The components of provision for (benefit from) income tax as reported in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
RCIT (25% in 2021; 30% in 2020 and 2019)	**₱28,700,503**	₱–	₱28,333,100
MCIT (1% in 2021; 2% in 2020 and 2019)	–	11,629,665	–
Impact of CREATE Act on current income tax	**(2,907,407)**	–	–
Deferred income tax expense (benefit)	**5,371,040**	4,509,242	(14,469,008)
	₱31,164,136	₱16,138,907	₱13,864,092

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense (benefit) reported in the consolidated statements of comprehensive income is as follows:

	2021	2020	2019
Income tax expense at statutory tax rate	**₱30,151,438**	₱7,628,103	₱42,954,040
Change in unrecognized deferred tax assets	**(3,700,188)**	6,146,121	(14,977,843)
Tax effects of:			
Nondeductible expenses	**3,966,426**	4,310,507	35,410,668
Depreciation on investment properties at cost	**(5,145,889)**	(1,885,133)	–
Adjustment on CREATE Act for 2020 recognized in 2021	**5,928,920**	–	–
Income already subjected to final tax	**(36,572)**	(60,691)	(65,596)
Nontaxable income	**–**	–	(49,966,013)
Reversal of deferred tax asset	**–**	–	508,836
	₱31,164,136	₱16,138,907	₱13,864,092

The components of the recognized net deferred tax assets and liabilities as at December 31 are as follows:

	2021	2020
Deferred tax assets:		
Allowance for impairment loss on:		
Trade and other receivables	**₱47,419,163**	₱86,420,270
Project development costs	**7,842,099**	9,410,519
Property, plant and equipment	**4,494,042**	5,392,850
Inventory	**224,079**	268,895
Retirement liability	**40,617,264**	39,075,932
Excess of lease liability over right-of-use asset	**770,909**	(2,775,761)
	101,367,556	137,792,705
Deferred tax liabilities:		
Revaluation reserve on property, plant and equipment	**(₱114,483,826)**	(₱139,149,616)
Changes in fair value of investment properties	**(50,952,993)**	(71,838,070)
Changes in fair value of biological assets	**(111,288)**	(9,451,797)
Gain on pre-termination of contract	–	(1,027,362)
	(165,548,107)	(221,466,845)
Net deferred tax liabilities	**(₱64,180,551)**	(₱83,674,140)

Details of MCIT, which can be claimed as deduction from future RCIT due within three years from the year the MCIT was incurred, is shown below.

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱6,146,121	₱–	(3,700,188)	₱–	2023
2020 CREATE impact	(2,445,933)	–	–	–	2023
2018	3,346,948	–	(3,346,948)	–	2021
2016	11,630,895	–	(11,630,895)	–	2019
	₱18,678,031	₱–	(₱18,678,031)	₱–	

The amount of MCIT and other deductible temporary differences as at December 31 which the related deferred tax assets have not been recognized are shown below.

	2021		2020	
	Amount	**Tax Effect**	Amount	Tax Effect
Allowance for ECL on:				
Receivable from insurance	**₱71,460,773**	**₱17,865,193**	₱71,460,773	₱21,438,232
Trade and other receivables	**23,631,013**	**5,907,753**	19,704,509	5,911,353
Retirement liability	**3,992,203**	**998,051**	3,992,203	1,197,661
MCIT	**–**	**–**	6,146,121	6,146,121
	₱99,083,989	**₱24,770,997**	₱101,303,606	₱34,693,367

24. **Related Party Transactions**

The Company engages, in the normal course of business, in various transactions with its related parties which include stockholders, entities under common control, key management and others, as described below. Unless otherwise indicated, settlement of related party transactions is made thru cash.

<u>Payable to a Stockholder</u>
Settlement of Restructured Debt. Payable to a stockholder resulted mainly from the acquisition by Kormasinc of the Company's restructured debt from creditors. Of the restructured debt of ₱3.2 billion acquired by Kormasinc (including interest of ₱200.0 million), ₱2.4 billion was converted to equity in 2013.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share. Consequently, Kormasinc's ownership interest increased from 69.2% to 71.90% (see Notes 1 and 25).

Due to and from related parties

Trade Receivables. The Company sells animal feeds, raw materials, feed supplements and dressed chicken to related parties, which are due within 90 days and are noninterest bearing (see Note 7).

Advances to and from Related Parties. The Company grants unsecured advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Trade Payable. The Company buys raw materials, hogs, and breeder flocks from related parties. These are noninterest-bearing and are generally on a 90-day credit term (see Note 14).

Operating leases - the Company as lessor. The Company is a lessor to related party leases covering the lease of a dressing plant, ice plant and rendering plant in Bulacan (i.e., dressing and rendering), which has a remaining lease term of around 3 years.

Summarized below are the outstanding accounts arising from these transactions (see Notes 7, 14 and 20):

		2021		2020	
Related Parties	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Trade and other receivables					
Entities under common control	Sales	**₱1,426,066,299**		₱1,072,194,796	
	Collections	**(1,358,918,127)**	**₱262,799,719**	(1,105,153,625)	₱195,651,548
Trade and other payables					
Entities under common control	Purchases	**₱1,744,904,273**		₱1,429,424,720	
	Payments	**(1,697,114,977)**	**₱89,707,830**	(1,481,354,755)	₱41,918,534
Operating lease					
Entities under common control	Rental income	**₱11,096,404**		₱11,895,676	
	Collection	**(5,835,411)**	**5,260,993**	(11,895,676)	₱–

The Company also availed of interest-bearing advances from a shareholder which are payable within a year. On September 28, 2020 to November 27, 2020, the Company was granted a series of advances (term: 90 day; interest rate: 3% per annum) amounting to ₱89.9 million from one of the Company's stockholders.

		2021		2020	
Related Party	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Stockholder	Advances for working capital	**₱–**		₱89,905,000	
	Interest	–	–	407,532	₱76,633,329

Advances to Officers

The Company grants unsecured, noninterest-bearing advances to its officers which are normally collected within one year through salary deduction (see Note 7). Certain officers also pay operating expenses on behalf of the Company which are payable upon demand (see Note 14). Shown below are the movements in the accounts.

		2021		2020	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers	Net transactions	**₱473,848**	**₱12,474,296**	(₱137,572)	₱12,000,448

Compensation of Key Management Personnel

The compensation includes the following:

	2021	2020	2019
Short-term employee benefits	**₱43,561,950**	₱41,524,264	₱38,616,323
Retirement benefits	**5,872,830**	2,984,183	3,909,370
Others	**2,784,789**	2,303,769	2,201,141
	₱52,219,569	₱46,812,216	₱44,726,834

25. **Equity**

Capital Stock

As of December 31, 2021, the Company has authorized capital stock of 3.5 billion shares at ₱0.38 par value equivalent to ₱1.3 billion. Details of authorized and issued and outstanding shares are as follows:

	2021	2020
Authorized	**3,500,000,000**	3,500,000,000
Issued and outstanding	**3,054,334,014**	3,054,334,014

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

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

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share. Consequently, Kormasinc's ownership interest increased from 69.2% to 71.90% (see Notes 1 and 25).

The following summarizes the information on the Company's issued and outstanding shares as at December 31, 2021 and 2020:

	2021		2020	
	Number of shares issued and outstanding	**Percentage of shares**	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%
Listed shares:				
Owned by related parties	**2,186,198,604**	**71.58%**	2,178,892,604	71.34%
Owned by public	**787,146,032**	**25.77%**	799,289,412	26.17%
Owned by directors and officers	**80,989,378**	**2.65%**	76,151,998	2.49%
Total	**3,054,334,014**	**100.00%**	3,054,334,014	100.00%

Of the total shares owned by the public, 120 million and 121.7 million shares are foreign-owned as at December 31, 2021 and 2020.

The total number of shareholders of the Company is 4,126 and 4,131 as at December 31, 2021 and 2020.

Other Comprehensive Income

The components and movements of other comprehensive income not to be reclassified to profit or loss are presented below:

	Revaluation Reserve (Note 11)	Accumulated Actuarial Loss (Note 22)	Total
Balance as at January 1, 2021	**₱324,682,440**	**(₱5,734,207)**	**₱318,948,233**
Actuarial loss, net of tax	**–**	**(17,348,399)**	**(17,348,399)**
Impact of change in tax rate	**23,191,604**	**(409,586)**	**22,782,016**
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	**(4,422,566)**	**–**	**(4,422,566)**
Balance as at December 31, 2021	**₱343,451,478**	**(₱23,492,192)**	**₱319,959,284**
Balance as at January 1, 2020	₱313,024,168	₱14,146,428	₱327,170,596
Revaluation increase on property, plant and equipment, net of deferred income tax	15,421,851	–	15,421,851
Transfer to retained earnings of revaluation reserve realized through depreciation, net of tax	(3,763,579)	–	(3,763,579)
Actuarial loss, net of tax	–	(19,880,635)	(19,880,635)
Balance as at December 31, 2020	₱324,682,440	(₱5,734,207)	₱318,948,233

As of December 31, 2021, there are no available amounts for dividend declaration based on Parent Company balances.

Prior Period Adjustments

The Company has receivables that are carried at amortized cost. In 2021, the Company conducted a detailed review of these receivables and has discovered that certain receivables were already credit-impaired as at January 1, 2019 but no provision for ECL has been recognized and for certain receivables, the probability-weighted outcome was not considered in recognizing the ECL as at January 1, 2019.

The effects of the prior period adjustments on the Company's financial statements are as follows:

	December 31, 2020	January 1, 2020
Statements of financial position	(in millions)	
Decrease in:		
Trade and other receivables:		
Trade		
Third parties	₱35.1	₱35.1
Nontrade receivables	54.7	54.7
	89.8	89.8
Increase in:		
Allowance for impairment losses - trade and other receivables	23.6	23.6
	113.4	113.4
Increase in:		
Allowance for impairment losses - receivable from insurance	31.7	31.7
Decrease in:		
Total assets	145.1	145.1
Impact on equity - retained earnings	145.1	145.1

	December 31, 2020	December 31, 2019	January 1, 2019
Statements of changes in equity		(In millions)	
Decrease in:			
Retained earnings	₱145.1	₱145.1	₱145.1

Based on the detailed review performed by the Company in 2021, the following prior period adjustments have been made:

- Additional provision for ECL amounting to ₱23.6 million related to credit-impaired trade and other receivables and write off of trade and other receivables amounting to ₱89.8 million; and
- Additional provision for ECL on receivable from insurance amounting to ₱31.7 million.

The prior period adjustments have no impact on the Company's statements of comprehensive income, statements of cash flows and basic and diluted earnings per share in 2020 and 2019.

26. Earnings Per Share

Basic and diluted earnings per share were computed as follows:

	2021	2020	2019
Net income for the period	**₱89,441,614**	₱9,288,476	₱128,823,029
Divided by the weighted average number of outstanding shares	**3,054,334,014**	3,054,334,014	3,054,334,014
Earnings per share - basic and diluted	**₱0.029**	₱0.003	₱0.042

Diluted earnings per share is equal to the basic earnings per share because the Company does not have potential dilutive shares.

27. Significant Agreements

Company as Lessor
The Company is a party under cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering), which have remaining lease terms of between two to three years. All leases include a clause to enable upward revision of rental charges on an annual basis based on prevailing market conditions.

Total rent income from these operating leases amounted to ₱11.1 million, ₱11.9 million and ₱11.2 million in 2021, 2020 and 2019, respectively, and are shown as part of "Other operating income" account in the consolidated statements of comprehensive income (see Note 20).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2021	2020
Within one year	**₱6,298,929**	₱9,806,597
After one year but not more than five years	**1,127,321**	14,644,000
	₱7,426,250	₱24,450,597

Company as Lessee - Short-term or lease of Low-value Assets
The Company leases its warehouses under operating lease agreements. The terms of the lease contracts are not exceeding one year and renewable upon mutual agreement by the parties. Security deposits amounted to ₱15.5 million and ₱9.7 million as at December 31, 2021 and 2020, respectively. Rent expense amounted to ₱8.5 million, ₱21.1 million and ₱21.6 million in 2021, 2020 and 2019, respectively (see Note 19).

Company as Lessee - Finance lease agreement
The Company entered into finance lease arrangements for the acquisition of Company vehicles. The arrangements bear annual interest rate ranging from 2% to 4% and are payable in 60 equal monthly installments.

As at December 31, the details of the finance lease liabilities follow:

	2021	2020
Current	**₱14,482,439**	₱15,557,762
Noncurrent	**23,316,602**	12,933,963
	₱37,799,041	₱28,491,725

Lease Liabilities
The following are the amounts recognized in the consolidated statements of comprehensive income:

	2021	2020	2019
Depreciation expense of right-of-use assets	**₱17,079,097**	₱79,038,348	₱64,379,210
Interest expense on lease liabilities	**2,385,774**	11,098,247	7,854,616
Expenses relating to short-term leases (see Note 19)	**8,526,711**	21,106,429	21,626,674
Total amount recognized in the consolidated statement of comprehensive income	**₱27,991,582**	₱111,243,024	₱93,860,500

The rollforward analysis of lease liabilities follows:

	2021	2020
As at January 1	**₱35,637,457**	₱193,935,562
Additions	**23,208,300**	–
Interest expense	**2,385,774**	11,098,247
Payments	**(19,226,261)**	(90,937,541)
Pre-termination of lease contract	–	(78,458,811)
As at December 31	**₱42,005,270**	₱35,637,457

As at December 31, 2021 and 2020, the details of the lease liabilities follow:

	2021	2020
Current	**₱17,808,894**	₱18,497,266
Noncurrent	**24,196,376**	17,140,191
	₱42,005,270	₱35,637,457

Future minimum lease payments under these lease agreements as of December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	**₱17,808,894**	₱18,908,405
More than one year but not more than five years	**24,196,376**	17,342,279
	₱42,005,270	₱36,250,684

Tolling Agreements
The Company has entered into various toll arrangements, mainly for the manufacture of feeds, hatching of eggs and dressing of poultry livestock. The Company's payment is fixed per unit of output.

Total payments for this type of arrangements amounted to ₱712.2 million and ₱423.3 million in 2021 and 2020, respectively, and is recorded as part of "Cost of goods sold" account under "Outside services" in the consolidated statements of comprehensive income.

Usufruct Agreement
In 2018, the Company entered into a usufruct agreement with Barbatos Ventures, Corporation (BVC) authorizing the latter to the right of usufruct over the Parent Company's Davao dressing plant for a period of five (5) years beginning January 2018 in consideration for the capital investment by BVC for the additional dressing line and improvements amounting to approximately ₱68.0 million.

In 2019, the dressing plant ceased operations by virtue of a closure order by the local government unit of Davao City, and to avoid any conflict, both parties agreed to terminate the memorandum of agreement. Considering the abrupt termination, the Company agreed to pay BVC the amount of ₱11.6 million in 2020 for final and full settlement of all claims and obligations.

28. Note to Consolidated Statements of Cash Flows

The changes in the Company's liabilities arising from financing activities are as follows:

	January 1, 2021	Proceeds/ Additions	Payments	Interest expense	December 31, 2021
Loans payable	**₱279,963,857**	**₱540,681,912**	**(₱315,594,041)**	**–**	**₱505,051,728**
Accrued interest payable	**1,451,680**	**–**	**(23,051,290)**	**26,254,939**	**4,655,329**
Lease liabilities	**35,637,457**	**23,208,300**	**(16,840,487)**	**–**	**42,005,270**
Total liabilities from financing activities	**₱317,052,994**	**₱563,890,212**	**(₱355,485,818)**	**₱26,254,939**	**₱551,712,327**

	January 1, 2020	Proceeds/ Additions	Payments	Interest expense	Pre-termination of lease contract	December 31, 2020
Loans payable	₱532,335,177	₱457,507,642	(₱709,878,962)	₱–	₱–	₱279,963,857
Accrued interest payable	2,325,176	–	(35,328,078)	34,454,582	–	1,451,680
Lease liabilities	193,935,562	–	(79,839,294)	–	(78,458,811)	35,637,457
Total liabilities from financing activities	₱728,595,915	₱457,507,642	(₱825,046,334)	₱34,454,582	(₱78,458,811)	₱317,052,994

The Company's additions to lease liabilities and right-of use assets amounted to ₱23.2 million and ₱198.3 million for the years ended December 31, 2021 and 2020, respectively.

29. Contingencies

There are outstanding warranty and legal claims against the Company. The Company and its legal counsel believe that the other pending claims will be settled favorably and will not result to a material loss or impairment, if any.

30. Fair Value Information

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below:

	2021		2020	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets at Amortized Cost				
Cash in banks	**₱227,528,282**	**₱227,528,282**	₱174,925,147	₱174,925,147
Trade and other receivables*	**889,916,357**	**889,916,357**	803,329,407	803,329,407
Security deposits	**15,459,460**	**15,459,460**	9,729,018	9,729,018
Receivable from insurance	**70,203,810**	**70,203,810**	70,203,810	70,203,810
	₱1,203,107,909	**₱1,203,107,909**	₱1,058,187,382	₱1,058,187,382
Financial Liabilities at Amortized Cost				
Trade and other payables**	**₱1,676,501,891**	**₱1,676,501,891**	₱1,609,271,258	₱1,609,271,258
Loans payable	**505,051,728**	**512,144,709**	279,963,857	279,963,857
Cash bond deposits	**48,052,089**	**48,052,089**	40,097,279	40,097,279
	₱2,229,605,708	**₱2,236,698,689**	₱1,929,332,394	₱1,929,332,394

**Excluding advances to officers and employees amounting to ₱12.5 million and ₱12.0 million as at December 31, 2021 and 2020, respectively*
***Excluding statutory liabilities amounting to ₱15.9 million and ₱19.8 million as at December 31,2021 and 2020, respectively*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Long-term Debt. The estimated fair value is based on the discounted value of the future cash flows using the prevailing interest rate. As at December 31, 2021, the discount rates used ranged from 3.8% to 4.2% while as at December 31, 2020, the fair value of long-term debt approximates its carrying value as they carry interest rates of comparable instruments in the market.

Cash Bond Deposits. Cash bond deposits are presented at nominal values because the timing of the refund or settlement of the deposits could not be reasonably estimated.

The carrying values of the following financial assets and financial liabilities approximate their values as at December 31, 2021 and 2020.

Cash in banks, trade and other receivables, security deposits, and trade and other payables.
As at December 31, 2021 and 2020, the carrying amounts of these financial instruments approximate their fair values due to the short-term nature of these accounts.

As at December 31, 2021 and 2020, the Company's financial assets, liabilities, biological assets, property, plant and equipment and investment properties are categorized under Level 3 in the fair value hierarchy. There has been no transfer from Level 3 to other levels in 2021 and 2020.

31. Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from its operating, financing and investing activities. The Company's overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Company's performance.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Company is exposed to, are described below and in the succeeding pages.

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

Interest Rate Risk
As at December 31, 2021 and 2020, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

Credit Risk
Credit risk arises because the counterparty may fail to perform its obligations. With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty.

Gross Maximum Exposure to Credit Risk
Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized below.

	2021	2020
Cash in banks	**₱227,528,282**	₱174,925,147
Trade and other receivables	**889,916,357**	803,329,407
Security deposits	**15,459,460**	9,729,018
Receivable from insurance	**70,203,810**	70,203,810
	₱1,203,107,909	₱1,058,187,382

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. When available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company deals with a number of customers. The trade and other receivables are actively monitored and assessed, and when necessary an adequate level of provision is maintained. In addition, to minimize credit risk, the Company requires collateral, generally land and real estate, from its customers.

The Company's management considers that trade and other receivables that are not impaired nor past due for each reporting periods are of good credit quality.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on the Company's credit rating system as at December 31, 2021 and 2020:

	2021				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱227,528,282**	**₱–**	**₱–**	**₱–**	**₱227,528,282**
Trade and other receivables	**263,856,707**	**–**	**23,631,013**	**828,210,599**	**1,115,698,319**
Security deposits	**15,459,460**	**–**	**–**	**–**	**15,459,460**
Receivable from insurance	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱506,844,449	**₱141,664,583**	**₱23,631,013**	**₱828,210,599**	**₱1,500,350,644**

	2020				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱174,925,147**	**₱–**	**₱–**	**₱–**	**₱174,925,147**
Trade and other receivables	**195,295,105**	**–**	**23,631,013**	**904,175,811**	**1,123,101,929**
Security deposits	**9,729,018**	**–**	**–**	**–**	**9,729,018**
Receivable from insurance	**–**	**141,664,583**	**–**	**–**	**141,664,583**
	₱379,949,270	**₱141,664,583**	**₱23,631,013**	**₱904,175,811**	**₱1,449,420,677**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	2021								
	Days Past Due								
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**More than 120 days**	**Total**	**Accounts with full provision**	**Total**
Expected credit loss rate	**0.00%**	**0.01%**	**0.04%**	**0.07%**	**0.10%**	**5.43%**			
Estimated total gross carrying amount at default	**₱489.7**	**₱99.6**	**₱18.2**	**₱13.3**	**₱14.6**	**₱23.1**	**₱658.5**	**₱169.7**	**₱828.2**
Expected credit loss	**₱0.0**	**₱0.0**	**₱0.0**	**₱0.00**	**₱0.2**	**₱1.3**	**₱1.7**	**₱169.7**	**₱171.4**

	2020								
	Days Past Due								
	Current	<30 days	30-60 days	61-90 days	91-120 days	More than 120 days	Total	Accounts with full provision	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	2.93%			
Estimated total gross carrying amount at default	₱620.4	₱114.0	₱12.2	₱6.6	₱2.3	₱7.4	₱762.9	₱160.6	₱904.3
Expected credit loss	₱0.01	₱0.01	₱0.00	₱0.00	₱0.00	₱0.4	₱0.4	₱160.6	₱161

Cash Deposits
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's BOD on an annual basis and may be updated throughout

the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity Risk
The Company manages its liquidity profile to be able to service debt as this falls due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

As at December 31, 2021 the Company's financial liabilities have contractual maturities which are presented below:

	Current		**Noncurrent**	
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**Later than 5 Years**
Trade and other payables*	**₱1,676,501,891**	**₱–**	**₱–**	**₱–**
Loans payable	**394,343,543**	**12,410,715**	**98,297,470**	**–**
Lease liabilities	**8,904,447**	**8,904,447**	**24,196,376**	**–**
Cash bond deposits	**–**	**–**	**48,052,089**	**–**
Future interest on long term debt	**3,774,947**	**3,425,303**	**13,221,623**	**–**
	₱2,083,524,828	**₱24,740,465**	**₱183,767,558**	**₱–**

**Excluding statutory liabilities amounting to ₱15.9 million as at December 31, 2021*

As at December 31, 2020 the Company's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Trade and other payables*	₱1,609,271,258	₱–	₱–	₱–
Loans payable	144,434,244	12,410,714	98,297,470	24,821,429
Lease liabilities	9,248,633	9,248,633	17,342,279	–
Cash bond deposits	–	–	40,097,279	–
Future interest on long term debt	5,799,413	5,357,690	25,575,391	–
	₱1,768,753,548	₱27,017,037	₱181,312,419	₱24,821,429

**Excluding statutory liabilities amounting to ₱19.8 million as at December 31, 2020*

Price Risk
The Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk.

32. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and significantly improve its operations.

On December 22, 2017, the SEC approved the Company's debt to equity conversion improving debt to equity ratio from 2.29 in 2016 to 1.26 in 2017. Moreover, the Company's stockholders approved a quasi-reorganization plan to eliminate Company deficit and generate retained earnings to provide returns to its stockholders and maximize shareholder value.

The Company's liabilities and equity are shown below:

	2021	2020 (Note 25)
Total liabilities	**₱2,518,198,384**	₱2,200,737,854
Total equity	**1,617,098,790**	1,522,223,559

33. Subsequent Event

In January 2022, the Parent Company consolidated 100% ownership of BVC. On January 11, 2022, it entered into a subscription agreement with BVC to acquire 43,242 shares of the latter's capital stock. On January 31, 2022, it acquired the remaining 25 million shares of stock held by other stockholders. Corresponding shares of stock were duly issued on the said dates after payment of the corresponding documentary stamp taxes. The Parent Company has assessed that it has control over BVC on the date of acquisition. As at April 12, 2022, the initial accounting for the business combination is still incomplete since the Parent Company is still in the process of quantifying the added value, synergy and efficiency that will reflect the fair value of the assets acquired and liabilities assumed in the business combination.

VITARICH CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

		Amount
Retained earnings as at beginning of year		₱35,835,133
Adjustments in previous year's reconciliation		
Deferred tax assets as of January 1, 2021		(137,792,705)
Cumulative gain on fair value changes of investment properties		(374,448,248)
Cumulative gain on fair value changes of biological assets		(23,299,373)
Deficit, as adjusted, at beginning of year		(499,705,193)
Add net income actually earned/realized during the year		
Net income during the year closed to retained earnings	₱94,758,038	
Realized fair value changes on biological assets	22,854,222	
Gain on fair value changes of investment properties	(1,268,133)	
Movement in deferred tax assets	36,425,149	152,769,276
Deficit as adjusted at end of the year		(₱346,935,917)

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Erwin A. Paigma

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 944-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118576-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2021, November 10, 2021, valid until November 9, 2024
PTR No. 8854346, January 3, 2022, Makati City

April 12, 2022

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation and Subsidiaries (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Erwin A. Paigma

Erwin A. Paigma
Partner
CPA Certificate No. 0118576
Tax Identification No. 944-093-568
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118576-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2021, November 10, 2021, valid until November 9, 2024
PTR No. 8854346, January 3, 2022, Makati City

April 12, 2022

VITARICH CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

VITARICH CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT DECEMBER 31, 2021

Below is a schedule showing financial soundness indicators for the period ended:

RATIO	FORMULA	Audited December 2021	Audited December 2020
Current Ratio			
	Current assets	**2,099,625,088**	1,736,319,164
	Divided by current liabilities	**2,117,010,638**	1,804,501,416
	Current ratio	**0.99**	0.96
Debt–to–equity Ratio			
	Total liabilities	**2,518,198,384**	2,200,737,854
	Divided by total equity	**1,617,098,790**	1,522,223,559
	Debt-to-equity ratio	**1.56**	1.45
Asset–to–equity Ratio			
	Total assets	**4,135,297,174**	3,722,961,413
	Divided by total equity	**1,617,098,790**	1,522,223,559
	Asset-to-equity ratio	**2.56**	2.45
Solvency Ratio			
	Net income before depreciation and amortization	**195,448,235**	171,899,262
	Divided by total liabilities	**2,518,198,384**	2,200,737,854
	Solvency ratio	**0.08**	0.08
Interest rate coverage Ratio			
	Pretax income before interest	**143,657,040**	59,881,965
	Divided by interest expense	**23,051,290**	34,454,582
	Interest rate coverage ratio	**6.23**	1.74
Profitability Ratio			
	Net income	**89,441,614**	9,288,476
	Divided by total equity	**1,617,098,790**	1,522,223,559
	Profitability ratio	**6%**	1%

RATIO	FORMULA	Audited December 2021	Audited December 2020
Gross Profit Margin			
	Gross Profit	**856,354,163**	571,799,551
	Divided by Net Sales Revenue	**9,649,161,808**	7,682,430,958
	Gross Profit Margin	**9%**	7%
Net Profit Margin			
	Net Income	**89,441,614**	9,288,476
	Divided by Net Sales Revenue	**9,649,161,808**	7,682,430,958
	Net Profit Margin	**1.0%**	0.1%
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)			
	Net Income	**89,441,614**	9,288,476
	Add: Interest Expense	**23,051,290**	34,454,582
	Add: Taxes	**31,164,136**	16,138,907
	Add: Depreciation & amortization	**106,006,621**	162,610,786
	EBITDA	**249,663,661**	222,492,751
EBITDA Margin			
	EBITDA	**249,663,661**	222,492,751
	Net Sales Revenue	**9,649,161,808**	7,682,430,958
	EBITDA Margin	**3%**	3%
Price Earnings Ratio (Last twelve months)			
	Market Value per share	**0.74**	0.91
	Divided by Earnings per share	**0.03**	0.003
	Price earnings ratio	**24.67**	303.33
Return on Average Equity (Last twelve months)			
	Net income	**89,441,614**	9,288,476
	Divided by average total equity	**1,569,661,175**	1,664,886,662
	Return on Average Equity	**0.06**	0.01

RATIO	FORMULA	Unaudited December 2021	Audited December 2020
Quick Ratio			
	Quick assets	**1,132,406,572**	992,634,622
	Divided by current liabilities	**2,117,010,638**	1,804,501,416
	Quick ratio	**0.53**	0.55
Debt to EBITDA			
	Total liabilities	**2,518,198,384**	2,200,737,854
	Divided by EBITDA	**249,663,661**	222,492,751
	Debt-to-EBITDA	**10.09**	9.89
Receivable Days Turnover			
	Average accounts receivable	**866,290,923**	1,018,796,163
	Multiply by Number of Days	**365**	365
	Divided by Net sales	**9,649,161,808**	7,682,430,958
	Receivable Days Turnover	**33**	48
Inventory Days Turnover			
	Average inventory	**589,207,286**	534,833,277
	Multiply by Number of Days	**365**	365
	Divided by Cost of goods sold	**8,769,953,425**	7,125,724,162
	Inventory Days Turnover	**25**	27
Accounts Payable Days			
	Average accounts payable	**1,252,337,044**	1,236,483,700
	Multiply by Number of Days	**365**	365
	Divided by Credit Purchases	**8,937,427,873**	7,061,914,617
	Accounts Payable Days	**51**	64
Cash Conversion Cycle			
	Days inventory outstanding	**25**	27
	Add: Days sales outstanding	**33**	48
	Less: Days payable outstanding	**51**	64
	Cash Conversion Cycle	**7**	11

VITARICH CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68

Audited

December 31, 2021

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VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021
(In Thousands)

			Deductions		Ending Balance		
Name and Designation of Debtor	Balance at beginning of Year	Additions	Collected	Written Off	Current	Noncurrent	Balance as at December 31, 2021
Advances to Officers and Employees:							
Rey D. Ortega, Senior Vice-President and General Manager	175	88	134	–	129	–	129
Peter Andrew Dompor, Sales Manager	184	–	154	–	30	–	30
Adriano Barrameda, Sales Manager	136	17	53	–	99	–	99
Oliver Lupiba, Sales Manager	398	16	16	–	398	–	398
Cruz, Aaron, Sales Manager	201	–	42		42		158
Others*	10,907	10,338	9,587	–	11,776	–	11,776
	₱12,001	₱10,459	₱9,986	₱–	₱12,474	₱–	₱12,474

*Represent advances to officers and employees with balances less than ₱100,000.

Note: All of the above receivables are current.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021
(In Thousands)

			Deductions			Ending Balance		
Related Party	Balance at beginning of year	Additions	Collections	Write Off	Amounts written off	Current	Noncurrent	Balance as at December 31, 2021
Amounts Due from Related Parties								
Gromax, Inc.	₱41,598	₱–	₱–	₱–	₱–	₱41,598	₱–	₱41,598

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS – OTHER ASSETS
DECEMBER 31, 2021
(In Thousands)

Description	Begining balance	Additions	Charged to cost and expense	Charged to other accounts	Other changes additions (deductions)	Balance at end of year
Computer software	₱6,349	₱16,990	₱23,683	₱–	₱–	₱19,661

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
DECEMBER 31, 2021
(In Thousands)

Title of the Issuer	Agent/Lender	Outstanding Balance	Current Portion	Noncurrent Portion	Interest Rate	Number of Periodic Installments	Interest Payment	Final Maturity
Fixed	Chinabank Savings	₱62,053	₱12,905	₱49,148	6.25%	28 quarterly payments	Monthly	October 30, 2026
Fixed	Chinabank Savings	62,054	12,905	49,149	6.25%	28 quarterly payments	Monthly	November 30, 2026
		₱124,107	₱25,810	₱98,297				

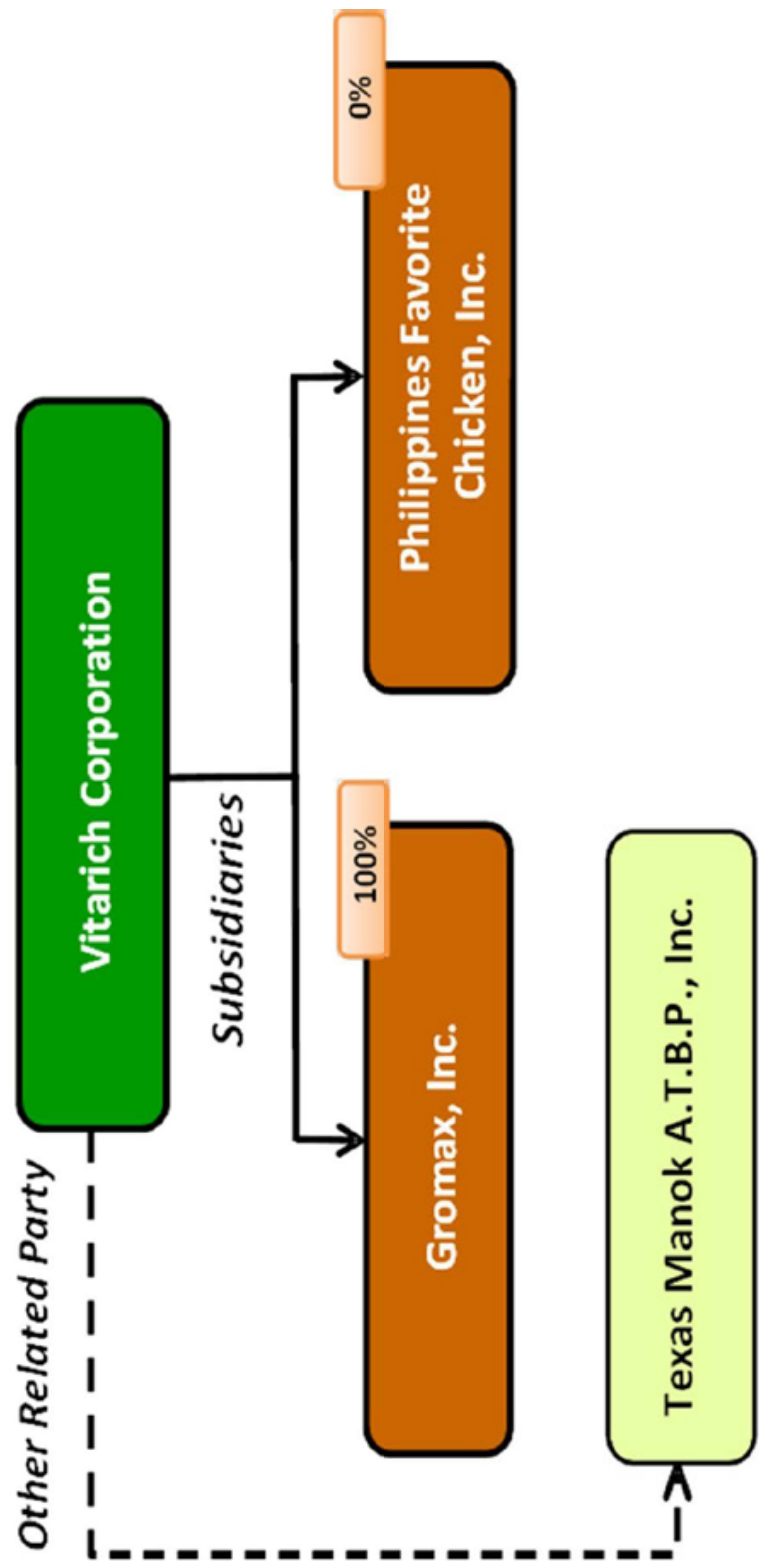
VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
December 31, 2021
(In Thousands)

			Deductions			Ending Balance		
Related Parties	Balance at beginning of year	Additions	Collections (Payments)	Discounting	Write Off	Current	Noncurrent	Balance as at December 31, 2021
Trade and other receivables								
Entities under common control	₱195,652	₱1,426,066	(₱1,358,918)	₱–	₱–	₱–	₱–	₱262,799
Trade and other payables								
Entities under common control	₱	₱1,744,904	(₱1,697,114)	₱–	₱–	₱–	₱–	₱89,708
Stockholders	₱76,633	₱–	₱76,633	₱–	₱–	₱–	₱–	₱–

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCKHOLDER
December 31, 2021
(In Thousands)

				Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Related parties	Directors, officers and employees	Public
Common stock – ₱0.38 par value per share						
Authorized - 3,500,000,000 shares	3,500,000	3,054,334	–	2,186,199	80,989	787,146

VITARICH CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP
December 31, 2021



Corporate Information & Directory

STOCK EXCHANGE LISTING

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

REGISTERED OFFICES

BULACAN
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Marilao, Bulacan 3019
Phone: (02) 8843-3033

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

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

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

CEBU
Jabbe Properties, Warehouse 10,
Marciano Quizon St.,
Brgy. Alang-Alang, Mandaue City
Phone: (032) 238-5978

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

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

GENERAL SANTOS
Block 14 Lot 1 DARBCI Homes Subd. Apopong,
General Santos City, South Cotabato

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