CR07638-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Sep 30, 2023
2. SEC Identification Number
   0000086335
3. BIR Tax Identification No.
   000-417-352-000
4. Exact name of issuer as specified in its charter
   Monde Nissin Corporation
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna
   Postal Code
   4026
8. Issuer's telephone number, including area code
   +63277597595
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	17,968,611,496

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (•) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    The common shares are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

(•) Yes ( ) No

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

(•) Yes ( ) No

Monde Nissin

Monde Nissin Corporation
MONDE

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2023
Currency (indicate units, if applicable)	PHP'000

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2023	Dec 31, 2022
Current Assets	33,464,812	32,332,816
Total Assets	83,545,814	81,292,373
Current Liabilities	14,560,543	14,751,601
Total Liabilities	25,524,010	29,021,189
Retained Earnings/(Deficit)	14,115,109	1,171,783
Stockholders' Equity	58,021,804	52,271,184
Stockholders' Equity - Parent	57,869,433	52,128,686
Book Value per Share	3.22	2.9

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	20,453,299	17,681,805	59,645,897	54,854,068
Gross Expense	17,677,108	17,514,262	52,434,177	49,342,712

Non-Operating Income	299,182	1,693,547	776,514	2,197,297
Non-Operating Expense	152,159	86,168	469,321	297,850
Income/(Loss) Before Tax	2,923,214	1,774,922	7,518,913	7,410,803
Income Tax Expense	653,389	400,989	1,719,614	1,784,486
Net Income/(Loss) After Tax	2,269,825	1,373,933	5,799,299	5,626,317
Net Income Attributable to Parent Equity Holder	2,303,647	1,369,544	5,789,426	5,616,888
Earnings/(Loss) Per Share (Basic)	0.13	0.08	0.32	0.31
Earnings/(Loss) Per Share (Diluted)	0.13	0.08	0.32	0.31

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.72	0.36
Earnings/(Loss) Per Share (Diluted)	-72	0.36

Other Relevant Information

Please see attached Monde Nissin Corporation and Subsidiaries' SEC Form 17Q as of September 30, 2023. The aging analysis of trade and other receivables as at September 30, 2023 and December 31, 2022 are in Note 20 (page 24 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements) of the attached SEC Form 17-Q.

The book value per share is computed by dividing Stockholder's Equity-Parent over Issued Shares.

Filed on behalf by:

Name	Jon Edmarc Castillo
Designation	Chief Compliance Officer

SEC Number 0000086335
File Number_______

Monde Nissin Corporation
(Company's Full Name)

Felix Reyes St. Balibago 4026, City of Santa Rosa, Laguna
(Company's Address)

(632) 7759 7595
Telephone Number

September 30, 2023
(Quarter Ending)
(month & day)

Form 17-Q
Form Type

__________N/A__________
Designation (If applicable)

September 30, 2023
Period Date Ended

Issuer of Securities under SEC-MSRD No. 27, Series of 2021
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2023**

2. Commission Identification Number **0000086335**

3. BIR Tax Identification No. **000-417-352-000**

4. Exact name of issuer as specified in its charter: **Monde Nissin Corporation**

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

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

7. Address of issuer's principal office — Postal Code
   Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna — **4026**

8. Issuer's telephone number, including area code
   (632) 7759 7595

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**17,968,611,496**

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

    Yes [✓] No [ ]

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

    The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

has filed all reports required to be filed since it became listed on June 1, 2021 in accordance with Section 17 of the SRC, SRC Rule 17, Sections 11 of the RSA, RSA Rule 11(a)-1, and Sections 26 and 141 of the Corporation Code of the Philippines

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands, with Comparative Audited Figures as at December 31, 2022)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱12,953,519**	₱11,628,627
Trade and other receivables (Notes 6 and 18)	**7,134,932**	6,800,309
Inventories (Note 7)	**10,516,891**	10,878,570
Current financial assets (Notes 18 and 20)	**1,865,026**	1,756,101
Prepayments and other current assets (Note 8)	**994,444**	1,269,209
Total Current Assets	**33,464,812**	32,332,816
Noncurrent Assets		
Property, plant and equipment (Note 9)	**31,082,586**	30,863,507
Intangible assets (Note 10)	**14,836,586**	14,482,905
Investments in associates and joint ventures	**1,132,682**	1,104,453
Deferred tax assets - net (Note 19)	**789,088**	867,912
Financial assets at fair value through other comprehensive income (FVOCI) (Note 20)	**723,741**	–
Noncurrent receivables (Notes 18 and 20)	**500,000**	662,300
Other noncurrent assets (Note 11)	**1,016,319**	978,480
Total Noncurrent Assets	**50,081,002**	48,959,557
	₱83,545,814	₱81,292,373
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	**₱10,469,595**	₱11,322,600
Acceptances and trust receipts payable (Notes 7 and 20)	**1,912,086**	2,362,301
Current portion of loans payable (Note 13)	**1,177,376**	269,758
Income tax payable	**564,018**	209,831
Refund liabilities (Note 12)	**357,964**	200,440
Current portion of lease liabilities	**79,504**	386,671
Total Current Liabilities	**14,560,543**	14,751,601
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 19)	**4,059,619**	4,319,733
Loans payable (Note 13)	**3,665,047**	6,983,256
Lease liabilities	**2,612,928**	2,423,496
Pension liability	**588,717**	506,430
Other noncurrent liabilities	**37,156**	36,673
Total Noncurrent Liabilities	**10,963,467**	14,269,588
Total Liabilities	**25,524,010**	29,021,189
Equity		
Capital stock (Note 14)	**8,984,306**	8,984,306
Additional paid-in capital (APIC) (Note 14)	**39,361,947**	46,515,847
Retained earnings (Deficit) (Note 14):		
Appropriated	**211,452**	5,211,452
Unappropriated	**13,903,657**	(4,039,669)
Fair value reserve of financial assets at FVOCI	**(440,197)**	(235,130)
Remeasurement losses on pension liability	**(210,805)**	(210,805)
Equity reserve (Note 14)	**(622,335)**	(622,335)
Cumulative translation adjustments (Note 14)	**(3,318,592)**	(3,474,980)
Equity Attributable to Equity Holders of the Parent Company	**57,869,433**	52,128,686
Non-controlling Interests (Note 4)	**152,371**	142,498
Total Equity	**58,021,804**	52,271,184
	₱83,545,814	₱81,292,373

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Quarters Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
NET SALES (Note 15)	**₱20,453,299**	₱17,681,805	**₱59,645,897**	₱54,854,068
COST OF GOODS SOLD (Note 15)	**13,862,427**	13,010,762	**41,086,995**	37,412,201
GROSS PROFIT	**6,590,872**	4,671,043	**18,558,902**	17,441,867
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
General and administrative expenses (Note 16)	**1,822,082**	2,170,037	**5,921,886**	5,646,780
Selling and distribution expenses (Note 16)	**1,973,626**	2,153,231	**5,451,215**	6,068,371
Provision for (reversal of) impairment loss on property, plant and equipment (Note 9)	**18,973**	180,232	**(25,919)**	215,360
	3,814,681	4,503,500	**11,347,182**	11,930,511
	2,776,191	167,543	**7,211,720**	5,511,356
OTHER INCOME (EXPENSES)				
Foreign exchange gain - net (Note 4)	**181,634**	310,339	**298,993**	719,023
Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)	**7,613**	3,290	**65,015**	3,570
Share in net earnings from associates and joint ventures	**26,971**	8,629	**28,229**	17,868
Miscellaneous income - net (Note 17)	**(28,892)**	14,522	**100,651**	67,432
	187,326	336,780	**492,888**	807,893
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,963,517**	504,323	**7,704,608**	6,319,249
FINANCE INCOME (EXPENSES)				
Finance costs (Notes 13 and 17)	**(149,587)**	(86,168)	**(464,799)**	(297,850)
Finance income (Note 17)	**111,856**	49,729	**283,626**	82,366
Derivative gain (loss) (Note 20)	**(2,572)**	1,307,038	**(4,522)**	1,307,038
	(40,303)	1,270,599	**(185,695)**	1,091,554
INCOME BEFORE INCOME TAX	**2,923,214**	1,774,922	**7,518,913**	7,410,803
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**756,558**	693,090	**2,021,702**	2,029,368
Deferred	**(103,169)**	(292,101)	**(302,088)**	(244,882)
	653,389	400,989	**1,719,614**	1,784,486
NET INCOME	**₱2,269,825**	₱1,373,933	**₱5,799,299**	₱5,626,317
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱2,303,647**	₱1,369,544	**₱5,789,426**	₱5,616,888
Non-controlling interests	**4,222**	4,389	**9,873**	9,429
	₱2,307,869	₱1,373,933	**₱5,799,299**	₱5,626,317
Earnings per Share (EPS) (Note 14)				
Basic/diluted, income attributable to equity holders of the parent	**₱0.128**	₱0.076	**₱0.322**	₱0.313

(Forward)

	Nine Months Ended September 30	
	2023	2022
NET INCOME	**₱5,799,299**	₱5,626,317
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:		
Exchange gains (losses) on foreign currency translation (including effective portion of the net investment hedge) (Note 14)	**156,388**	(1,922,753)
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Loss on financial assets at FVOCI	**(205,067)**	–
	(48,679)	(1,922,753)
TOTAL COMPREHENSIVE INCOME	**₱5,750,620**	₱3,703,564
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱5,740,747**	₱3,694,135
Non-controlling interests	**9,873**	9,429
	₱5,750,620	₱3,703,564

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, For the nine months ended September 30, 2023 and 2022)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 14)	Additional Paid-in Capital	Retained Earnings (Deficit) (Note 14) Appropriated	Retained Earnings (Deficit) (Note 14) Unappropriated	Fair Value Reserve of Financial Assets at FVOCI	Remeasurement Losses on Pension Liability	Equity Reserve (Note 14)	Cumulative Translation Adjustments (Note 14)	Total	Non-controlling Interests (Note 4)	Total Equity
Balance as at January 1, 2023	₱8,984,306	₱46,515,847	₱5,211,452	(₱4,039,669)	(₱235,130)	(₱210,805)	(₱622,335)	(₱3,474,980)	₱52,128,686	₱142,498	₱52,271,184
Net income	–	–	–	5,789,426	–	–	–	–	5,789,426	9,873	5,799,299
Other comprehensive income (loss), net of tax	–	–	–	–	(205,067)	–	–	156,388	(48,679)	–	(48,679)
Total comprehensive income (loss)	–	–	–	5,789,426	(205,067)	–	–	156,388	5,740,747	9,873	5,750,620
Equity restructuring (Note 14)	–	(7,153,900)	–	7,153,900	–	–	–	–	–	–	–
Release of appropriation (Note 14)	–	–	(5,000,000)	5,000,000	–	–	–	–	–	–	–
Balance as at September 30, 2023	₱8,984,306	₱39,361,947	₱211,452	₱13,903,657	(₱440,197)	(₱210,805)	(₱622,335)	(₱3,318,592)	₱57,869,433	₱152,371	₱58,021,804
Balance as at January 1, 2022	₱8,984,306	₱46,515,847	₱4,095,257	₱12,612,644	(₱235,130)	(₱289,263)	(₱622,335)	(₱2,783,253)	₱68,278,073	₱137,507	₱68,415,580
Net income	–	–	–	5,616,888	–	–	–	–	5,616,888	9,429	5,626,317
Other comprehensive loss, net of tax	–	–	–	–	–	–	–	(1,922,753)	(1,922,753)	–	(1,922,753)
Total comprehensive income (loss)	–	–	–	5,616,888	–	–	–	(1,922,753)	3,694,135	9,429	3,703,564
Release of appropriation (Note 14)	–	–	(3,900,000)	3,900,000	–	–	–	–	–	–	–
Dividends	–	–	–	(2,515,606)	–	–	–	–	(2,515,606)	–	(2,515,606)
Balance as at September 30, 2022	₱8,984,306	₱46,515,847	₱195,257	₱19,613,926	(₱235,130)	(₱289,263)	(₱622,335)	(₱4,706,006)	₱69,456,602	₱146,936	₱69,603,538

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands, For the nine months ended September 30, 2023 and 2022)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱7,518,913**	₱7,410,803
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	**2,092,443**	2,519,744
Finance costs (Notes 13 and 17)	**464,799**	297,850
Finance income (Note 17)	**(283,626)**	(82,366)
Movement in pension liability	**83,689**	(48,242)
Market valuation gain on financial instruments at FVTPL	**(65,015)**	(3,570)
Unrealized foreign exchange loss – net	**(51,442)**	(84,165)
Share in net earnings from associates and joint venture	**(28,229)**	(17,868)
Provision for (reversal of) impairment loss on property, plant and equipment (Note 9)	**(25,919)**	215,360
Gain on lease modification	**(19,778)**	–
Derivative (gain) loss (Note 20)	**4,522**	(1,307,038)
Gain on sale of property, plant and equipment	**(2,524)**	(4,226)
Working capital adjustments:		
Decrease (increase) in:		
Trade and other receivables	**(402,524)**	7,343
Inventories	**361,679**	(1,725,640)
Prepayments and other current assets	**274,765**	507,840
Increase (decrease) in:		
Accounts payable and other current liabilities	**(922,922)**	(1,909,607)
Acceptance and trust receipts payable	**(447,994)**	(1,962,194)
Refund liabilities	**157,524**	76,527
Net cash generated from operations	**8,708,361**	3,890,551
Income tax paid	**(1,667,515)**	(1,622,341)
Interest received	**287,209**	72,281
Net cash flows from operating activities	**7,328,055**	2,340,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Current financial assets	**(3,698,364)**	(1,735,377)
Property, plant and equipment (Notes 9 and 21)	**(1,951,245)**	(3,339,708)
Financial assets at FVOCI (Note 20)	**(928,808)**	–
Intangible assets (Note 10)	**(55,404)**	(69,182)
Noncurrent receivables	**–**	(3,671)
Investment in associates and joint venture	**–**	(30,000)
Decrease (increase) in other noncurrent assets	**(15,967)**	220,548
Proceeds from:		
Termination of current financial assets	**3,838,739**	–
Sale of property, plant and equipment (Note 9)	**33,653**	17,839
Net cash used in investing activities	**(2,777,396)**	(4,939,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Payment of loans (Note 13)	**(3,540,811)**	(8,505,728)
Availment of loans (Note 13)	**900,346**	8,840,587
Interest	**(317,906)**	(74,163)
Principal portion of lease liabilities	**(275,109)**	(198,337)
Derivatives (Note 20)	**(4,522)**	920,506
Increase in other noncurrent liabilities	**483**	14,757
Net cash used in (from) financing activities	**(3,237,519)**	997,622
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,313,140**	(1,601,438)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**11,752**	96,438
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,628,627**	13,856,814
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱12,953,519**	₱12,351,814

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Earnings Per Share Value and Unless Otherwise Specified)

1. General Information

Monde Nissin Corporation (the Parent Company or MNC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 23, 1979 primarily to engage in manufacturing, processing, baking, packaging, servicing, repacking, assembling, importing, exporting, buying, selling, trading or otherwise dealing in all kinds of goods, wares and merchandises, which are or may become articles of commerce such as but not limited to noodles, candies, confectionaries, biscuits, cakes and other foods, drugs and cosmetics. In furtherance of said primary purpose, it is authorized to guarantee obligations of and act as surety for the loans and obligations of its subsidiaries and affiliates and/or to secure the same by mortgage, pledge of any assets of MNC as may be authorized by its Board of Directors (BOD), provided MNC does not operate as a lending or financing company. The Parent Company and its subsidiaries are collectively referred to as the "Group" (Note 4).

On March 1, 2021, at least a majority of the members of the BOD of the Parent Company and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company approved certain amendments to the Parent Company's Articles of Incorporation (AOI) including the following: (a) include "noodles" in the articles of commerce that the Parent Company may manufacture, process, service, package, re-package, import, export, buy, sell, trade, or otherwise deal in; (b) amend the term of corporate existence from 50 years to a "perpetual corporate term unless the SEC issues a certificate providing otherwise"; (c) increase the number of directors of the Parent Company from 7 to 9; and (d) authorized number of shares, as amended, shall be 20,400,000,000 common shares with a par value of ₱0.50 per share, from the par value of ₱1.00 per share. These amendments in the Parent Company's AOI was approved by the SEC on April 7, 2021.

On April 20, 2021 and April 21, 2021, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Parent Company for the listing of up to 17,968,611,496 common shares on the Main Board of the PSE.

On June 1, 2021, the Parent Company completed its initial public offering (IPO) and was listed in the PSE under the stock symbol "Monde". As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.

The Parent Company's registered office address is at Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna.

2. Basis of Preparation and Changes to Group's Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2022. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2022.

<u>Basis of Consolidation</u>
The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at September 30, 2023. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of amendments effective beginning January 1, 2023, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance.

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

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

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

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

3. Significant Accounting Judgments, Estimates and Assumptions

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

Net Realizable Values (NRV) of Inventories. The Group's estimates of the NRV are based on the most reliable evidence available at the time the estimates are made of the amounts the inventories are expected to be realized. These estimates take into consideration fluctuations of prices or costs directly relating to events occurring after reporting period to the extent that such events confirm conditions existing at reporting period. A new assessment is made at NRV at each reporting period. Information on the Group's inventories is disclosed in Note 7.

Impairment of Non-Financial Assets

- *Goodwill, Brand and Trademark.* The Group performed its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year December 31, 2022.

  As at September 30, 2023, management assessed that there have been no significant changes in the assets and liabilities making up the CGUs since December 31, 2022.

Recognition of Deferred Taxes. The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting periods over which the deductible temporary differences can be utilized. This forecast is based on the Group's past results and future expectations on revenues and expenses. Information on the Group's recognized deferred taxes is disclosed on Note 19.

Assessment of Impairment of Property, plant and equipment. The Group assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group consider important, which could trigger an impairment review include the following:

- Significant under-performance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry and economic trends.

a. For the nine months ended September 30, 2023, the Parent Company and MNUKL determined that the actual performance of certain property, plant and equipment below the estimated or planned outputs is an indicator of impairment. The Parent Company and MNUKL recognized additional impairment loss of ₱30.8 million and ₱67.4 million, respectively.

Management assessed that any scrap value (FVLCD) of these assets is not material.

b. In 2023, management reassessed the recoverable amount of Parent Company’s property plant and equipment as a result of significant favorable change in the market which increased the demand for Parent Company’s cake products.

   The Parent Company estimated the assets’ recoverable amount based on VIU calculation using cash flow projection from financial budgets approved by management covering a 10-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing:

   - *Compound annual growth rate (CAGR)* – the CAGR used was 5.2% based on volume demand.

   - *Discount rate* – the pre-tax discount rate, which is derived from Parent Company’s WACC, is 11% based weight of debt and equity for food industry.

   Based on the assumptions above, Parent Company reversed accumulated impairment loss amounting to ₱124.1 million in 2023 and nil in 2022.

There are no impairment indicators identified on other property, plant and equipment of the Group in 2023 and 2022. (Reversal of) provision for impairment loss on property, plant and equipment amounted to (₱25.9 million) and ₱215.4 million for the nine months ended September 30, 2023 and 2022, respectively. Information on the Group’s property, plant and equipment is disclosed in Note 9.

Estimation of Legal contingencies and Regulatory Assessments. As at September 30, 2023 and December 31, 2022, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group’s position and negotiating strategy.

The Group, in consultation with its external and internal legal and tax counsels, believes that its position on these assessments is consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management’s strategies relating to these proceedings. As at September 30, 2023 and December 31, 2022, management has assessed that the probable cash outflow to settle these assessments is not material.

As allowed by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, no further disclosures were provided as this might prejudice the Group’s position on this matter.

4. Subsidiaries, Significant Acquisitions and Disposals, and Segment Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, which are prepared for the same reporting period as at September 30, 2023 and December 31, 2022, are set out below:

			Percentage of Ownership			
		Country of	**2023**		2022	
Subsidiaries	Principal Activity	Incorporation	**Direct**	**Indirect**	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	**–**	100.00	–
MNUKL	Investment holding	United Kingdom	**–**	**100.00**	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	**–**	**100.00**	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	**–**	**100.00**	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States (US) of America	**–**	**100.00**	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom (UK)	**–**	**100.00**	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	**–**	**100.00**	–	100.00
MNNZ	Distribution of food related goods	New Zealand	**–**	**100.00**	–	100.00
MNHTL**	Investment company	Thailand	**–**	**6.50**	–	6.50
MIL	Manufacture of seasonings	Thailand	**–**	**100.00**	–	100.00
MNTH**	Manufacture and distribution of bread and cookies	Thailand	**–**	**56.43**	–	56.43
MNIIL	Investment company	British Virgin Islands	**100.00**	**–**	100.00	–
MNHTL**	Investment company	Thailand	**–**	**93.50**	–	93.50
MNTH**	Manufacture and distribution of bread and cookies	Thailand	**–**	**43.57**	–	43.57
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	**95.69**	**–**	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	**–**	90.91	–
SFC	Manufacture and process of bread	Philippines	**80.00**	**–**	80.00	**–**
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	**–**	**80.00**	**–**	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**100.00**	**–**	60.00	–

**Dormant*
***The Group effectively owns 100%*

a. Investment in MNSPL

In 2023, MNC’s BOD approved to subscribe additional ordinary shares of MNSPL payable in several tranches.

Approval date	Payment date	No. of shares	Amount in GBP	Amount in PHP
		(In Thousands, Except No. of shares)		
May 10, 2023	May 15, 2023	23,000,000	£23,000	₱1,606,083
May 10, 2023	June 23, 2023	2,000,000	2,000	141,992
May 10, 2023	July 11, 2023	7,500,000	7,500	535,344
May 10, 2023	July 19, 2023	7,500,000	7,500	534,219
August 9, 2023	August 21, 2023	3,956,735	3,957	286,070
August 9, 2023	August 22, 2023	7,227,500	7,227	518,365
August 9, 2023	September 1, 2023	4,815,765	4,816	345,483
September 22, 2023	In one or several tranches, on or before April 30, 2024	4,000,000	4,000	277,030

b. Investment in MNUKL

In 2023, MNSPL's BOD approved to subscribe additional ordinary shares of MNUK payable in several tranches.

Approval date	Payment date	No. of shares	Amount in GBP
May 10, 2023	May 15, 2023	23,000,000	£23,000
May 10, 2023	July 25, 2023	17,000,000	17,000
August 9, 2023	September 6, 2023	16,000,000	16,000
September 22, 2023	In one or several tranches, on or before April 30, 2024	4,000,000	4,000

Segment Information

For management purposes, the Group is organized into business units based on its products and has 2 reportable segments, as follows:

- Asia-Pacific Branded Food & Beverage (APAC BFB) manufactures and distributes a diverse mix of biscuits, bakery products, beverages, instant noodles and pasta.
- Meat Alternative manufactures and distributes a variety of meat alternative brands and products to the retail trade and food service customers in the UK, US, Europe (EU) and Asia-Pacific.

In the consumer goods industry, results of operations generally follow seasonality of consumer buying patterns and the Group's sales are affected accordingly. In the Philippines, most food and beverage products, including those of the Group, experience increased sales from October to December related to the Christmas and New Year's season. Seasonality during certain events also affect the Group's sales (e.g. calamities, COVID-19 pandemic, etc.). In addition, seasonality varies across product types as some of the Group's products have distinct seasonality. The Group believes that diversity of its product mix reduces the specific seasonality impact of certain products in its portfolio and concluded that this is not "highly seasonal" in accordance with PAS 34.

No operating segments have been aggregated to form the above reportable operating segments.

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

The following tables present the financial information of each of the operating segments in accordance with PFRSs. Inter-segment revenues, and finance income and expenses are eliminated upon consolidation and reflected in the "Eliminations" column.

	September 30, 2023 (Unaudited)			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱48,949,515**	**₱10,703,560**	**(₱7,178)**	**₱59,645,897**
Costs and expenses	**(38,999,789)**	**(11,375,042)**	**7,178**	**(50,367,653)**
Depreciation and amortization	**(1,483,152)**	**(609,291)**	**–**	**(2,092,443)**
Finance income	**723,945**	**22,181**	**(462,500)**	**283,626**
Finance expense	**(209,705)**	**(722,116)**	**462,500**	**(469,321)**
Foreign exchange gain (loss) – net	**300,381**	**(1,388)**	**–**	**298,993**
Reversal of impairment loss - net	**93,305**	**(67,386)**	**–**	**25,919**
Share in net earnings from associates and joint venture	**28,229**	**–**	**–**	**28,229**
Other income	**165,662**	**4**	**–**	**165,666**
Income (loss) before income tax	**9,568,391**	**(2,049,478)**	**–**	**7,518,913**
Provision for (benefit from) income tax	**2,083,399**	**(363,785)**	**–**	**1,719,614**
Net income (loss)	**₱7,484,992**	**(₱1,685,693)**	**₱-**	**₱5,799,299**

Other information

Total assets	**₱72,829,116**	**₱35,247,180**	**(₱24,530,482)**	**₱83,545,814**
Total liabilities	**₱13,360,379**	**₱21,692,513**	**(₱9,528,882)**	**₱25,524,010**
Investment in associates and joint venture	**₱1,132,682**	**₱–**	**₱–**	**₱1,132,682**
Capital expenditures	**₱1,207,603**	**₱743,642**	**₱–**	**₱1,951,245**

	September 30, 2022 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱43,629,735	₱11,241,101	(₱16,768)	₱54,854,068
Costs and expenses	(35,603,271)	(11,021,105)	16,768	(46,607,608)
Depreciation and amortization	(1,456,865)	(1,062,879)	–	(2,519,744)
Finance income	1,938,005	3,449	(552,050)	1,389,404
Finance expense	(159,961)	(689,939)	552,050	(297,850)
Foreign exchange gain - net	707,847	11,176	–	719,023
Provision for impairment loss	(215,360)	–	–	(215,360)
Share in net earnings from associates and joint venture	17,868	–	–	17,868
Other income	70,999	3	–	71,002
Income (loss) before income tax	8,928,997	(1,518,194)	–	7,410,803
Provision for (benefit from) income tax	2,001,663	(217,177)	–	1,784,486
Net income (loss)	₱6,927,334	(₱1,301,017)	₱–	₱5,626,317

Other information

	December 31, 2022 (Audited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Total assets	₱89,947,658	₱34,689,207	(₱43,344,492)	₱81,292,373
Total liabilities	₱14,177,754	₱23,683,292	(₱8,839,857)	₱29,021,189
Investment in associates and joint venture	₱1,104,453	₱–	₱–	₱1,104,453

	September 30, 2022 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Capital expenditures	₱1,531,153	₱1,808,555	₱–	₱3,339,708

Geographic Information

The Group operates in the Philippines, Thailand, New Zealand, Singapore, and the United Kingdom.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Domestic	**₱45,674,183**	₱41,025,387
Foreign	**13,971,714**	13,828,681
	₱59,645,897	₱54,854,068

The Group has no customer which contributes 10% or more to the consolidated revenues of the Group.

The table below shows the Group's carrying amount of non-current assets per geographic location (excluding noncurrent financial assets at FVOCI, noncurrent receivables, advances to employees under other noncurrent assets, and deferred tax assets).

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Domestic:		
Property, plant and equipment (Note 9)	**₱16,395,537**	₱16,475,570
Investments in associates and joint ventures	**1,132,682**	1,104,453
Intangible assets (Note 10)	**619,849**	629,633
Other noncurrent assets (Note 11)	**835,875**	783,299
Total	**18,983,943**	18,992,955
Foreign:		
Property, plant and equipment (Note 9)	**14,687,049**	14,387,937
Intangible assets (Note 10)	**14,216,737**	13,853,272
Other noncurrent assets (Note 11)	**91,359**	125,404
	28,995,145	28,366,613
	₱47,979,088	₱47,359,568

5. Cash and Cash Equivalents

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**₱3,480,480**	₱3,647,852
Cash equivalents	**9,473,039**	7,980,775
	₱12,953,519	₱11,628,627

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term deposits made for varying periods of one month up to three months depending on the immediate cash requirements and earn interest at the respective short-term deposit rates.

6. Trade and Other Receivables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables:		
Non-related parties	**₱7,064,014**	₱6,701,031
Related parties (Note 18)	**–**	33,751
Other receivables	**119,592**	103,073
	7,183,606	6,837,855
Allowance for expected credit loss (ECL)	**(48,674)**	(37,546)
	₱7,134,932	₱6,800,309

Trade receivables pertain to receivables from sale of goods which are noninterest-bearing and are generally on 30-60 days' terms.

Other receivables comprise of various receivables from employees, accruals for interest from short term placements, receivable from a supplier, and advances made to employees for SSS claims. These are noninterest-bearing and normally settled through salary deductions.

Movements in the allowance for ECL follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at January 1	**₱37,546**	₱31,372
Provision for ECL (Note 16)	**12,671**	13,308
Write-off	**(1,047)**	(6,886)
Currency translation adjustments	**(496)**	(248)
Balance at end of period	**₱48,674**	₱37,546

7. Inventories

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
In-transit	**₱200,844**	₱125,952
Finished goods	**163,987**	180,689
Packaging and other materials	**22,018**	19,548
Work in-process	**10,677**	8,285
	397,526	334,474
At NRV:		
Finished goods	**4,213,079**	4,151,719
Work in-process	**3,275,371**	1,637,029
Raw materials	**1,703,030**	3,788,967
Packaging and other materials	**927,885**	966,381
	10,119,365	10,544,096
	₱10,516,891	₱10,878,570

The cost of inventories carried at NRV are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Finished goods	**₱4,339,360**	₱4,490,304
Raw materials	**3,329,255**	3,877,924
Work in-process	**1,905,850**	1,745,283
Packaging and other materials	**996,948**	1,011,459
	₱10,571,413	₱11,124,970

Provision for inventory obsolescence amounted to ₱253.2 million and ₱187.3 million for the nine months ended September 30, 2023 and 2022, respectively (shown as part of "Cost of goods sold" account). The Group wrote off inventories amounting to ₱390.9 million and ₱20.1 million for the nine months ended September 30, 2023 and 2022, respectively.

The cost of inventories recognized under "Cost of goods sold" account amounted to ₱41,087.0 million and ₱37,412.2 million for the nine months ended September 30, 2023 and 2022, respectively (Note 15).

As at September 30, 2023 and December 31, 2022, the Group assessed that the carrying value of right of return assets is nil given the perishable nature of the products.

Under the terms of the agreements covering liabilities under trust receipts totaling ₱1,912.1 million and ₱2,362.3 million as at September 30, 2023 and December 31, 2022, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

8. Prepayments and Other Current Assets

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepayments	**₱478,175**	₱470,623
Deferred input VAT	**198,706**	274,977
Creditable withholding tax (CWT) and other credits	**140,672**	314,489
Input VAT	**132,691**	189,139
Other current assets	**47,151**	20,035
	997,395	1,269,263
Allowance for non-recoverability of other current assets	**(2,951)**	(54)
	₱994,444	₱1,269,209

9. Property, Plant and Equipment

September 30, 2023	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-ications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at January 1, 2023	₱460,209	₱5,608	₱13,507,086	₱167,284	₱36,371,881	₱501,778	₱158,924	₱373,776	₱2,080,960	₱3,926,908	₱2,898,464	₱834,320	₱61,287,198
Additions	–	828	9,316	–	120,777	4,343	34,298	836	533,049	1,247,798	–	37,238	1,988,483
Disposals and retirement	–	–	(236,034)	(11,581)	(2,530,794)	(18,111)	(33,115)	(18,293)	(14,431)	(5,958)	–	(19,778)	(2,888,095)
Reclassifications	–	–	317,161	3,857	763,342	39,896	941	48,844	(479,119)	(694,922)	–	–	–
Foreign currency translation adjustments	(4,867)	(233)	(38,713)	1,731	198,217	188	78	2,057	(7,523)	93,889	–	–	244,824
Balance at September 30, 2023	455,342	6,203	13,558,816	161,291	34,923,423	528,094	161,126	407,220	2,112,936	4,567,715	2,898,464	851,780	60,632,410
Accumulated Depreciation													
Balance at January 1, 2023	–	4,315	5,673,089	97,206	19,240,702	371,298	75,949	268,718	–	–	298,791	341,314	26,371,382
Depreciation (Notes 15, 16 and 17)	–	237	439,305	7,626	1,314,011	37,228	17,455	66,586	–	–	65,181	74,009	2,021,638
Disposals and retirement	–	–	(232,118)	(10,223)	(2,512,705)	(17,385)	(32,046)	(18,280)	–	–	–	(19,778)	(2,842,535)
Foreign currency translation adjustments	–	(186)	(31,669)	6,950	(6,118)	(1,270)	(19)	730	–	–	–	–	(31,582)
Balance at September 30, 2023	–	4,366	5,848,607	101,559	18,035,890	389,871	61,339	317,754	–	–	363,972	395,545	25,518,903
Accumulated Impairment Loss													
Balance at January 1, 2023	–	–	984,052	955	2,267,384	–	–	36	571,765	228,117	–	–	4,052,309
Provision for (reversal of) impairment loss – net	–	–	(4,566)	–	75,453	16	–	1,753	(87,380)	(11,195)	–	–	(25,919)
Disposals and retirement	–	–	–	–	–	–	–	–	(14,431)	–	–	–	(14,431)
Foreign currency translation adjustments	–	–	4,534	–	12,956	–	–	–	–	1,472	–	–	18,962
Balance at September 30, 2023	–	–	984,020	955	2,355,793	16	–	1,789	469,954	218,394	–	–	4,030,921
Net Book Value	₱455,342	₱1,837	₱6,726,189	₱58,777	₱14,531,740	₱138,207	₱99,787	₱87,677	₱1,642,982	₱4,349,321	₱2,534,492	₱456,235	₱31,082,586

December 31, 2022	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-nications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at January 1, 2022	₱441,083	₱5,283	₱12,753,979	₱149,289	₱32,500,137	₱357,281	₱155,538	₱264,147	₱1,374,644	₱5,085,405	₱2,906,919	₱721,869	₱56,715,574
Additions	–	–	18,002	32,557	113,471	43,006	26,771	5,801	1,236,043	2,865,661	–	123,797	4,465,109
Disposals and retirement	–	–	(67,444)	(15,188)	(50,430)	(3,488)	(24,209)	(19,496)	–	–	(8,455)	(11,346)	(200,056)
Reclassifications	–	–	958,058	–	3,368,689	88,202	1,679	121,963	(564,161)	(3,974,430)	–	–	–
Foreign currency translation adjustments	19,126	325	(155,509)	626	440,014	16,777	(855)	1,361	34,434	(49,728)	–	–	306,571
Balance at December 31, 2022	460,209	5,608	13,507,086	167,284	36,371,881	501,778	158,924	373,776	2,080,960	3,926,908	2,898,464	834,320	61,287,198
Accumulated Depreciation													
Balance at January 1, 2022	–	3,802	5,065,912	98,071	17,379,819	296,563	78,348	195,772	–	–	220,879	251,519	23,590,685
Depreciation (Notes 15, 16 and 17)	–	272	578,665	13,040	1,679,286	58,725	19,560	90,704	–	–	86,367	101,141	2,627,760
Disposals and retirement	–	–	(38,084)	(10,122)	(49,675)	(3,406)	(22,027)	(19,496)	–	–	(8,455)	(11,346)	(162,611)
Foreign currency translation adjustments	–	241	66,596	(3,783)	231,272	19,416	68	1,738	–	–	–	–	315,548
Balance at December 31, 2022	₱–	₱4,315	₱5,673,089	₱97,206	₱19,240,702	₱371,298	₱75,949	₱268,718	₱–	₱–	₱298,791	₱341,314	₱26,371,382

(Forward)

	December 31, 2022												
	Land	**Land Improvements**	**Buildings and Improvements**	**Leasehold Improvements**	**Plant Machinery and Fixtures**	**Office Furniture and Equipment**	**Transportation Equipment**	**Computer and Commu-nications Equipment**	**Machineries Under Installation**	**Construction In-progress**	**ROU Land**	**ROU Others**	**Total**
Accumulated Impairment Loss													
Balance at January 1, 2022	₱–	₱–	₱932,587	₱967	₱1,491,884	₱–	₱–	₱36	₱571,765	₱175,390	₱–	₱–	₱3,172,629
Impairment loss (Note 3)	–	–	45,484	–	725,964	–	–	–	–	54,452	–	–	825,900
Disposals and retirement	–	–	(24,667)	(12)	–	–	–	–	–	–	–	–	(24,679)
Foreign currency translation adjustments	–	–	30,648	–	49,536	–	–	–	–	(1,725)	–	–	78,459
Balance at December 31, 2022	–	–	984,052	955	2,267,384	–	–	36	571,765	228,117	–	–	4,052,309
Net Book Value	₱460,209	₱1,293	₱6,849,945	₱69,123	₱14,863,795	₱130,480	₱82,975	₱105,022	₱1,509,195	₱3,698,791	₱2,599,673	₱493,006	₱30,863,507

The Group recognized net (reversal of) provision for impairment loss on property, plant and equipment amounting to (₱25.9 million) and ₱215.4 million for the nine months ended September 30, 2023 and 2022, respectively.

For the nine months ended September 30, 2022, the Group acquired property, plant and equipment and recognized depreciation expense amounting to ₱3,339.7 million and ₱2,456.4 million, respectively (Note 17).

There are no idle property, plant and equipment nor property, plant and equipment used as collateral as at September 30, 2023 and December 31, 2022.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱2,970.4 million and ₱1,447.5 million as at September 30, 2023 and December 31, 2022, respectively.

10. Intangible Assets

	September 30, 2023							
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks with definite useful life**	**Trademarks with indefinite useful life**	**Software**	**Total**
Cost								
Balance at January 1, 2023	**₱16,542,239**	**₱17,971,697**	**₱727,560**	**₱34,639**	**₱2,599**	**₱14,459**	**₱442,650**	**₱35,735,843**
Additions	–	–	–	**31,502**	–	–	**23,902**	**55,404**
Disposals and retirement	–	–	–	–	–	–	**(9,259)**	**(9,259)**
Foreign currency translation adjustments	**445,938**	**482,044**	–	–	**(109)**	–	**(4,429)**	**923,444**
Balance at September 30, 2023	**16,988,177**	**18,453,741**	**727,560**	**66,141**	**2,490**	**14,459**	**452,864**	**36,705,432**
Accumulated Amortization								
Balance at January 1, 2023	–	**42,374**	**306,182**	**700**	**1,739**	–	**213,636**	**564,631**
Amortization (Notes 15, 16 and 17)	–	–	**27,284**	**5,279**	**128**	–	**38,114**	**70,805**
Disposals and retirement	–	–	–	–	–	–	**(9,235)**	**(9,235)**
Foreign currency translation adjustments	–	**1,142**	–	–	**(77)**	–	**(1,937)**	**(872)**
Balance at September 30, 2023	–	**43,516**	**333,466**	**5,979**	**1,790**	–	**240,578**	**625,329**
Accumulated Impairment Loss								
Balance at January 1, 2023	**16,542,239**	**4,143,587**	–	–	–	**2,481**	–	**20,688,307**
Foreign currency translation adjustments	**445,938**	**109,272**	–	–	–	–	–	**555,210**
Balance at September 30, 2023	**16,988,177**	**4,252,859**	–	–	–	**2,481**	–	**21,243,517**
Net Book Value	**₱–**	**₱14,157,366**	**₱394,094**	**₱60,162**	**₱700**	**₱11,978**	**₱212,286**	**₱14,836,586**

	December 31, 2022							
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	Total
Cost								
Balance at January 1, 2022	₱16,810,906	₱18,262,118	₱727,560	₱34,639	₱2,451	₱14,459	₱362,333	₱36,214,466
Additions	–	–	–	–	–	–	75,901	75,901
Foreign currency translation adjustments	(268,667)	(290,421)	–	–	148	–	4,416	(554,524)
Balance at December 31, 2022	16,542,239	17,971,697	727,560	34,639	2,599	14,459	442,650	35,735,843
Accumulated Amortization								
Balance at January 1, 2022	–	43,063	269,804	–	1,469	–	163,232	477,568
Amortization (Notes 15, 16 and 17)	–	–	36,378	700	175	–	48,649	85,902
Foreign currency translation adjustments	–	(689)	–	–	95	–	1,755	1,161
Balance at December 31, 2022	–	42,374	306,182	700	1,739	–	213,636	564,631
Accumulated Impairment Loss								
Balance at January 1, 2022	–	90,142	–	–	–	–	–	90,142
Impairment loss	16,500,821	4,043,295	–	–	–	2,481	–	20,546,597
Foreign currency translation adjustments	41,418	10,150	–	–	–	–	–	51,568
Balance at December 31, 2022	16,542,239	4,143,587	–	–	–	2,481	–	20,688,307
Net Book Value	₱–	₱13,785,736	₱421,378	₱33,939	₱860	₱11,978	₱229,014	₱14,482,905

Amortization of the intangible assets for the nine months ended September 30, 2023 and 2022 amounted to ₱70.8 million and ₱63.3 million, respectively (Note 17).

Goodwill, brand and trademark with indefinite useful life per entity are as follows:

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Goodwill	**Brand**	**Trademark**	Goodwill	Brand	Trademark
MNUKL	**₱–**	**₱14,157,366**	**₱–**	₱–	₱13,785,736	₱–
MNC	**–**	**–**	**11,978**	–	–	11,978
Total	**₱–**	**₱14,157,366**	**₱11,978**	₱–	₱13,785,736	₱11,978

The Group performs its annual impairment test every year-end.

11. **Other Noncurrent Assets**

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers and contractors	**₱702,323**	₱619,658
Deferred input VAT for amortization	**171,467**	244,869
Advances to employees	**89,085**	69,777
Refundable and other deposits	**32,759**	29,782
Others	**20,685**	14,394
	₱1,016,319	₱978,480

12. **Accounts Payable and Other Current Liabilities and Refund Liabilities**

Accounts Payable and Other Current Liabilities

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables		
Non-related parties	**₱5,256,171**	₱6,197,721
Related parties (Note 18)	**37,357**	14,578
Nontrade payables	**1,904,846**	2,559,920
Accruals for:		
Advertising and promotions	**930,120**	769,960
Selling, general and administrative expenses	**539,033**	321,695
Personnel costs	**426,160**	266,978
Trade spend	**287,931**	454,941
Other accruals	**146,057**	171,196
Statutory payables	**763,091**	384,559
Provisions	**144,243**	92,666
Others	**34,586**	88,386
	₱10,469,595	₱11,322,600

Other accruals mainly represent accruals for freight, interest payable, non-trade services and are generally settled the following month.

Refund Liabilities

As at September 30, 2023 and December 31, 2022, the Group's refund liabilities consist of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Refund liabilities:		
Arising from rights of return	**₱313,540**	₱200,440
Arising from retrospective volume discounts	**44,424**	–
	₱357,964	₱200,440

13. **Loans Payable**

Description	Maturities	Interest Rates	**September 30, 2023** (Unaudited)	December 31, 2022 (Audited)
MFL				
£105.0 million term loan	June 2025 subject to extension of 2 years	Margin and SONIA	**₱3,739,900**	₱7,081,137
£5.0 million revolving credit facility	September 2023	Margin and SONIA	**346,287**	–
£4.0 million revolving credit facility	November 2022	Margin and SONIA	**277,030**	269,758
£3.0 million revolving credit facility	October 2023	Margin and SONIA	**207,772**	–
£5.0 million credit facility	September 2024	SONIA and 1.20% p.a.	**346,287**	–
			4,917,276	7,350,895
Unamortized debt issue costs			**(74,853)**	(97,881)
			₱4,842,423	₱7,253,014
Current portion			**₱1,177,376**	₱269,758
Non-current portion			**3,665,047**	6,983,256
			₱4,842,423	₱7,253,014

MFL Loan

As at September 30, 2023 and December 31, 2022, MFL has outstanding unsecured loans payable amounting to ₱4,917.3 million (£71.0 million) and ₱7,350.9 million (£109.0 million), respectively. The sterling term loan facility amounting to ₱7,327.5 million (£105.0 million) with maturity on June 2025 subject to extension of 2 years and interest rate based on Margin and SONIA has the following financial covenants:

- The Group is required to maintain Gross Leverage of less than 3.5x from September 30, 2022 and each quarter thereafter

- The Group is required to maintain an interest cover of greater than 3.0 from September 30, 2022 and each quarter thereafter.

The facility also includes a revolving credit facility of ₱1,038.9 million (£15.0 million) subject to the same financial covenants above. MFL had drawn down ₱831.1 million (£12.0 million) and ₱269.8 million (£4.0 million) as at September 30, 2023 and December 31, 2022, respectively.

In 2023, MFL obtained and drew an uncommitted short term credit facility with a financial institution amounting to ₱346.3 million (£5.0 million).

As at September 30, 2023 and December 31, 2022, the Group is in compliance with these covenants.

For the nine months ended September 30, 2023 and 2022, interest expense related to the loans amounted to ₱210.6 million and ₱35.5 million, respectively (Note 17).

The movement in unamortized debt issue costs of loans payable is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Loans Payable		
Balance at January 1	**₱97,881**	₱65,235
Additions during the period	**8,686**	120,806
Amortization during the period (Note 17)	**(34,266)**	(86,624)
Foreign currency translation adjustments	**2,552**	(1,536)
Total	**₱74,853**	₱97,881

For the nine months ended September 30, 2022, amortization of debt issue costs amounted to ₱76.2 million (Note 17).

14. Equity

Capital Stock

The details of the Parent Company's common stock as at September 30, 2023 and December 31, 2022 follows:

Par value per share	₱0.50
Number of shares:	
Authorized	20,400,000,000
Issued and outstanding	17,968,611,496

The Parent Company's record of registration of its securities follows:

Number of shares registered	17,968,611,496
Issue/offer price	₱13.50
Date of approval	April 20, 2021

The total number of stockholders was 24 and 23 as at September 30, 2023 and December 31, 2022, respectively. With respect to the Parent Company's stockholders as at December 31, 2022, the shares were either held (a) in a certificated form or (b) in scripless form held under the account of PCD

Nominee Corp. (PCD Nominee) through 137 trading participants (*i.e.*, brokers and custodians) of the Philippine Depository & Trust Corp. (PDTC). The shares lodged under PCD Nominee are further broken down into PCD Nominee (Filipino) and PCD Nominee (Non-Filipino).

Equity Restructuring
On June 9, 2023, SEC approved the Parent Company's equity restructuring to wipe-out the deficit as at December 31, 2023 in the amount of ₱7,153.9 million against the APIC of ₱46,515.8 million.

Reversal of Retained Earnings Appropriation
On March 22, 2023, the Parent Company's BOD approved the reversal of the 2022 appropriation amounting to ₱5,000.0 million for expansions and other capital requirements.

Restriction on Retained Earnings
As at September 30, 2023 and December 31, 2022, undistributed retained earnings of subsidiaries amounting to ₱3,390.7 million and ₱4,530.2 million, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries. Further, the undistributed retained earnings include appropriated retained earnings of MMYSC and MIL amounting to ₱211.5 million as at September 30, 2023 and December 31, 2022.

Equity Reserve

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
MMYSC	**(₱532,573)**	(₱532,573)
MNTH	**(115,390)**	(115,390)
MNAC	**(7,733)**	(7,733)
KBT	**33,361**	33,361
	(₱622,335)	(₱622,335)

Cumulative Translation Adjustments

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Foreign investments:		
MNSPL	**(₱2,558,379)**	(₱2,845,103)
MNIIL	**(185,116)**	(185,219)
MNTH	**(136,794)**	(8,433)
MIL	**(88,140)**	(49,693)
Cross currency swap:		
MNC	**(350,163)**	(386,532)
	(₱3,318,592)	(₱3,474,980)

Cumulative translation adjustments are attributable to equity holders of the Parent Company as at September 30, 2023 and December 31, 2022.

Earnings per Share

The following reflects the income and share data used in the basic and diluted EPS computation:

	Quarters Ended September 30		Nine Months Ended September 30	
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income attributable to equity holders of the parent	**₱2,303,647**	₱1,369,544	**₱5,789,426**	₱5,616,888
Weighted average number of common shares	17,968,611,496	17,968,611,496	17,968,611,496	17,968,611,496
Basic/diluted EPS	**₱0.128**	₱0.076	**₱0.322**	₱0.313

15. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
APAC BFB		
Philippines	**₱45,674,183**	₱41,025,387
Other countries	**3,275,332**	2,604,348
	48,949,515	43,629,735
Meat Alternative		
United Kingdom	**8,325,967**	8,704,719
United States	**703,309**	910,605
Other countries	**1,667,106**	1,609,009
	10,696,382	11,224,333
	₱59,645,897	₱54,854,068

All revenues are recognized at a point in time.

Cost of Goods Sold

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Direct materials	**₱31,785,051**	₱28,491,726
Direct labor	**2,258,432**	2,141,161
Manufacturing overhead (Notes 9, 10 and 17)	**7,288,447**	8,122,858
Total manufacturing costs	**41,331,930**	38,755,745
Inventory movements (Note 7):		
Work in-process	**(162,959)**	(244,365)
Finished goods	**(81,976)**	(1,099,179)
	₱41,086,995	₱37,412,201

16. Sales, General and Administrative Expenses

General and Administrative Expenses

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Salaries, wages and employee benefits	**₱3,250,317**	₱3,446,970
Outside services	**804,354**	564,790
Depreciation and amortization (Notes 9 and 10)	**406,342**	357,522
Insurance	**180,209**	190,300
Inventory loss	**173,865**	86,916
Research and development	**152,678**	136,027
Taxes and licenses	**145,139**	102,696
Repairs and maintenance	**140,379**	161,117
Entertainment, amusement and recreation	**81,926**	62,734
Fringe benefit tax	**78,446**	92,678
Light, water and telecommunication	**75,429**	33,752
Warehouse and office supplies	**50,397**	59,440
Rent (Note 18)	**49,026**	24,146
Recruitment and training expenses	**33,799**	16,036
Provision for ECL (Note 6)	**12,671**	15,318
Donations	**8,464**	18,166
Others	**278,445**	278,172
	₱5,921,886	₱5,646,780

Selling and Distribution Expenses

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Advertising and promotions	**₱2,483,672**	₱3,207,637
Transportation and delivery	**2,334,680**	2,186,551
Merchandising expense	**543,312**	368,902
Dealer support	**89,551**	305,281
	₱5,451,215	₱6,068,371

17. Finance Income and Costs, Depreciation and Amortization Expense, Personnel Costs and Miscellaneous Income

Finance Income

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cash and cash equivalents	**₱271,667**	₱72,795
Noncurrent receivables		
Related parties (Note 18)	**6,041**	3,653
Non-related parties	**5,918**	5,918
	₱283,626	₱82,366

Finance Costs

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Interest on loans payable (Note 13)	**₱210,644**	₱35,507
Interest expense on lease liabilities	**139,914**	139,961
Acceptance and trust receipts payable	**79,963**	46,148
Amortization of debt issue costs (Note 13)	**34,266**	76,234
Others	**12**	–
	₱464,799	₱297,850

Depreciation and Amortization Expense

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Property, plant and equipment (Note 9)	**₱2,021,638**	₱2,456,412
Intangible assets (Note 10)	**70,805**	63,332
	₱2,092,443	₱2,519,744

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cost of goods sold (Note 15)	**₱1,686,101**	₱2,162,222
Sales, general and administrative expense (Note 16)	**406,342**	357,522
	₱2,092,443	₱2,519,744

Miscellaneous Income

Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, gain/loss on sale of property, plant and equipment, and other miscellaneous items which are recorded under the “Miscellaneous income” account in the consolidated statements of comprehensive income.

18. Related Party Transactions

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

The following are the significant transactions with related parties:

Nature	Period ended	Volume of Transactions	Outstanding Balance	Terms	Conditions
Associates and joint ventures					
Monde Land, Inc. (MLI)					
Rent expense	**September 30 2023**	**₱48,606**	**₱–**	15 days;	Unsecured
	December 31, 2022	64,603	–	noninterest-bearing	
	September 30, 2022	48,401	–		
Monde Malee Beverages Corporation (MMBC)					
Miscellaneous income	**September 30 2023**	**–**	**–**	30 days;	Unsecured;
	December 31, 2022	–	33,751	noninterest-bearing	no ECL
	September 30, 2022	–	33,751		
Trade purchases, net	**September 30 2023**	**–**	**–**	30 days;	Unsecured
	December 31, 2022	17,748	–	noninterest-bearing	
	September 30, 2022	17,748	–		
Calaca Harvest Terminal Inc. (CHTI)					
Transportation and delivery expense and wheat handling fees	**September 30 2023**	**250,972**	**(37,357)**	15 days;	Unsecured
	December 31, 2022	300,339	(14,578)	noninterest-bearing	
	September 30, 2022	221,242	(10,175)		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**September 30 2023**	**34,888**	**–**	45 days;	Unsecured
	December 31, 2022	62,564	–	noninterest-bearing	
	September 30, 2022	46,032	(5,767)		
MNSG Holdings Pte. Ltd.					
Loans receivable*	**September 30 2023**	–	**166,675**	2 years;	Unsecured
	December 31, 2022	–	162,300	interest-bearing	
	September 30, 2022	–	157,751		
Trade and other receivables (Note 6)	**September 30 2023**		**₱–**		
	December 31, 2022		33,751		
	September 30, 2022		33,751		
Loans receivable*	**September 30 2023**		**166,675**		
	December 31, 2022		162,300		
	September 30, 2022		157,751		
Trade payables (Note 12)	**September 30 2023**		**(37,357)**		
	December 31, 2022		(14,578)		
	September 30, 2022		(15,942)		

**Presented under "current financial assets" in 2023 and under "noncurrent receivables" in 2022*

<u>MNSG Holdings Pte. Ltd.</u>
On July 3, 2020, MNSPL and MNSG Holdings Pte. Ltd. entered into a loan agreement wherein MNSPL agreed to lend ₱155.5 million ($3.0 million) to MNSG Holdings Pte. Ltd. with an interest rate of 3.65% per annum. The loan will mature on July 3, 2022.

On July 3, 2022, MNSPL and MNSG Holdings Pte. Ltd. agreed to extend the maturity of ₱157.8 million ($3.0 million) loan to MNSG Holdings Pte. Ltd. with an interest rate of 4.83% per annum. The loan will mature on July 3, 2024.

Interest income from loans receivable from MNSG Holdings Pte. Ltd. amounted to ₱6.0 million and ₱3.7 million for the nine months ended September 30, 2023 and 2022, respectively (Note 17).

19. Income Tax

Deferred Income Tax

The components of the Group's net deferred tax assets and net deferred tax liabilities are as follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Deferred tax assets – net		
Allowance for impairment loss	**₱341,495**	₱375,806
Pension liability	**136,016**	118,311
Refund liabilities	**89,491**	50,110
NOLCO	**79,382**	82,795
Right-of-use assets and lease liabilities	**50,034**	39,706
Unrealized profits from intercompany sales	**41,087**	24,979
Allowance for inventory obsolescence	**37,831**	53,537
Accrued expenses	**27,744**	86,103
Unrealized foreign exchange (gain) loss	**(26,143)**	1,472
Unamortized past service cost	**8,832**	10,034
Excess of the tax base over the carrying amounts of non-monetary assets	**8,491**	8,856
Advances from customers	**1,435**	14,649
Allowance for ECL	**534**	2,220
Others	**(7,141)**	(666)
	789,088	867,912
Deferred tax liabilities - net		
Brand	**(3,539,342)**	(3,446,451)
Property, plant and equipment	**(1,151,276)**	(1,265,009)
NOLCO	**660,147**	428,178
Interest income	**(49,975)**	(48,664)
Unrealized foreign exchange gain	**(3,082)**	(10,459)
Others	**23,909**	22,672
	(4,059,619)	(4,319,733)
	(₱3,270,531)	(₱3,451,821)

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, loans receivable, noncurrent receivables, withholding tax receivables and advances to employees. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as accounts payable and other current liabilities, acceptance and trust receipts payable, loans payable and lease liabilities, which arise directly from its operations.

Set out below, is an overview of financial assets and financial liabilities held by the Group as at September 30, 2023 and December 31, 2022:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial Assets		
Cash and cash equivalents	**₱12,953,519**	₱11,628,627
Trade and other receivables	**7,134,932**	6,800,309
Current financial assets	**1,865,026**	1,756,101
Financial assets at FVOCI	**723,741**	–
Noncurrent receivables	**500,000**	662,300
Advances to employees**	**89,085**	69,777
Withholding tax receivables*	**4,474**	4,655
	23,270,777	20,921,769
Financial Liabilities		
Accounts payable and other current liabilities***	**9,706,504**	10,938,041
Loans payable****	**4,917,275**	7,355,964
Acceptance and trust receipts payable	**1,912,086**	2,362,301
Lease liabilities****	**8,117,556**	8,351,401
	24,653,421	29,007,707
	(₱1,382,644)	(₱8,085,938)

**Recorded under "prepayments and other current assets"*
***Recorded under "other noncurrent assets"*
**** Excluding statutory payables.*
*****Includes future interest.*

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and agrees the policies for managing each of these risks and they are summarized below:

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk. Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables, accounts payable and other current liabilities, and loans payable.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks

and financial institutions, foreign exchange transactions and other financial instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

The aging analysis of trade and other receivables as at September 30, 2023 and December 31, 2022 follows:

	September 30, 2023						
		Days Past Due					
	Current	**1–30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**ECL**	**Total**
Trade and other receivables:							
Non-related parties	**₱6,595,304**	**₱342,914**	**₱32,350**	**₱26,050**	**₱18,722**	**₱48,674**	**₱7,064,014**
Other receivables	**119,406**	**166**	**20**	**–**	**–**	**–**	**119,592**
Loans receivable*	**166,675**	**–**	**–**	**–**	**–**	**–**	**166,675**
Noncurrent receivables	**500,000**	**–**	**–**	**–**	**–**	**115,266**	**615,266**
	₱7,381,385	**₱343,080**	**₱32,370**	**₱26,050**	**₱18,722**	**₱163,940**	**₱7,965,547**

**Presented under "current financial assets"*

	December 31, 2022						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Trade receivables:							
Non-related parties	₱5,721,241	₱849,060	₱45,720	₱21,571	₱25,893	₱37,546	₱6,701,031
Related parties	–	–	–	–	33,751	–	33,751
Other receivables	102,636	68	369	–	–	–	103,073
Noncurrent receivables	662,300	–	–	–	–	115,266	777,566
	₱6,486,177	₱849,128	₱46,089	₱21,571	₱59,644	₱152,812	₱7,615,421

Liquidity Risk

Liquidity risk is the risk the Group will be unable to meet its payment obligations when they fall due. The Group monitors and maintains a level of cash deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. The Group's policy is that not more than 50% of long-term debt should mature in the next 12-month period. Approximately 17% and 7% of the Group's long-term debt will mature in less than one year at September 30, 2023 and December 31, 2022, respectively, based on the carrying value of debt reflected in the financial statements. The Group assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of source of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive concentration risk. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio of distributors and distribution channels. Identified concentration of credit risks are controlled and managed accordingly.

Derivative Financial Instruments

The Group engages in derivative transactions such as structured deposit, dual currency investment, structured note, binary note, cross currency swaps (CCS) and USD / PHP Call Option with European Knock Out (EKO) to manage its foreign currency and interest rate risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivatives that are not designated as accounting hedges (structured deposit, dual currency investment, structured note, binary) are recognized in the consolidated statements of income.

Structured Deposit
The Group invested in a principal protected structure with a potential enhanced return greater than the prevailing money market rate. The structured deposit was redeemed at 100% of the principal amount, together with an interest amount based on the guaranteed rate plus the relevant enhanced rate depending on the applicable scenario at maturity date. Structured deposit is nil as at September 30, 2023.

Dual Currency Investment
The Group invested in a non-principal protected investment product with a potential higher return than conventional deposits. The investment amount will be received in either the alternative or investment currency together with interest amount in the investment currency depending on the applicable scenario at maturity date.

Pertinent details of the dual currency investment are as follows:

Notional amount	Effective Date	Maturity Date	Investment Currency	Alternative Currency	Conversion Rate	Interest Rate of Investment Currency
$3,000	08/22/23	11/22/23	USD	GBP	1.24	7.56% p.a.
$10,000	08/22/23	11/22/23	USD	GBP	1.24	7.30% p.a.

Structured Note
The Group invested in a structured note that offers enhanced return when the underlying asset trades at or above its initial price at maturity while offering a pre-determined minimum level of capital return at maturity.

Pertinent details of the structured note are as follows:

Issue Size	Effective Date	Maturity Date	Redemption at Maturity
$5,000	02/14/23	02/05/24	100% + 160% * Max

Binary Note
The Group invested in a binary note with the view of getting an interest amount linked to USD PHP fixing rate and 100% of the principal at maturity.

Pertinent details of the binary note are as follows:

Principal amount	Effective Date	Maturity Date	Fixed Coupon	Binary Coupon	Barrier Rate
$5,475	09/22/23	03/22/24	3.00% p.a.	6.00% p.a.	58.00

The Group recognized market valuation gain of ₱52.4 million from fair value changes of structured deposit, dual currency investment, structured note, and binary note for the nine months ended September 30, 2023 under the “Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)” account in the consolidated statement of comprehensive income.

CCS contract
On March 4, 2022, the Group entered into a non-deliverable CCS Agreement with a notional amount of ₱5,839.5 million (£85.0 million). On September 28, 2022, the Group fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling. As a result of the CCS unwinding,

the Group received ₱920.5 million from the CCS agreement and recognized the following for the nine months ended September 30, 2022:

Derivative gain	₱1,307,038
Cumulative translation adjustment (Note 14)	(386,532)

On January 31, 2023, the Parent Company entered into a non-deliverable CCS Agreement with a notional amount of ₱1,891.4 million (THB 1,151.5 million). Under the CCS agreement, the Company will receive Philippine Peso interest at 11.50% p.a. and will pay fixed Thailand Baht interest at 9% p.a. The Company will also pay the notional Thailand Baht amount in exchange for the Philippines Peso amount at the end of the swap period. The CCS, which will be designated as a hedge of a portion of the net investment in MIL and MNTH, is used to hedge the Parent Company's exposure to the THB foreign exchange risk on its investment in MIL and MNTH. For the nine months ended September 30, 2023, the Group recognized ₱36.4 million cumulative translation gain adjustment under other comprehensive income.

The Group recognized ₱4.5 million derivative loss from swaps entered and settled during the same period for the nine months ended September 30, 2023.

<u>Capital Management</u>

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2023 and December 31, 2022.

The Group monitors capital on the basis of the debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Debt comprises all liabilities of the Group. Equity comprises all components of equity attributable to equity holders of the Parent Company.

The Group's debt-to-equity ratios are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total debt	**₱25,524,010**	₱29,021,189
Total equity attributable to equity holders of the Parent Company	**57,869,433**	52,128,686
Debt-to-Equity Ratio	**0.44:1.00**	0.56:1.00

<u>Fair Value of Financial Instruments</u>

Cash and Cash Equivalents, Trade and Other Receivables, Accounts Payable and Other Current Liabilities, and Acceptance and Trust Receipts Payable. The carrying value of these financial assets and liabilities approximate their fair values as at September 30, 2023 and December 31, 2022 due to the short-term nature of these financial instruments.

Current financial assets at FVTPL. The current financial assets at FVTPL account consists of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. As at September 30, 2023, the fair values of these financial assets are based on their published net asset value per share.

Noncurrent financial assets at FVOCI. In June 2023, the Parent Company assessed that the business model objective for its quoted and unquoted equity securities from Figaro Coffee Group, Inc. and Terramino Inc., respectively, changed thus its previous model assessment as noncurrent financial assets at FVTPL would no longer apply. The Parent Company made an irrevocable election at initial recognition to measure its noncurrent financial assets at FVOCI with only dividend income recognized in profit or loss.

The fair value of Figaro Coffee Group, Inc. is based on quoted prices. Terramino Inc., with no reliable measure of fair value is carried at its last transaction price. As at September 30, 2023, the fair value of these financial assets amounted to ₱723.7 million.

Noncurrent Receivables, Withholding Tax Receivables and Advances to Employees and Loans Payable. As at September 30, 2023 and December 31, 2022, the fair value of noncurrent receivables and loans payable with variable interest rates approximates the carrying amount due to frequent repricing of interest. Fair value of loans with fixed interest rate are determined using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

21. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cumulative translation adjustments (Note 20)	**(₱156,388)**	₱1,922,753
Additions to ROU assets (Note 9)	**37,238**	92,220

22. Other Matter and Subsequent Event

Commodity Prices

The Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices was reflected in YTD 2023 for wheat and palm oil. The Parent Company has partially secured wheat and palm oil prices until Q2 2024 and Q3 2024, respectively, and has diversified lock-ins and spot positions.

Top-Up Deed

On November 8, 2023, management reported to MNC's BOD that a Singapore company owned by the controlling shareholders of the Company i.e., MNSG Holdings Pte. Ltd. ("MNSG") submitted a letter-commitment to wholly owned subsidiary Monde Nissin Singapore Pte. Ltd. that MNSG will execute on or before November 30, 2023 a Top-Up Deed under which MNSG obligates itself to provide cash top-up to MNSPL that aims to reduce the net cumulative impairment (i.e., the sum of annual impairment amounts net of any annual impairment reversals), if any, starting with the calendar year ending December 31, 2023 and every year thereafter up to the calendar year ending December 31, 2032 (the "Term") with settlement (if any) occurring on a one-time basis on or before June 30, 2033. Said top up obligation is capped by the value of up to approximately 12% of MONDE's outstanding shares, or 2.156 Bn shares ("Top-Up Limit"), belonging to certain controlling shareholders (“Restricted Shares”) using the weighted average stock price for the last five (5) trading days of the year 2032, net of normal transaction costs. The reckoning of the Final Impairment Amount will be based on MNSPL’s audited financial statements as of December 31, 2032 (which will be published on or before April 15, 2033). Settlement, if any, of MNSG’s top-up obligation shall be by way of a one-time cash infusion by MNSG into MNSPL on or before June 30, 2033.

Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

Group Overview

MNC and its subsidiaries (the "**Group**") is among the frontrunners in the food manufacturing industry in the Philippines with a portfolio of various iconic and well-recognized brands. The Group's two core businesses are the Asia-Pacific Branded Food and Beverage Business ("**APAC BFB Business**") and the Meat Alternative Business ("**Meat Alternative Business**"), which includes the production, marketing, and sales of the Quorn and Cauldron meat alternatives brands.

The APAC BFB Business comprises three product groups: (i) instant noodles; (ii) biscuits; and (iii) other products (such as beverages, baked goods, and culinary aids). According to Nielsen, a global marketing research company, for the nine months ended September 30, 2023, the Group's APAC BFB Business ranked first based on retail sales value in the Philippines in the instant noodles, oyster sauce and yogurt drinks, sub-categories of the Others product group. Flagship brands contributing to the APAC BFB Business' market-leading position include: *Lucky Me!* for instant noodles; *Mama Sita's* for culinary aids; and *Dutch Mill* for yogurt.

Quorn Foods is the market leader in the meat alternatives market in the UK with *Quorn* and *Cauldron* being the No. 1 and No. 4 brands. Quorn Foods is the first large-scale commercial provider of mycoprotein. The fermentation process required to produce mycoprotein at scale requires significant capital investment and importantly a unique know-how which Quorn Foods has derived from over 30 years of operating experience to maximize yield and efficiency.

The Group operates with an aspiration to improve the well-being of the people and the planet by creating sustainable solutions for food security. These values are reflected in its product innovations and various aspects of its operations that create value to society and contribute to sustainable development. For example, to promote well-being, the Group made a move to offer noodles with no artificial preservatives added in *Lucky Me!* wet pouch and cups. In 2015, MONDE acquired Quorn Foods, which operates in the meat alternative market with sustainability at its heart. Other initiatives have been implemented by the Group to utilize available resources efficiently, move towards zero-waste-to-nature operations, and transition to low-carbon economy. In addition, the Group believes that its Meat Alternative Business represents a breakthrough innovation with the mycoprotein technology serving as a sustainable source of protein. According to a report by Carbon Trust (2018), the production of mycoprotein-based *Quorn Mince* results in only 7%, 11%, and 8% of beef's carbon, land, and water footprints, respectively. Similarly, the production of mycoprotein-based *Quorn Pieces* results in only 29%, 36%, and 34% of chicken's carbon, land, and water footprints, respectively.

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have impacted its results in the past, and which the Group expects will continue to influence its results in the foreseeable future. Factors other than those discussed below could also significantly impact the Group's results of operations and financial condition in the future.

Demand and Pricing

The Group's results of operations are affected by consumers' demand for its products, and pricing, in turn, influences demand. When determining its selling prices, the Group considers various factors, including, among others, prices of raw materials and packaging materials, taxes, fuel prices and other costs of doing business, distribution channels, and general economic conditions. The Group believes that instant noodles, bread, biscuits, and culinary aids are considered consumer staples. For the nine months ended September 2023, noodles, biscuits, beverages, and packaged cakes have seen increasingly strong performance. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. Volume, as well as value proved resilient to the adverse effects of persistently high inflation.

Demand for fast-moving consumer goods is price elastic in general, particularly for consumers in the lower socio-economic classes where disposable income is limited. When prices increase or during periods of relatively weak economic growth where disposable income falls, consumers tend to switch to comparable lower-priced staple products and cut back on their consumption of discretionary products, particularly those in the lower socio-economic classes.

In addition, demand for fast-moving consumer goods is also influenced by the relative price relationships between such goods, consumer products, and other products and services in general. Consumers are prone to adjust their buying choices according to shifts in the perceived value-for-money propositions of the products. The Group intends to continue to innovate its products to enhance their perceived product value.

Changes in Consumer Tastes and Preferences

The Group's future growth will depend on its ability to maintain the competitive positions of its product portfolios and brands by proactively anticipating and responding to constant changes in consumer tastes and preferences. A key element in maintaining the market share for the Group's product portfolios is the ability to continuously and successfully introduce new products and product extensions to capture prevailing consumer preferences.

Consumer preferences may change due to various factors, including changes in economic conditions and income levels, shifts in demographic and social trends, changes in lifestyle and leisure activity patterns, changes in regulations, and actions of competitors, any of which may affect consumers' perception of and willingness to purchase the Group's products. This may then significantly impact the results of the Group.

The Group regularly keeps abreast of the evolving consumer preferences and believes that its current broad array of products can address the shifts in trends. The Group believes that Quorn mycoprotein meat alternative products are well-placed to serve this segment for customers who demand food products that are more environment-friendly and offer health benefits. To take advantage of the "premiumization" trend, particularly from the growing and rising middle class seeking higher quality and higher value products, the Group expanded its mass premium segment (the segment between premium and mainstream price points) by launching instant noodles with Asian flavors and instant pasta under the *Lucky Me!* brand and introducing *Monde Specials* as its mass premium packaged Baked goods line offering high-quality baked products such as sponge cake, among other initiatives.

Effectiveness of Sales and Marketing Activities

The effectiveness of the Group's sales and marketing activities is critical to its market share expansion and revenue growth. The Group communicates with consumers through various channels and touchpoints, including advertisement on television, radio programs, social media platforms (such as YouTube, Facebook, Instagram, and Twitter), its website, program sponsorships, billboards, and brand activation roadshows. Customer touchpoints at the purchase stage include in-store promotions and loyalty programs. In addition, the Group partners with celebrities and other key influencers for media or online collaborations and events.

Advertising affects consumer awareness of the Group's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The Group believes that product differentiation and brand loyalty are achieved through its marketing and image-building efforts, and consumer brand preferences are the cumulative result of exposure to the brands over an extended period. However, the effects of these sales and marketing activities may be delayed, resulting in delayed revenue growth which may not be fully reflected during the period in which the sales and marketing activities took place.

Prices of Raw Materials and Packaging Materials

Direct materials are major components of the Group's cost of goods sold. Direct materials comprise raw materials and packaging materials. Raw materials primarily consist of wheat/flour, palm oil, sugar, and coconut oil. The Group sources raw materials and all its packaging materials globally.

Raw materials are subject to significant price volatility caused by various factors, including changes in global supply and demand, extreme weather conditions, size of harvests, transportation and storage costs, governmental agricultural policies, and currency exchange rate fluctuations. In addition, the Group's ability to obtain raw materials and packaging materials is affected by factors beyond its control, including armed conflict, natural disasters, governmental laws and policies, interruptions in production by suppliers, and the availability of transportation.

The Group's profitability is dependent on, among other factors, its ability to anticipate and react to fluctuations in the price of commodities, raw materials, and packaging materials. An increase in prices for or shortage of the Group's raw materials and packaging materials generally leads to an increase in production costs or interruption in the Group's production schedules, each of which could adversely affect its operating margins. Production delays could lead to reduced sales volumes and profitability as well as the loss of market share. Conversely, favorable movements of raw materials costs and other items might improve the Group's margins and results of operations. The Group has been able to mitigate price fluctuations in raw materials to some extent through a combination of (i) operational synergy, (ii) the use of short-term and long-term contracts with suppliers to lock in pricing, and (iii) diversification of sources of supply.

Given that a significant portion of the Group's flour requirement is produced in-house at its Santa Rosa facility, the Group enjoys consistent supply, quality, and cost savings for flour from this operational synergy. This is further enhanced by the group's affiliated own grain import terminal which allows independent procurement of wheat at scale. Operational synergy is also achieved in the supply of seasoning for instant noodles production, as the Group is operating a seasoning plant in Thailand to produce seasoning and condiments for its noodle plants in the Philippines.

Increases in costs of raw materials and packaging materials can typically be passed on to consumers. However, this may affect consumer demand as the Group's consumers are generally price sensitive. In some cases, these increases are not immediately passed on, if at all, to consumers to maintain or grow sales volumes and to protect the Group's market share. As a result, any material increase in the market price of raw materials could adversely affect the Group's operating margins, which may affect its financial position and operating performance.

Product Mix

The Group has a diversified product mix which primarily includes instant noodles, biscuits, other fast-moving consumer products, and meat alternatives. The Group adopts a multi-brand approach, pursuant to which there are one or more brands or product lines under each product category. Under each brand, the Group offers products with different flavors, different package sizes and/or different types of products to provide varieties. For example, in the instant noodles product group, there are three product lines under the *Lucky Me!* brand: (i) wet pouch; (ii) dry pouch; and (iii) cups. Each *Lucky Me!* product line offers a wide array of flavors. In the Meat Alternative Business, *Quorn* has an extensive range of vegan and vegetarian products. *Quorn* products also cover all key shop aisles: frozen and chilled. The ability of the Group to continuously develop new products and launch product extensions to capture various consumer preferences enables the Group to successfully make available to its consumers a diverse and innovative product mix.

Typically, different products vary in product pricing, revenue growth rate, and gross profit margin. Each of the Group's brands has its own unique positioning with different marketing strategies and promotional costs. As a result, the Group's revenue and profitability are largely affected by its product mix.

Competition

The Group's products face competition from other domestic producers as well as from imported products and foreign brands. Competitive factors facing the Group's products include price, product quality, and availability, production efficiency, brand awareness and loyalty, distribution coverage, security of raw material supply, customer service, and the ability to respond effectively to changes in the regulatory environment as well as to shifting consumer tastes and preferences.

The Group's main competitors for the instant noodle segment are domestic producers which compete on pricing and regional brands that offer different flavors and taste experiences. The biscuits and other fast-moving consumer product groups face competition from multinational, national, regional, and local competitors. Similar to the instant noodle segment, these players compete on pricing, taste, and innovation. The Meat Alternative Business competes with a broad category of market participants such as multi-national corporates, venture capital-backed newer entrants, and private labels, and also competes with traditional meat brands. Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors, and other factors, could have a material impact on the Group's financials and results of operations.

Economic, Social and Political Conditions in the Philippines and Other Countries

The majority of the Group's assets and revenues from its APAC BFB Business are in or derived from its operations in the Philippines. Therefore, the Group's business, financial condition, results of operations, and prospects are substantially influenced by the economic, social, and political conditions in the Philippines, while the Group is also significantly exposed to global commodity markets, mainly those for agricultural goods and energy. In line with the tapering of the COVID-19 pandemic in 2023, the Philippine economy has experienced good GDP growth, while underperforming versus previous targets set by the government. The state of public health emergency was formally lifted on July 21, 2023. The Philippine economy has experienced periods of slow or negative growth, high inflation, high interest rates, high fuel prices, high power rates, high other costs of doing business, and significant depreciation of the Peso. It has been significantly affected by weak economic conditions and volatilities in the global economy and the Asia-Pacific region. While presently all social and economic activity is operating without pandemic restrictions there is a low residual downside risk due to a possible infection resurgence caused by the occurrence of new variants that may evade previously gained immunity. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will continue to influence the Group materially in areas such as commodity and energy/fuel costs. Recently Ukraine established a shipping corridor avoiding Russian interference which the market recognized with continuously low grain prices. The newly emergent threat of a larger middle east conflict around the Israel/Hamas war could drive especially oil prices to unprecedented levels. While the Group notes that the world market prices have gone down from their peak prices, a downside risk remains in case of erratic changes to the conflict. As consumers grapple with uncertainty, their buying behavior and preferences may become more erratic.

Sales of most of the products of the Group's APAC BFB Business (APAC BFB segment) have been influenced and will continue to be influenced, to some degree, by the general state of the Philippine economy as well as the stability of social and political conditions in the country. The agricultural policy stance may significantly influence the APAC BFB segment's results especially around raw materials such as sugar and its related importation quotas, and consumer shifting between food groups as they are avoiding products with high inflation. Recently rice prices have been driving inflation and could further drive consumer decision to having to make choices between food groups. The expected El Nino period might put further stress on the consumer's budgets in case of generally weak harvests. While sales of a portion of the Group's products such as biscuits, beverages, and packaged cakes can be sensitive to changes in income and social conditions, the Group offers products that are considered as staple items or components to staple items which are less sensitive to income changes and adverse economic, social, and political conditions. These include instant noodles, bread, and culinary aids.

The Group also conducts its APAC BFB Business in Thailand, including its export operations. As such, economic, social, and political conditions in Thailand may also affect the Group's business, financial condition, results of operations, and prospects. We note the contentious forming of the new government post the general election in Thailand in this context and attached possible disruptions and possible policy changes under a new administration. In addition, the economic environment globally may influence the expansion strategy of the export business as distributors act more cautiously on new product launches, advertising, and promotional spend. The significant improvements in the situation of global containers shipping in prices, as well as availability may influence growth and profitability of the export business positively in the upcoming periods post the full reopening of the Chinese market. A significant portion of the Group's assets and revenue from its Meat Alternative Business are also located in or derived from its operations in the United Kingdom (UK). Therefore, economic, social, and political conditions in the UK may also affect the Group's business, financial condition, results of operations, and prospects. The UK continues to be affected by material levels of inflation, as well as the lingering effects of the exit from the European Union. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and persisting in 2023, especially food inflation which is impacting consumers disposable income and purchasing habits. This strong inflation footprint may impact the consumer buying behavior on a prolonged basis, and the company's input costs. The political environment in the UK presently provides additional uncertainty as crucial policy decisions around energy price support for industry, corporate taxation, and others are constantly evolving as the UK is gearing up for general election in 2024. This environment may impact the operation of the Group.

Seasonality

In the consumer goods industry, results of operations generally follow the seasonality of consumer buying patterns, and the Group's sales are affected accordingly. In the Philippines, most food and beverage products, including those of the Group, experience increased sales from October to December related to the Christmas and New Year's season. Consequently, the fourth quarter has historically been the Group's strongest quarter by volume for culinary aids and some of its biscuit products, including *M.Y. San Grahams*. Seasonality during certain events also affects the Group's sales. In addition, seasonality varies across product types. Some of the Group's products have distinct seasonality. For instance, *Lucky Me!* Wet pouch instant noodles see an increase in sales in the colder months due to consumers' preference for warm food. The Philippine government also sources instant noodles and crackers, as staples in its relief goods packages, from the Group for distribution to the public. A number of biscuit products experience higher sales during the school year as the Group's products are generally purchased for lunch boxes, between-meals, on-the-go consumption, and consumption at home. As a result, seasonality could affect the Group's financial condition and results of operations from one quarter to another. To counter the seasonality of some of its products, the Group created marketing and advertising initiatives that encourage the sustained consumption of its products throughout the year. The Group believes that the diversity of its product mix reduces the specific seasonality impact of certain products in its portfolio.

Innovation

In addition to its ability to introduce new product innovations and renovations, delivering on the Group's aspiration will also depend on the Group's ability to continuously drive loss-eliminating process innovations and work system innovation. Continuous improvement in process innovation and work system redesign will impact multiple fronts such as superior quality and consumer experience, fresher products to market, higher productivity, and improved sustainability via less wastage/use of resources and better process reliability.

COVID-19 Pandemic

The impact of COVID-19 pandemic on the Group's operation has subsided, and the state of public health emergency was lifted in the Philippines on July 21,2023. Nevertheless, the Group is continuously monitoring the situation as infection case resurgences may impact the ongoing economic recovery, and operations.

Capacity and Utilization of the Group's Facilities

The ability of the Group to meet the demand for its products depends on its ability to build, maintain, and expand its production capacity. Capacity expansion affects the ability of the Group to introduce new products or new uses for its existing products, which, in turn, impacts the ability of the Group to be agile and responsive to rapidly changing customer needs and expectations.

Capacity improvement and expansion require significant capital investment. An investment in new technology or an enhancement of existing technology to increase capacity and utilization may result in operational challenges. Furthermore, the effects of these investments may be delayed, resulting in delayed revenue growth.

Financial Highlights and Key Indicators

The summary financial information presented as at December 31, 2022 and as at September 30, 2023 and for the nine months ended September 30, 2022, and September 30, 2023, was derived from the Group's unaudited interim consolidated financial statements, prepared in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*. The information below is not necessarily indicative of the results of future operations.

In this report and as defined below, Core Gross Profit, Core Gross Margin, Core EBITDA, Core EBITDA Margin, Core Income Before Tax, Core Income Before Tax Margin, Core Income (After Tax), Core Income (After Tax) Margin, Core Income (After Tax) at Ownership, and Core Income (After Tax) at Ownership Margin are internal management performance measures and are not measures of performance under Philippines Financial Reporting Standards (PFRSs). Thus, users of this report should not consider foregoing financial non-PFRS measures in isolation or as an alternative to Net Income as an indicator of the Group's operating performance or to cash flow from operating, investing, and financing activities.

Core Gross Profit is measured as Net sales excluding recall provision as sales deduction less Cost of Goods Sold (COGS) excluding non-recurring expenses (NRE). 2023 has noNRE on net sales and COGS. In 2022, COGS NRE pertains to expenses related to additional depreciation due to change in the estimated useful life of some of assets in Meat Alternative segment and global strategic alignment initiatives to ensure products adhere to all food quality compliance standards in relevant jurisdictions. Core Gross Margin pertains to Core Gross Profit divided by segment net sales.

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment, asset impairments, financing income and expense, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, and other non-recurring income (expenses) NRI(E). In 2023, NRE refers to SG&A NRE related to restructuring costs in Meat Alternative business. In 2022, NRE refers to sales deductions, COGS NRE, and SG&A NRE. SG&A NRE pertains to restructuring costs due to production costs rationalization to improve efficiency and address short term profitability issue in Meat Alternative. Core EBITDA margin pertains to Core EBITDA divided by segment net sales.

Core Income Before Tax is measured as net income excluding the effects of asset impairment, interest expenses related to lease liabilities, interest income, equity in net earnings (losses) of associates and joint ventures, net foreign exchange gains (losses) except those related to U.S dollar balances that the company hedge against foreign exchange risks, net gains (losses) on derivative financial instruments, and NRE as discussed above. Core Income Before Tax Margin pertains to Core Income Before Tax divided by segment net sales.

Core Income (After Tax) pertains to Core Income Before Tax less income tax based on recurring tax rate per entity. Core Income (After Tax) Margin pertains to Core Income (after tax) divided by segment net sales.

Core Income (After Tax) at Ownership pertains to Core Income (After Tax) less core income attributable to non-controlling interest (NCI).

The following discussion should be read in conjunction with the attached Unaudited Consolidated Financial Statements and related notes of Monde Nissin Corporation ("MNC" or "the Parent Company" and its subsidiaries (collectively, referred to as the "Group") as at and for the nine months ended September 30, 2023.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

A. CORE INCOME AFTER TAX RECONCILIATION

	Unaudited in ₱ millions, except percentage								
	Reported						Comparable[1]		
	YTD 2023 (Reported)	% to Net Sales (in %)	YTD 2022 (Reported)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	YTD 2022 (Adjusted)	% to Net Sales (in %)	Inc (Dec) (in %)
Net Sales [2]	59,646	100.0	54,897	100.0	4,749	8.7	53,992	100.0	10.5
Less: **Cost of Goods Sold** [3]	41,087	68.9	36,689	66.8	4,398	12.0	36,689	68.0	12.0
Gross Profit	18,559	31.1	18,208	33.2	351	1.9	17,303	32.0	7.3
Less**: Sales, General & Administrative (SGA)** [4]	10,825	18.1	11,457	20.9	(632)	(5.5)	10,552	19.5	2.6
Other Income/(Expense)									
Miscellaneous Income [5]	30	–	–	–	30	*n/m*	–	–	*n/m*
Interest expense [6]	(345)	(0.6)	(172)	(0.3)	(173)	100.6	(172)	(0.3)	100.6
Foreign exchange gain/ (loss) - net [7]	(21)	–	866	1.6	(887)	*n/m*	866	1.6	*n/m*
	(336)	(0.6)	694	1.3	(1,030)	*n/m*	694	1.3	*n/m*
Core Income Before Tax	7,398	12.4	7,445	13.6	(47)	(0.6)	7,445	13.8	(0.6)
Less: Provision for income tax [8]	1,699	2.8	1,809	3.3	(110)	(6.1)	1,809	3.4	(6.1)
Core Income (After Tax)	5,699	9.6	5,636	10.3	63	1.1	5,636	10.4	1.1
Less: Non-Controlling Interest	10	–	9	–	1	11.1	9	–	11.1
Core Income (After Tax) at Ownership	5,689	9.5	5,627	10.3	62	1.1	5,627	10.4	1.1

B. REPORTED NET INCOME AFTER TAX RECONCILIATION

	Unaudited in ₱ millions, except percentages					
	YTD 2023	% to Net Sales (in %)	YTD 2022	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Core Income (After Tax)	**5,699**	**9.6**	**5,636**	**10.3**	**63**	**1.1**
Other income (expenses)						
Foreign exchange gain (loss) - net [9]	320	0.5	(148)	(0.3)	468	*n/m*
Share in net earnings (losses) from associates and Joint ventures	28	0.1	18	–	10	55.6
Miscellaneous income	136	0.2	70	0.1	66	94.3
Impairment (loss)/reversal	26	0.1	(215)	(0.4)	241	*n/m*
	510	0.9	(275)	(0.5)	785	*n/m*
Finance income (expense)						
Finance Costs [10]	(120)	(0.2)	(126)	(0.2)	6	(4.8)
Finance income	283	0.5	81	0.1	202	249.4
Derivative gain (loss) – net	(5)	–	1,307	2.4	(1,312)	*n/m*
	158	0.3	1,262	2.3	(1,104)	87.5
Other Non-recurring expenses						
PPE-changed in estimated useful life			(523)	(1.0)	523	*n/m*
Restructuring costs	(548)	(0.9)	(252)	(0.5)	(296)	117.5
Global strategic alignment initiatives	–	–	(249)	(0.4)	249	*n/m*
	(548)	(0.9)	(1,024)	(1.9)	476	(46.5)
Income Tax Provision [11]	(20)	–	27	–	(47)	*n/m*
Reported net income (after tax)	**5,799**	**9.7**	**5,626**	**10.3**	**173**	**3.1**

Note: See "Other Financial Data – reconciliation of PFRS and non-PFRS measures."
n/m – not meaningful
[1] *Comparable growth was based on adjusted YTD 2022 numbers to reflect PFRS-15 related reclassication (from selling expenses to contra-revenue) amounting to ₱905 million*
[2] *YTD 2022 excludes ₱43 million recall provisions in Thailand due to selective EU recall.*
[3] *YTD 2022 excludes ₱523 million provisions due to change in the estimated useful life of some of the assets in Meat Alternative and ₱200 million related to global strategic alignment initiatives in APAC BFB*
[4] *YTD 2023 excludes ₱548 million restructuring costs in MNUK and ₱26 million net impairment reversal for the Group; YTD 2022 excludes ₱252 million restructuring costs in UK, ₱215 million impairment loss, and ₱6m recall provision in Thailand.*
[5] *Singapore Gov't incentives grant related to MNSPL's meat alternative business.*
[6] *Recurring interest expense on Loans and Trust Receipts Payable*
[7] *Foreign exchange gain/(loss) on U.S dollars balances for the Group's natural hedge.*
.[8] *Based on recurring income tax rate per entity.*
[9] *Excluding foreign exchange loss on USD reserves for the Group's natural hedge (included in the Core Income calculation above)*
[10] *Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above*
[11] *Pertains to income tax effect of Other/Finance Income(expenses) and non-recurring finance income (expenses). To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income*

II – OPERATING SEGMENTS OF THE GROUP

As mentioned in the business overview section, the Group's two core businesses are the APAC BFB Business and the Meat Alternative Business.

Segment performance is evaluated based on: Core Earnings before interest, taxes, and depreciation and amortization, or Core EBITDA; Core EBITDA margin; and Core Income before tax, Core Income before margin, Core Income (after tax), Core Income (after tax) margin, Core Income (after tax) at Ownership and Core Income (after tax) at Ownership margin.

The table below presents certain financial information relating to the Group's results of operation by segment for the periods indicated.

	Unaudited in millions, except percentages								
						Reported			Comparable
	YTD 2023 (Reported)	% to Total (in %)	YTD 2022 (Reported)	% to Total (in %)	Inc/(Dec)	Inc/(Dec) (in %)	YTD 2022 (Adjusted)	% to Total (in %)	Inc/(Dec) (in %)
Net Sales									
APAC BFB	48,950	82.1	43,673	79.6	5,277	12.1	42,768	79.2	14.5
Meat Alternative	10,696	17.9	11,224	20.4	(528)	(4.7)	11,224	20.8	(4.7)
Total	**59,646**	**100.0**	**54,897**	**100.0**	**4,749**	**8.7**	**53,992**	**100.0**	**10.5**
Gross Profit		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)				% of Segment Net Sales (in %)	
APAC BFB	15,925	32.5	14,337	32.8	1,588	11.1	13,432	31.4	18.6
Meat Alternative	2,634	24.6	3,871	34.5	(1,237)	(32.0)	3,871	34.5	(32.0)
Total	**18,559**	**31.1**	**18,208**	**33.2**	**351**	**1.9**	**17,303**	**32.0**	**7.3**
Core Income (after tax) at Ownership									
APAC BFB	6,448	13.2	5,803	13.3	645	11.1	5,803	13.6	11.1
Meat Alternative	(759)	(7.1)	(176)	(1.6)	(583)	331.2	(176)	(1.6)	331.3
Total	**5,689**	**9.5**	**5,627**	**10.2**	**62**	**1.1**	**5,627**	**10.4**	**1.1**
Core EBITDA [1]									
APAC BFB	10,114	20.7	8,364	19.2	1,750	20.9	8,364	19.6	20.9
Meat Alternative	(94)	(0.9)	472	4.2	(566)	*n/m*	472	4.2	(119.9)
Total	**10,020**	**16.8**	**8,836**	**16.1**	**1,184**	**13.4**	**8,836**	**16.4**	**13.4**

n/m – not meaningful %
[1] *Comparable growth was based on adjusted YTD 2022 to reflect PFRS-15 related reclassications (from selling expenses to contra-revenue) amounting to ₱905 million*
[2] See "*Other Financial Data – Core EBITDA Reconciliation*"

RESULTS OF OPERATIONS

For the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

Net Sales

Consolidated net sales increased by 8.7% on a reported basis and 10.5% on a comparable basis to ₱59,646 million in YTD 2023 due to broad-based growth across categories in APAC BFB, partly offset by the decline in the Meat Alternative.

APAC BFB

APAC BFB net sales increased by 12.1% on a reported basis and 14.5% on a comparable basis to ₱48,950 million in YTD 2023 driven by solid performance in all geographic markets and categories. The domestic business grew 13.8% on a comparable basis in YTD 2023 driven by broad-based volume growth across categories led by noodles and supported by carryover price actions from 2022 and the first half of 2023. Noodles volume have recovered from a temporary decline in Q3 2022 to an all-time high in Q3 2023. Meanwhile, international business grew by 23.7% on a reported basis and 18.8% at a constant currency basis in YTD 2023 primarily due strong growth in biscuits and noodles. Notably, Thailand's noodles export business has also recovered, with YTD 2023 sales up by 41.4% at constant currency basis compared with the prior year.

Meat Alternative

Net sales in the Meat Alternative segment decreased by 4.7% on a reported basis and decreased by 7.6% on a constant currency basis to ₱10,696 million in YTD 2023 because of continued category headwinds. Overall, UK and US sales declined on a constant currency basis by 6.9% and 27.1%, respectively, due to continues challenge in the retail market. While retail sales remained a challenge, *Quorn* continued to performed well against a competitor in the UK retail market, as evidenced by continued market share gains particularly in the frozen segment. Meanwhile, foodservice growth remains positive in the face of economic and market challenges, net sales up by 5.7% in YTD 2023 compared with the prior year.

Core Cost of Goods Sold

Cost of goods sold increased by 12.0% to ₱41,087 million in YTD 2023, primarily due to higher volume in APAC BFB and higher commodity costs accross business segments.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 12.6% to ₱33,025 million in YTD 2023, primarily due to higher sales volume and elevated prices of wheat and sugar in YTD 2023, partly offset by the lower prices of oil-based ingredients. However, the segment witnessed a positive impact due to decreased in prices of wheat, palm oil, other oil-based ingredients, particularly noticeable during Q3 2023, as the average prices were lower than Q3 2022 and the first half of 2023.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 9.6% to ₱8,062 million in YTD 2023 despite volume decline primarily due to elevated prices of key ingredients and provision for inventory obsolescence on slow moving stocks due to continued softness in the demand, partly offset by the decline in the average prices of utilities.

Gross Profit

Gross profit increased by 1.9% on a reported basis and 7.3% on comparable basis to ₱18,559 million in YTD 2023 due to solid recovery in APAC BFB, partly offset by the decline in the Meat Alternative segment.

APAC BFB

Gross profit for the APAC BFB segment increased by 11.1% on a reported basis and 18.6% on a comparable basis to ₱15,925 million in YTD 2023 primarily due to strong volume growth led by noodles recovery and net positive peso price recovery over inflation.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 32.0% to ₱2,634 million in YTD 2023 for the reasons discussed above.

Core Sales, General and Administrative Expenses (SG&A) (excluding non-recurring expenses)

Sales, general and administrative expenses decreased by 5.5% on a reported basis and increased by 2.6% on a comparable basis to ₱10,825 million in YTD 2023, primarily due to higher spending in the APAC BFB segment, partly offset by lower spending in Meat Alternative.

APAC BFB

SG&A in the APAC BFB segment decreased by 0.8% on a reported basis and increased by 12.8% on a comparable basis to ₱7,458 million in YTD 2023. The increase was due to higher marketing, selling, transport, and other administrative expenses primarily to support growth. YTD 2023 SG&A as percentage of sales slightly decreased by 0.2% against comparable YTD 2022, to 15.2% in YTD 2023.

Meat Alternative

SG&A in the Meat Alternative segment decreased by 14.5%, to ₱3,367 million in YTD 2023, reflecting the benefits of cost control measures and restructuring in view of current topline challenges resulting to lower spending on advertising and promotions, salaries and wages, and other operating expenses. Moreover, YTD 2023 SG&A as percentage of sales decreased by 3.6%, to 31.5% in YTD 2023.

Core Foreign Exchange (forex) Gains/ Loss

Foreign exchange loss on U.S dollar in YTD 2023 was at ₱21 million compared with forex gains of ₱866 million in YTD 2022. YTD 2023 forex loss on USD hedge has offset from forex gains on trust receipts, accounts payable transactions, and others that are being reported under non-core forex gain. YTD 2022 gains were due to effective hedge program amidst unprecendented strengthening of U.S dollar against the Philippine peso. USD to PhP closing exchange was ₱51.00 in December 31, 2021 to P58.625 in September 30, 2022.

Core Income (After Tax)

Core income (after tax) slightly increased by 1.1% to ₱5,699 million in YTD 2023, for the reasons discussed above.

Non-Core Foreign Exchange Gain/Loss

Foreign exchange gains in YTD 2023 was ₱320 million. The gains were mainly on accounts payable, trust receipts and acceptance payable. Meanwhile, in YTD 2022 the Group recognized loss of ₱148 million.

Finance Income

Finance income in YTD 2023 increased by 249.4% to ₱283 million mainly from U.S dollar and peso denominated market placements/time deposits.

Derivative Gain (Loss)

The Group recorded a derivate loss of ₱5 million in YTD 2023 compared to a derivative gain of ₱1,307 million in YTD 2022. YTD 2022 derivative gains pertain to unwinding of non-deliverable cross-currency swap (CCS) agreement entered last March 4, 2022, with the notional amount of ₱5,839.5 (£85.0) million. The CCS was used to hedge the Parent Company’s exposure to the GBP foreign exchange risk on its investment in MNSPL and was designated as net investment hedge. On September 28, 2022, the Board of Directores approved to fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling.

Other Non-Recurring Expenses (NRE)

Other non-recurring expenses decreased by 46.5%, to ₱548 million YTD 2023. The NRE in YTD 2023 pertains to restructuring costs in Meat Alternative segment in view of continues topline challenges. Meanwhile, YTD 2022 NREs pertain to additional depreciation (₱523 million) due to changes in the estimated useful life of Quorn fermenter assets in BF1 and restructuring costs (₱252 million) in the Meat Alternative as a result of production cost rationalization. Moreover, YTD 2022 NRE expenses was related to global strategic alignment initiatives (₱200 million) and provision in Thailand due to selective EU recall (₱49 million).

Income Before Income Tax

Income before tax decreased by 1.5% to ₱7,519 million in YTD 2023, for the reasons discussed above.

Total Income Tax Expense

Total income tax expense decreased by 3.6%, to ₱1,720 million in YTD 2023 due to due to recognition of the results of operations for year-to-date 2023.

Reported Net Income (after tax)

As a result of the foregoing, Group's reported net income increased by 3.1% to ₱5,799 million in YTD 2023.

STATEMENT OF FINANCIAL POSITION

Financial condition as at December 31, 2022, compared to as at September 30, 2023.

Current Assets

The Group's current assets increased by 3.5%, from ₱32,333 million as at December 31, 2022 to ₱33,465 million as at September 30, 2023.

	September 30, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	In ₱ millions, except percentages					
Cash and cash equivalents	12,954	39	11,629	36	1,325	11.4
Trade and other receivables	7,135	21	6,800	21	335	4.9
Inventories	10,517	31	10,879	34	(362)	(3.3)
Current financial assets	1,865	6	1,756	5	109	6.2
Prepayments and other current assets	994	3	1,269	4	(275)	(21.7)
Total	**33,465**	**100**	**32,333**	**100**	**1,132**	**3.5**

Cash and cash equivalents increased by 11.4%, from to ₱11,629 million as at December 31, 2022 to ₱12,954 million as at September 30,2023 due to higher cash inflow from operating activities of APAC BFB segment, partly reduced by cash outflow related to capital expenditures, investment related to Financial Assets and FVOCI, and partial payment of Marlow Foods Limited's (MFL) sterling term loan.

Current financials assets increased by 6.2%, from to ₱1,756 million as at December 31, 2022 to ₱1,865 million as at September 30,2023 due to reclassification of loans receivable of MNSPL to MNSG from noncurrent to current that will mature on July 3, 2024.

Prepayments and other current assets decreased by 21.7%, from ₱1,269 million as at December 31, 2022 to ₱994 million as at September 30, 2023 mainly due to usage of prepaid taxes and input VAT in MNUK.

Noncurrent Assets

The Group's noncurrent assets slightly increased by 2.3%, from ₱48,960 million as at December 31, 2022 to ₱50,081 million as at September 30, 2023

	September 30, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Intangible assets	14,837	30	14,483	30	354	2.4
Property, plant and equipment	31,082	62	30,864	63	218	0.7
Investments in associates and joint ventures	1,133	2	1,104	2	29	2.6
Deferred tax assets – net	789	2	868	2	(79)	(9.1)
Financial assets at FVOCI - Noncurrent	724	1	–	–	724	*n/m*
Noncurrent receivables	500	1	662	1	(162)	(24.5)
Other noncurrent assets	1,016	2	979	2	37	3.8
Total	**50,081**	**100**	**48,960**	**100**	**1,121**	**2.3**

Deferred tax assets decreased by 9.1% from ₱868 million as at December 31,2022 to ₱789 million as at September 30, 2023 mainly due to reduction in MNC as a result of actualization of prior year accruals.

The noncurrent financial assets at FVOCI pertain to subscription to 820,268,295 common shares out of the unissued authorized capital stock of Figaro Coffee Group (FCG), Inc. amounting to ₱820 million and subscription to 665,845 Series B Preferred Stock of Terramino, Inc., amounting to ₱109 million. As at September 30, 2023, the fair value of FCG was based on quoted prices.

The noncurrent receivables decreased by 24.5% from ₱662 million as at December 31, 2022 to ₱500 million as September 30, 2023 due to reclassification of loans receivable of MNSPL to MNSG from noncurrent to current that will mature on July 3, 2024.

Current Liabilities

The Group's current liabilities decreased by 1.3%, from ₱14,752 million as at December 31, 2022 to ₱14,561 million as at September 30, 2023.

	September 30, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	**% to Total (In %)**	**Audited**	**% to Total (In %)**	**Amount**	**In %**
	in ₱ millions, except percentages					
Accounts payable and other current liabilities	10,470	72	11,323	77	(853)	(7.5)
Acceptances and trust receipts payable	1,912	13	2,362	16	(450)	(19.1)
Current portion of loans payable	1,177	8	270	2	907	335.9
Refund liabilities	358	2	200	1	158	79.0
Current portion of lease liabilities	80	1	387	3	(307)	(79.3)
Income tax payable	564	4	210	1	354	168.6
Total	**14,561**	**100**	**14,752**	**100**	**(191)**	**(1.3)**

Accounts payable and other current liabilities decreased by 7.5%, from ₱11,323 million as at December 31, 2022 to ₱10,470 million as at September 30, 2023 primarily due to trade and nontrade payments.

Acceptances and trust receipts payable decreased by 19.1%, from ₱2,362 million as at December 31, 2022 to ₱1,912 million as at September 30, 2023 due to retirement of some trust receipts payable to save on interest expenses and in consideration of higher cash availability.

Current portion of loans payable increased by 335.9%, from ₱270 million as at December 31, 2022 to ₱1,177 million as at September 30, 2023 mainly due to MFL's availment of revolving /short-term credit loans.

Current portion of lease liabilities decreased by 79.3%, from ₱387 million as at December 31, 2022 to ₱80 million as at September 30, 2023 due to reclassification of portion of MNUK's lease liabilities from current to noncurrent.

Refund liabilities increased by 79.0%, from ₱200 million as at December 31, 2022 to ₱358 million as at September 30, 2023. The provision was consistent with PFRS 15.

Income tax payable increased by 168.6%, from ₱210 million as at December 31, 2022 to ₱564 million as at September 30, 2023 mainly due to income tax payable of MNC and MMYSC.

Noncurrent Liabilities

The Group's noncurrent liabilities decreased by 23.2%, from ₱14,270 million as at December 31, 2022 to ₱10,963 million as at September 30, 2023.

	September 30, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	In %	Audited	In %	Amount	%
			In ₱ millions, except percentages			
Loans payable	3,665	33	6,983	49	(3,318)	(47.5)
Deferred tax liabilities - net	4,059	38	4,320	30	(260)	(6.0)
Lease liabilities	2,613	24	2,423	17	190	7.8
Pension liability	589	5	507	4	82	16.2
Other noncurrent liabilities	37	–	37	–	–	–
Total	**10,963**	**100**	**14,270**	**100**	**(3,306)**	**(23.2)**

Loans payable decreased by 47.5%, from ₱6,983 million as at December 31, 2022 to ₱3,665 million as at September 30, 2023 due to partial settlement of MFL's sterling term loan.

Deferred tax liabilities decreased by 6.0%, from ₱4,320 million as at December 31, 2022 to ₱4,059 million as at September 30, 2023 due to higher NOLCO in the Meat Alternative.

Lease liabilities increased by 7.8%, from ₱2,423 million as at December 31, 2022 to ₱2,613 million as at September 30, 2023 due to reclassification of portion of MNUK's lease liabilities from current to noncurrent.

Equity

The Group's total equity increased by 11.0% from ₱52,271 million as at December 31, 2022 to ₱58,021 million as at September 30, 2022 due to recognition of the results of operations for year-to-date 2023.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal sources of liquidity are cash flows from its operations, borrowings, and IPO proceeds. For the twelve months ended December 31, 2022, the Group's cash flows from operations were sufficient to provide for its operations and dividend payments. The IPO proceeds financed the Company's capital expenditure (CapEx) requirements for 2022. For the nine months ended September 30, 2023, the Group's cash flows from operations were sufficient to provide for its operations, dividends and CapEx requirements.

The Group's principal requirements for liquidity are for purchases of raw materials and payment of other operating expenses, investments in production equipment, payment of cash dividends, and other working capital requirements.

The cash flows of the Group are primarily from the operations of its APAC BFB Business. The Group expects that its operating cash flow will continue to be sufficient to fund its operating expenses, dividend payments, and CapEx. The Group also maintains long- and short-term credit facilities with various financial institutions, which can support any temporary liquidity requirements. Any excess capital expenditure beyond the operating cash flow will be funded by remaining IPO proceeds (for APAC BFB only) and bank borrowings.

Cash Flows

The following discussion of the Group's cash flows for the nine months ended September 30, 2022, and 2023 should be read in conjunction with the statements of cash flows and notes included in Unaudited Consolidated Financial Statements.

The table below sets forth the principal components of the Group's statements of cash flows for the periods indicated.

	Nine months ended September 30,	
	2023	2022
	In ₱ millions	
Net cash flows provided by operating activities	7,328	2,340
Net cash flows used in investing activities	(2,777)	(4,940)
Net cash flows from (used in) financing activities	(3,238)	998
Net increase in cash and cash equivalents	**1,313**	**(1,602)**
Effect of Exchange Rate Changes on cash and cash equivalents	12	96
Cash and cash equivalents at beginning of year	**11,629**	**13,857**
Cash and cash equivalents as at September 30,	**12,954**	**12,351**

Net cash flow provided by operating activities

The net cash flows provided by operating activities were ₱7,328 million for the nine months ended September 30, 2023. The Group's income before income tax for the nine months ended September 30,2023 was ₱7,519 million. Cash generated from operations (after adjusting for, among other things, depreciation, amortization, and working capital changes) was ₱8,708 million. The Group generated cash from interest received amounting to ₱287 million and paid income taxes of ₱1,668 million.

The net cash flows provided by operating activities were ₱2,341 million for the nine months ended September 30, 2022. The Group's income before income tax for the year was ₱7,411 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱3,891 million. The Group generated cash from interest received amounting to ₱72 million and paid income taxes of ₱1,622 million.

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱2,777 million for the nine months ended September 30, 2023. The net cash outflow primarily for the Parent company subscription to 820,268,295 common shares out of the unissued authorized capital stock of Figaro Coffee Group, Inc. amounting to ₱820 million and subscription to 665,845 Series B Preferred Stock of Terramino, Inc., amounting to ₱109 million. The other cash outflows pertain to various CapEx amounting to ₱1,951 million.

The Group's net cash flows used in investing activities were ₱4,940 million for the nine months ended September 30, 2022. The cash outflow primarily consisted of the Group's payments for CapEx of ₱3,340 million and investment in FVTPL at ₱1,736 million

Net cash flows used in financing activities

The net cash flows used in financing activities were ₱3,238 million for the nine months ended September 30, 2023. The net cash outflow primarily due to partial settlement of MFL's sterling term loan amounting to ₱2,641 million (net of new availment). The other cash outlow pertains to payment of interest expense and lease liabilities.

The net cash flows provided by financing activities were ₱998 million for the nine months ended September 30, 2022. The cash flow was primarily from proceeds from the unwinding of due CCS agreement amounting to ₱920 million.

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

The following are the major financial ratios that the Group uses and monitors.

The top five key performance indicators are Sales Growth, Gross Margin, Net Profit margin, Core EBITDA margin, and Core Return on equity.

	September 30, 2023	December 31, 2022
Current ratio	2.30	2.19
Acid test ratio	1.51	1.37
Solvency ratio	0.41	0.38
Debt-to-equity ratio	0.44	0.56
Asset-to-equity ratio	1.44	1.56
	Nine Months Ended, September 30,	
	2023	**2022**
Net Sales Growth*	8.7%	6.7%
Gross Margin*	31.1%	33.2%
Core Net Income After Tax margin (at ownership)	9.5%	10.3%
Core EBITDA Margin	16.8%	16.1%
Core Return on equity **	12.0%	10.9%
Core Return on assets **	8.0%	7.3%
Interest rate coverage ratio	21.5	29.7

** Reported*
*** 2023 was annualized, calculated as YTD 2023 + Q4 2022 ; 2022 based on full year*

The manners by which the ratios are computed are as follows:

Financial ratios	Formula
Current ratio	Current assets / Current liabilities
Acid test ratio	Cash and cash equivalents + Current receivables+ Current Financial Assets / Current liabilities
Solvency ratio	Net income attributable to equity holders of the Company + Depreciation and amortization + Impairment Loss / Total liabilities
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Equity attributable to equity holders of the Company
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to equity holders of the Company
Interest rate coverage ratio	Core EBITDA / Finance Costs
Net Sales Growth	Current period net sales – prior period net sales / Prior period net sales
Gross margin	Gross profit / Net Sales
Core EBITDA Margin	Core EBITDA / Net Sales
Net profit margin	Core Income after-tax at Ownership / Net sales
Core Return on equity	Core income after-tax at Ownership* / Equity attributable to equity holders of the Company (average)**
Core Return on assets	Core income after-tax at Ownership* / Total assets (average)*

Note:
* 2023 was annualized, calculated as YTD 2023 and Q4 2022
**(average) means the average of the amounts from the beginning and end of the same period.

Capital Expenditures

The Group's Capital Expenditures (CapEx) were primarily attributable to spending to develop new business, expand production capacity and capability, and improve operational efficiencies. The Group invested in the construction of a new manufacturing plant, new production lines, and machineries.

The table below sets out the Group's estimated 2023 CapEx plan and actual spend for the nine months ended September 30, 2023 and 2022.

	FY Revised Plan	Nine months ended September 30,	
	2023	2023	2022
		(in ₱ millions)	
APAC BFB	3,080	1,208	1,554
Meat Alternative	1,039	743	1,786
Total	**4,119**	**1,951**	**3,340**

In YTD 2022, APAC BFB's major CapEx was primarily for additional investment for new manufacturing plant in Malvar Batangas, investment in machineries to improve operational efficiencies and new noodles production lines. Meanwhile, in YTD 2023, major CapEx was primarily on manufacturing buildings and various machineries to improve operational efficiencies and capabilities.

In YTD 2022, Meat Alternative's major CapEx was mainly to increase production fermentation and deli capacity. Meanwhile, in YTD 2023, investments were primarily to improve paste design capability and other investments to improve capabilities.

2023 capital plan in APAC BFB's is primarily to improve capacity/ capability of bakery businesses and investment in various machineries to improve operational efficiences. Meat Alternative's 2023 plan is mainly to improve operational efficiences.

OTHER FINANCIAL DATA

I.RECONCILIATION OF PFRS TO NON-PFRS MEASURES

The following tables set out PFRS to non-PFRS reconciliation for the period indicated:

	Nine Months Ended September 30, 2023			
	PFRS Reported	Non-PFRS Adjustments APAC BFB	Meat Alternative	Non-PFRS Reported
		in ₱ millions		
NET SALES	**59,646**	–	–	**59,646**
Less: COST OF GOODS SOLD	41,087	–	–	41,087
GROSS PROFIT	**18,559**	–	–	**18,559**
Less: SALES, GENERAL AND ADMINISTRATIVE EXPENSES [1]				
Impairment (reversal) loss – Net	(26)	104	(78)	–
General and administrative expenses [2]	5,922	–	(470)	5,452
Selling and distribution expenses [2]	5,451	–	(78)	5,373
	11,347	104	(626)	10,825
Core Other Income/(Expense)				
Miscellaneous Income	–	–	30	30
Interest Expense – Orchid+Trust Receipts [4]	–	(345)	–	(345)
Forex loss on USD Stockpile [5]	–	(21)	–	(21)
	-	(366)	30	(336)
CORE INCOME BEFORE TAX	**7,212**	**(470)**	**656**	**7,398**
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) – net	299	21	–	320
Share in net earnings of an associate	28	–	–	28
Market valuation gain (loss) on financial instruments at fair value through profit or loss	65	–	–	65
Miscellaneous Income	101	–	(30)	71
Impairment Reversal/(Loss) -Net		104	(78)	26
	493	**125**	**(108)**	**510**
INCOME BEFORE FINANCE INCOME (EXPENSES)	**7,705**	**(345)**	**548**	**7,908**
FINANCE INCOME (EXPENSES)				
Finance Income	284			284
Finance Costs	(465)	345	–	(120)
Derivative gain/(loss)	(5)			(5)
	(186)	345	–	159
Other Non-Recurring Expenses				
Restructuring costs in MNUK	–	–	(548)	(548)
	-	-	(548)	(548)

	Nine Months Ended September 30, 2023			
	PFRS Reported	**Non-PFRS Adjustments APAC BFB**	**Meat Alternative**	**Non-PFRS Reported**
INCOME BEFORE INCOME TAX	**7,519**	–	–	**7,519**
PROVISION FOR CURRENT INCOME TAX				
Current	2,022	–	–	2,022
Deferred	(302)	–	–	(302)
PROVISION FOR CURRENT INCOME TAX	1,720	–	–	1,720
NET INCOME FROM CONTINUING OPERATIONS	**5,799**	**-**	–	**5,799**

Non-PFRS adjustments:
[1] Restructuring costs in MNUK
[2] Recurring interest expense on Loans and Trust Receipts Payable
[3] Foreign exchange loss on U.S dollars balances for the Group's natural hedge.

	Nine Months Ended September 30, 2022			
	PFRS Reported	**APAC BFB**	**Non-PFRS Adjustments Meat Alternative**	**Non-PFRS Reported**
		in ₱ million		
NET SALES [1]	**54,854**	**43**	–	**54,897**
Less: **COST OF GOODS SOLD [2]**	37,412	(200)	(523)	36,689
GROSS PROFIT	**17,442**	**243**	**523**	**18,208**
Less: SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss - Net	215	(215)	–	**-**
General and administrative expenses [3]	5,647	(6)	(252)	5,389
Selling and distribution expenses	6,068	–	–	6,068
	11,930	**(221)**	**(252)**	**11,457**
Core Other Income/(Expense)				
Interest Expense - Orchid+Trust Receipts [4]	–	(172)	–	(172)
Forex gain on USD Stockpile [5]	–	866	–	866
	-	694	**-**	694
CORE INCOME BEFORE TAX	**5,512**	**1,158**	**775**	**7,445**
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) - net	718	(866)	–	(148)
Share in net earnings of an associate	18	–	–	18
Impairment loss - Net		(215)	–	(215)
Others - net	71	–	–	71
	807	**(1,081)**	**-**	**(274)**
INCOME BEFORE FINANCE INCOME (EXPENSES)	**6,319**	**77**	**775**	**7,171**
FINANCE INCOME (EXPENSES)				
Finance income	82	–	–	82
Finance Costs	(298)	172	–	(126)
Derivative gain	1,307	–	–	1,307
	1,091	**172**	–	**1,263**
Other Non-Recurring Expenses				
PPE- changed in estimated useful life	–	–	(523)	(523)
Restructuring costs in MNUK	–	–	(252)	(252)
Global strategic alignment initiatives	–	(249)		(249)
		(249)	**(775)**	**(1,024)**
INCOME BEFORE INCOME TAX	**7,410**	–	–	**7,410**
PROVISION FOR CURRENT INCOME TAX				
Current	2,029	–	–	2,029
Deferred	(245)	–	–	(245)
PROVISION FOR CURRENT INCOME TAX	1,784	–	–	1,784
NET INCOME FROM CONTINUING OPERATIONS	**5,626**	–	–	**5,626**

(1) ₱43 million in APAC BFB pertains recall provision Thailand due to selective EU recall.
(2) ₱200 million in APAC BFB pertains to expenses related to global strategic alignment initiatives to adhere to strictest global compliance standards; ₱523 million in Meat Alternative (MA) pertains to additional depreciation due to production cost rationalization.
(3) ₱252 million in MA pertains to restructuring costs in UK due to improve efficiency and ₱ 6m in APAC BFB related to recall provision.
(4)Recurring interest expense on Loans and Trust Receipts Payable
(5)Foreign exchange gain on U.S dollars balances for the Group's natural hedge.

II. EBITDA Reconciliation

The following tables set out EBITDA reconciliation with respect to the Group's business segments for the period indicated:

	For the nine months ended September 30, 2023 (Unaudited)		
	APAC BFB	**Meat Alternative**	**Total**
		(in ₱ millions)	
Income before Income Tax	9,096	(1,577)	7,519
Finance Costs	185	280	465
Finance Income	(261)	(22)	(283)
EBIT	9,020	(1,319)	7,701
Derivative Loss	4	-	4
Foreign Exchange (Gain)/Loss	(300)	1	(299)
Restructuring costs in MNUK	-	548	548
Impairment (Reversal)/Loss	(93)	67	(26)
Depreciation and Amortization Expense	1,483	609	2,092
EBITDA	**10,114**	**(94)**	**10,020**

	For the nine months ended September 30, 2022 (Unaudited)		
	APAC BFB	**Meat Alternative**	**Total**
		(in ₱ millions)	
Income before Income Tax	8,375	(967)	7,408
Finance Costs	160	138	298
Finance Income	(78)	(3)	(81)
EBIT	8,457	(832)	7,625
Derivative Gain	(1,307)	-	(1,307)
Foreign Exchange (Gain) – Net	(707)	(11)	(718)
Other non-recurring expenses	249	252	501
Impairment Loss	215	-	215
Depreciation and Amortization Expense	1,457	1063	2,520
Core EBITDA	**8,364**	**472**	**8,836**

III. FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at September 30, 2023.

(in ₱ millions)

	On Demand	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial Liabilities						
Trade and other payables*	986	8,650	70	–	–	9,707
Loans Payable**	–	–	1,177	3,740	–	4,917
Lease liabilities	–	58	193	980	6,887	8,118
Acceptance and trust receipts payable	–	–	1,912	–	–	1,912
	986	8,708	3,352	4,720	6,887	24,654

** Excluding statutory payables*
*** including amount of interest*

Off-Balance Sheet Arrangements

As at September 30, 2023, the Group did not have any material off-balance sheet arrangements or obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that were likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Quantitative and Qualitative Disclosure of Market Risk

The Group's APAC BFB Business and Meat Alternative Business are exposed to various types of market risks in the ordinary course of business, including foreign currency risk, commodity price risk, interest rate risk, liquidity risk, and credit risk. For more information on risks discuss below, see Note 20 to Unaudited Consolidated Financial Statements.

1. Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising from currency fluctuations in respect of business transactions denominated in foreign currencies. The Group creates natural hedges on its short currency exposure and uses call options to cover tail risks.

2. Commodity Price Risk

The Group is exposed to price volatility arising from the utilization of certain commodities as raw materials, packaging materials, and fuel in its production processes. To minimize the Group's risk of potential losses due to volatility of international crude and product prices, the Group enters into short and longer tenor contracts for commodities such as flour and palm oil.

3. Interest Rate Risk

The Group is exposed to interest rate risk arising from its long-term debt obligations with floating interest rates. The Group manages its interest rate risk by maintaining a balanced portfolio of fixed and variable rate loans and borrowings.

4. Liquidity Risk

The Group is exposed to the risk of not meeting its payment obligations when they fall due. The Group manages its liquidity risk by monitoring and maintaining a level of cash deemed adequate by management to finance the Group's operations, ensure continuity of funding, and mitigate the effects of fluctuations in cash flows.

5. Credit Risk

The Group is exposed to the risk that a counterparty may not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating (primarily trade receivables) and financing activities. The Group manages its credit risk by monitoring receivables from each customer.

Contingencies

As at September 30, 2023, the Group is involved in certain proceedings and regulatory assessments, and management believes that none of these proceedings will have a material effect on the consolidated financial statements.

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱2,970.4 million and ₱1,447.5 million as at September 30, 2023 and December 31, 2022, respectively.

OTHER MATTERS

Commodity Prices
The Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices was reflected in YTD 2023 for wheat and palm oil. The Parent Company has partially secured wheat and palm oil prices until Q2 2024 and Q3 2024, respectively, and has diversified lock-ins and spot positions.

Subsequent Event
On November 8, 2023, management reported to MNC Board that a Singapore company owned by the controlling shareholders of the Company i.e., MNSG Holdings Pte. Ltd. ("MNSG") submitted a letter-commitment to wholly owned subsidiary Monde Nissin Singapore Pte. Ltd. that MNSG will execute on or before November 30, 2023 a Top-Up Deed under which MNSG obligates itself to provide cash top-up to MNSPL that aims to reduce the net cumulative impairment (i.e., the sum of annual impairment amounts net of any annual impairment reversals), if any, starting with the calendar year ending December 31, 2023 and every year thereafter up to the calendar year ending December 31, 2032 (the "**Term**") with settlement (if any) occurring on a one-time basis on or before June 30, 2033. Said top up obligation is capped by the value of up to approximately 12% of MONDE's outstanding shares, or 2.156 Bn shares ("**Top-Up Limit**"), belonging to certain controlling shareholders ("**Restricted Shares**") using the weighted average stock price for the last five (5) trading days of the year 2032, net of normal transaction costs. The reckoning of the Final Impairment Amount will be based on MNSPL's audited financial statements as of December 31, 2032 (which will be published on or before April 15, 2033). Settlement, if any, of MNSG's top-up obligation shall be by way of a one-time cash infusion by MNSG into MNSPL on or before June 30, 2033.

Others
There are no unusual items regarding the nature and amount affecting assets, liabilities, equity, net income, or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

There were no other known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or unfavourable impact on net sales or income from continuing operations, except those stated above and in the Management's Discussion and Analysis of Factors affecting the Operations, Financial Position and Financial Performance.

Below is the foreign exchange rate used in the translation of the Income Statement and Balance Sheet Items to Philippine Peso.

	Nine Months Average Rate, ending September 30,		**Closing Rate**	
	2023	**2022**	**September 30,2023**	December 31,2022
1 GBP	**69.0846**	67.2740	**69.2574**	67.4394
1 USD	**55.5114**	53.5980	**56.5810**	55.7550

PART II--OTHER INFORMATION

Board of Directors

The following table sets forth the Company's Board of Directors as at September 30, 2023:

Name	Position
Hartono Kweefanus	Chairperson Emeritus
Kataline Darmono	Chairperson
Hoediono Kweefanus	Vice-Chairperson
Betty T. Ang	President
Henry Soesanto	Executive Vice President and Chief Executive Officer
Monica Darmono	Treasurer
Nina Perpetua D. Aguas	Lead Independent Director
Marie Elaine Teo	Independent Director
Anabelle L. Chua	Independent Director

SIGNATURES

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

MONDE NISSIN CORPORATION
Issuer

November 13, 2023
Date

HENRY SOESANTO
Chief Executive Officer

JESSE C. TEO
Chief Financial Officer