

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
Dec 31, 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
Republic of the Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Felix Reyes St., Brgy. Balibago, Santa Rosa City, Laguna
Postal Code
4026
8. Issuer's telephone number, including area code
+632 7759 7595
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 Philippine Stock Exchange
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

P60,431,824,445.24 as of market close on 31 Dec 2023 (based on closing market price on 31 Dec 2023).

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

2023 MNC SEC Form 17-A; 2023 Parent Company Audited Financial Statement (AFS); 2023 Consolidated AFS

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

Not applicable.

(c) Any prospectus filed pursuant to SRC Rule 8.1

Not applicable.

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Monde Nissin Corporation

MONDE

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2023
Currency	PHP'000

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Current Assets	36,089,590	32,332,816
Total Assets	84,094,659	81,292,373
Current Liabilities	17,734,802	14,751,601
Total Liabilities	25,596,271	29,021,189
Retained Earnings/(Deficit)	5,533,042	1,171,783
Stockholders' Equity	58,498,388	52,271,184
Stockholders' Equity - Parent	58,388,484	52,128,686
Book Value Per Share	3.25	2.9

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Gross Revenue	80,169,467	73,880,709
Gross Expense	83,526,158	87,378,494
Non-Operating Income	2,190,920	2,041,355
Non-Operating Expense	681,359	429,133

Income/(Loss) Before Tax	-1,847,130	-11,885,563
Income Tax Expense	-1,220,552	1,128,953
Net Income/(Loss) After Tax	-626,578	-13,014,516
Net Income/(Loss) Attributable to Parent Equity Holder	-636,408	-13,020,512
Earnings/(Loss) Per Share (Basic)	-0.04	-0.72
Earnings/(Loss) Per Share (Diluted)	-0.04	-0.72

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2023	Dec 31, 2022
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	2.03	2.19
; ; Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	1.42	1.37
; ; Solvency Ratio	Total Assets / Total Liabilities	0.55	0.38
Financial Leverage Ratios			
; ; Debt Ratio	Total Debt/Total Assets	0.3	0.36
; ; Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.44	0.56
; ; Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	17.84	21.75
; ; Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.44	1.56
Profitability Ratios			
; ; Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.31	0.31
; ; Net Profit Margin	Net Profit / Sales	-0.01	-0.18
; ; Return on Assets	Net Income / Total Assets	-0.01	-0.14
; ; Return on Equity	Net Income / Total Stockholders' Equity	-0.01	-0.22
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-209.5	-15.39

Other Relevant Information

Please see attached SEC Form 17A with annexes (with 2023 Sustainability Report) as of December 31, 2023.

Filed on behalf by:

Name	Katherine Lee-Bacus
Designation	Assistant Corporate Secretary

COVER SHEET

0000086335

S.E.C. Registration Number

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

(Company's Full Name)

F E L I X R E Y E S S T . ,
B A R A N G A Y B A L I B A G O , C I T Y O F
S A N T A R O S A , L A G U N A 4 0 2 6

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

Atty. Helen G. Tiu
Corporate Secretary

Contact Person

7759 7595

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

SEC Form 17-A

Form Type

Month Day

Annual Meeting

Issuer of Securities under SEC-MSRD
No. 27, Series of 2021

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

16

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC No. 0000086335

File No. _____

MONDE NISSIN CORPORATION

(Company's Full Name)

Felix Reyes St., Brgy. Balibago

Santa Rosa City, Laguna

(Company's Address)

(632) 7759 7595

(Telephone Number)

December 31, 2023

(Fiscal Year Ending)

(Month & Day)

SEC Form 17- A

(Form Type)

SECURITIES AND EXCHANGE COMMISSION (SEC)
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT OF
MONDE NISSIN CORPORATION
PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the fiscal year ended: **December 31, 2023**
2. SEC Identification Number: **0000086335**
3. BIR Tax Identification Number: **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 principal office: **Felix Reyes St., Brgy. Balibago, Santa Rosa City, Laguna**
Postal Code: **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: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC:

Title of Each Class	Number of Shares Issued and Outstanding
Common	17,968,611,496

11. Are any or all of these securities listed on a Stock Exchange? Yes No

As of December 31, 2023, a total of 17,968,611,496 common shares are listed in the Philippine Stock Exchange (**PSE**).

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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

13. Aggregate market value of the voting stock held by non-affiliates: About ₱60,431,824,445.24 (based on the closing price of MONDE's common shares, and outstanding shares owned by non-affiliates as of December 31, 2023).

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the SEC: **Not Applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:
1. 2023 Parent Company (*i.e.*, the issuer, Monde Nissin Corporation's) Audited Financial Statements (with BIR ITR Filing Reference)
 2. 2023 Consolidated Audited Financial Statements of Monde Nissin Corporation and Subsidiaries and Supplementary Schedules

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Monde Nissin Corporation (the “**Parent Company**”, the “**Company**”, or “**MONDE**”) was incorporated and registered with the Philippines’ Securities and Exchange Commission (“**SEC**”) on May 23, 1979. Under its charter, its primary purpose is to engage in manufacturing, processing, baking, packaging, servicing, repackaging, assembling, importing, exporting, buying, selling, trading, or otherwise dealing in all kinds of goods, wares, and merchandise, 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. MONDE has a perpetual corporate term as provided under the Revised Corporation Code of the Philippines (Republic Act No. 11232).

On June 1, 2021, MONDE held an initial public offering (“**IPO**”) of its common shares and was listed on the main board of the Philippine Stock Exchange (“**PSE**”). As of December 31, 2023, its market capitalization is at or around ₱150,576,964,336.48 based on a common share price of ₱8.38.

GROUP OVERVIEW

MONDE and its subsidiaries (the “**Group**”) are among the frontrunners in the Philippine food manufacturing industry 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 (the “**APAC BFB Business**”), and the Meat Alternative Business, which includes the production, marketing, and sales of the *Quorn* and *Cauldron* meat alternatives brands (the “**Meat Alternative Business**”).

The APAC BFB Business comprises three product groups: instant noodles; biscuits; and others (such as beverages, baked goods, and culinary aids). Flagship brands contributing to the APAC BFB Business’s market-leading position include: *Lucky Me!* for instant noodles; *SkyFlakes*, *Fita*, *Nissin*, and *M.Y. San Grahams* for biscuits; *Mama Sita’s* for culinary aids; and *Dutch Mill* for yogurt drinks and cultured milk.

Marlow Foods Limited (known by its trade name “**Quorn Foods**”) is the only large-scale commercial provider of mycoprotein, a fungi-based, fermented protein that is high in protein, high in fiber, low in saturated fat, and contains no cholesterol. The fermentation process required to produce mycoprotein at scale requires significant capital investment and, more importantly, a unique know-how which Quorn Foods has derived from over 30 years of operating experience to maximize yield and efficiency.

Apart from MONDE becoming a publicly-listed company in 2021 (PSE: MONDE), the Group reached key milestones in recent years. In 2020, Quorn Foods established the Fermentation Development Center in Belasis to accelerate the protein research program. In 2021, MONDE acquired an additional 55% stake in Sarimonde Foods Corporation (“**SMFC**”) from PT Nippon Indosari Corpindo TBK, raising its equity interest in SMFC to 80%, resulting in SMFC becoming a subsidiary of MONDE; MONDE acquired the remaining 40% stake in Monde M.Y. San Corporation (“**MMYSC**”) from MY Crackers, Inc. (“**MCI**”) and MMYSC became MONDE’s wholly-owned subsidiary; and Quorn Foods’s fourth fermenter becomes operational, increasing the production capacity of mycoprotein paste. In 2023, MONDE acquired a 15% equity stake in Figaro Coffee Group, Inc. (“**FCG**”), providing MONDE exposure to the foodservice sector, and allowing MONDE to leverage its scale to enhance the procurement capabilities of the rapidly growing business of FCG.

The Group operates the APAC BFB Business through the Parent Company and its wholly-owned or majority-owned subsidiaries, joint ventures, as well as through established relationships with other renowned Fast Moving Consumer Goods (“**FMCG**”) players. The Group operates its Meat Alternative Business through Quorn Foods under the *Quorn* and *Cauldron* brands. For the year ended December 31, 2023, the APAC BFB Business generated ₱65.9 billion of net sales compared to the Group’s total net sales of ₱80.2 billion. Net sales of the APAC BFB Business is generated mainly from MONDE’s operations in the Philippines and accounted for 93.2%, 94.1%, and 93.4% of the APAC BFB Business’s total net sales for the years ended December 31, 2021, 2022, and 2023, respectively. The Meat Alternative Business generated net sales from the United Kingdom (“**UK**”) and the United States of America (“**US**”), and the rest of the world. Net sales from the UK amounted to 77.4%, 77.1%, and 78.4% of the Meat Alternative Business’s total net sales for the years ended December 31, 2021, 2022, and 2023, respectively. Net sales from the US amounted to 8.7%, 8.6%,

and 6.0% of the Meat Alternative Business's total net sales for each of the same years, respectively. Net sales from the rest of the world amounted to 13.9%, 14.3%, and 15.6% of the Meat Alternative Business's total net sales for each of the same years, respectively.

For each of the years ended December 31, 2021, 2022, and 2023, the Group's net sales amounted to ₱69.3 billion, ₱73.9 billion, and ₱80.2 billion, respectively; and the Group's core net income after tax amounted to ₱8.3 billion, ₱6.6 billion, and ₱7.6 billion respectively; and the Group's reported net income/loss amounted to ₱3.2 billion income, ₱13.0 billion loss, and ₱0.6 billion loss, respectively.

For the same periods, the APAC BFB Business contributed 78.0%, 79.2%, and 82.3%, respectively, to the Group's net sales while the Meat Alternative Business contributed 22.0%, 20.8%, and 17.7%, in each of the same years. For the years ended December 31, 2021, 2022, and 2023, the APAC BFB Business reported core net income of ₱7.7 billion, ₱6.9 billion, and ₱8.6 billion, respectively, while the Meat Alternative Business reported core net income/loss of ₱0.7 billion income, ₱0.3 billion loss, and ₱1.0 billion loss in each of the same years; and the APAC BFB Business's reported net income amounted to ₱4.0 billion, ₱7.4 billion, and ₱9.2 billion, respectively, while the Meat Alternative Business reported net loss of ₱0.8 billion, ₱20.4 billion, and ₱9.8 billion, respectively in each of the same years.

APAC BFB BUSINESS

Products and Brands

The Group's APAC BFB Business manufactures, markets, and sells an extensive portfolio of products which can be categorized into three product groups: (i) instant noodles; (ii) biscuits; and (iii) Others (such as baked goods, beverages, and culinary aids). The Group conducts its APAC BFB Business mainly in the Philippines and Thailand.

Instant Noodles

Lucky Me!'s market share in retail sales value in the Philippines for 2023 is 67.3%, ranking 1st.

The APAC BFB Group launched its instant noodles products under the *Lucky Me!* brand in 1989. Since then, *Lucky Me!* has grown into an iconic brand consumed by 98.9% of Filipino households by 2022 according to Kantar.

Lucky Me! offers a wide array of innovative and flavorful noodle varieties. There are three product lines under *Lucky Me!*: (i) wet pouch; (ii) dry pouch; and (iii) cups. *Lucky Me! Instant Mami* comes in a variety of flavors and is enjoyed as a comforting savory noodle soup. *Lucky Me! Pancit Canton* pioneered the dry stir-fried pouched noodles segment in 1991. It offers a variety of flavors and is enjoyed either as is, or paired with other food. Launched in 1995 as the first of its kind in the Philippine market, *Lucky Me! La Paz Batchoy* and the *Lucky Me! Bulalo* are instant noodles served in bowls (now in cups) primarily for on-the-go convenience *Lucky Me! Go Cup* has since expanded to variants such as *Jjamppong*, *Sotanghon*, and *Lomi*, among others.

The APAC BFB Group manufactures, distributes, and markets *Lucky Me!* mainly in the Philippine market. Through its Thailand operations, the APAC BFB Group exports *Lucky Me!* to more than 20 countries.

Biscuits

Biscuits was the first product group that the APAC BFB Group marketed when it started its operations. The APAC BFB Group launched its biscuit brand *Nissin* in 1979. MONDE's acquisition of a majority stake in M.Y. San Biscuit, Inc. (renamed as Monde M.Y. San Corporation [MMYSC] after the acquisition) in 2001 added *SkyFlakes*, *Fita*, and *M.Y. San Grahams* branded crackers to its portfolio.¹ Since then, the APAC BFB Group has added an assortment of delectable snacks, from wafers to cookies to cracker and cookie and cracker sandwiches.

The biscuits product group's market share in retail sales value in the Philippines for 2023 is 28.7% (source: Nielsen), ranking 2nd.

¹ 20 years later, or in 2021, MONDE acquired MY Crackers, Inc.'s remaining 40% stake in MMYSC and MMYSC became MONDE's wholly-owned subsidiary.

The APAC BFB Group manufactures, distributes, and markets its biscuits products mainly domestically in the Philippines. Brands under the biscuits segment that the APAC BFB Business manufactures, distributes, and markets in the Philippines are *Nissin*, *SkyFlakes*, *Fita*, *Bingo*, and *M.Y. San Grahams*.

In Thailand, the APAC BFB Group manufactures, distributes, and markets products under the *Voiz*, *Sumo*, and *Kid-O* brands.

Others

The products of the APAC BFB Group under Others are packaged baked goods, beverages, culinary aids, and fresh bread.

Yogurt drinks' market share in retail sales value in the Philippines for 2023 is 90.2%, ranking 1st. Cultured milk's market share in retail sales value in the Philippines for 2023 is 22.2% (MAT Oct, 2023) ranking 2nd. Oyster sauce's market share in retail sales value in the Philippines for 2023 is 58.8%, ranking 1st.

The APAC BFB Group markets domestically in the Philippines the various brands under its Others product group. The Company manufactures, distributes, and markets *Monde* packaged bakery products. *Monde* represents the APAC BFB Group's product initiative to venture into the mass premium bakery segment. *Monde* was the first brand in the Philippines to offer bakeshop-quality cakes and pastries made with real eggs and fresh ingredients.

SMFC is the manufacturer of *Monde Bread*, and *Walter Bread*, a healthy product line offering bread that contains fiber and wheat and has low or no sugar.

In 2006 and 2016, MONDE entered into distribution agreements with DPC and DMC, respectively, where MONDE became the exclusive distributor of *Dutch Mill* yogurt products and cultured milk in the Philippines. In 2010, the Group expanded its relationship to include marketing by the Group of *Dutch Mill* Yoghurt Drink products. In 2014, MONDE also entered a 20-year Distribution, Marketing, and Sales Development Agreement to establish an agency relationship with Sandpiper Spices and Condiments Corp. ("**SSCC**"), the manufacturer of *Mama Sita's* branded products, to exclusively market and distribute *Mama Sita's* products in the Philippines. These products include oyster sauce, and meal mixes and sauces. *Mama Sita's* is a legacy brand with rich culinary heritage well-established in the Philippine market. In 2023, MONDE allowed SSCC or its distributors to sell permitted products in the foodservice and non-traditional channels. In the same year, MONDE further expanded its relationship with DPC to include the marketing of *Dutchmill Delight* and *Dutchmill Proyo Yoghurt Drink*. MONDE believes that it derives above-market economic advantages for these marketing and distribution agreements because of the entrepreneurial role it plays where it makes marketing investments for the relevant products.

Raw materials

Raw materials accounted for 70%-75% of cost of goods sold since the year ended December 31, 2019 onwards. In 2023, the raw materials that accounted for the largest percentages of the APAC BFB Business's cost of goods sold were wheat/flour, palm oil, shortening, coconut oil, and sugar.

For the year ended December 31, 2023, flour from the Santa Rosa plant served majority of the APAC BFB Group's production requirements and the APAC BFB Group purchased the rest from local millers. The APAC BFB Group sources palm oil for the Philippines from multiple local suppliers and refiners, which buy from Indonesia and Malaysia, while its Thailand operation sources wholly from Thailand. Sugar and coconut oil are sourced mainly from local suppliers in the Philippines and Thailand. The cost of packaging is immaterial compared to the aforementioned raw materials.

For packaging, the main raw materials for all product groups are plastic wrappers, plastic cups, PET sachets, and packaging cartons. Except for the PET sachets used for soy sauce and oil, all packaging raw materials are sourced locally. As part of the Group's focus on Sustainability, the APAC BFB Group implemented various measures to use less packaging materials for its products which also resulted in significant cost savings. In Thailand, the APAC BFB Group resized and redesigned its biscuits product packaging to be tighter and adjusted the thickness of the packaging. The Group is also considering using recyclable materials for all its packaging in the future.

Prices of raw materials are subject to significant volatility due to extreme weather conditions, size of harvests, transportation and storage costs, governmental agricultural policies, currency exchange rate fluctuations, and other factors. The APAC BFB Group revisits the prices of its commodity raw materials such as flour and sugar regularly and ensures that supply contracts allow for further adjustment necessary to achieve cost efficiency and supply assurance. The APAC BFB Group has managed to partially mitigate price fluctuations in raw materials through a combination of (i) operational synergies, (ii) the use of long-term contracts with suppliers to lock in pricing, and the (iii) diversification of sources of supply. Given that a significant portion of the APAC BFB Group's flour requirement is produced in-house at its Santa Rosa plant, it enjoys consistent supply, quality, and cost savings for flour from this operational synergy. Operational synergy is also achieved in the supply of seasoning for instant noodles production from the seasoning plant in Thailand which offers comparatively lower costs than if seasonings were to be supplied in the Philippines as Thailand serves as one of the hubs for the food manufacturing industry.

Suppliers

The APAC BFB Group conducts vendor/supplier due diligence and accreditation procedures. To optimize value for both the supplier and the Group as purchaser, the Group has started a more holistic end-to-end value analysis to see total system costs and losses factoring in price, quality, reliability, and impact to the total supply chain, examples include wheat, palm oil, and packaging; and working out a joint solution with suppliers to take the losses out. This approach opened up new possibilities and collaborations, and enabled the Group to speed up sustainable solutions such as renewable energy in 2022 and coal-to-LPG in new sites.

The APAC BFB Group does not depend on a single supplier where the loss of such supplier would have a material adverse effect on its operations. The APAC BFB Group's key suppliers include Pacificor, LLC, Pilmico Foods Corporation, Oleo-Fats, Incorporated, Bunge Asia Pte. Ltd., Tap Oil Manufacturing Corporation, Edison Lee Marketing Corporation, and Multi Oil Manufacturing Corporation for raw materials such as wheat, palm oil, flour, sugar, and coconut oil.

Research and Development (R&D)

The Group spent 0.23%, 0.23%, and 0.36% of its revenues for the years ended December 31, 2021, 2022, and 2023 respectively, in research and development. Furthermore, to augment its in-house R&D capabilities, the APAC BFB Group also collaborates with various innovation companies and organizations.

Distribution channels

MONDE distributes via resellers and distributors with whom it maintains strong and long-standing relationships. This has resulted in strong distribution capabilities with extensive market penetration across all key distribution channels in the Philippines, a country with unique logistical challenges owing to it being an archipelago.

MONDE's main distribution channels are traditional trade, modern trade, the community distribution network, and a negligible amount of online sales. For the year ended December 31, 2023, MONDE had more than 266,000 customers in traditional trade and more than 3,000 customers in modern trade in the Philippines. It had more than 1,200 independent brand experts in its community distribution network.

The APAC BFB Group currently exports its instant noodles and biscuits products to more than 50 countries globally, particularly to Asia, the Middle East, and North America.

Customers

MONDE has no customer which accounts for more than 10% of total net sales for the year ended December 31, 2023. Thus, the loss of any of its customers would not have a material adverse effect on its operations.

MONDE has standardized distribution contracts with its distributors and modern trade customers (with general payment terms for modern trade customers), while outlets have standard operating procedures in place for invoicing. Distributors have two payment options.

Competition

The APAC BFB Group believes that future growth in all product groups will be driven by (i) meaningful product innovation and renovation centered around improving consumer experience in taste and overall value, premiumization, and hyper-convenience; (ii) extensive coverage of distribution; (iii) impactful store execution; and (iv) strengthening brand salience and imagery.

Instant Noodles

Competitors and competing brands in the Philippines' instant noodles category include Payless, Quickchow, and Homi, which compete mainly on pricing; Nissin, which competes on providing a Japanese flavor; and Nongshim, which competes on Korean-style noodles.

Recent initiatives intended to increase competitiveness include the launch of *Lucky Me! Pancit Canton Kasalo Pack* (bigger size) in 4 flavors, *Lucky Me! Instant Mami Kasalo Pack* in 2 flavors, and *Lucky Me! Go Cup Shrimp Tonkotsu* in cups and pouches.

Biscuits

The APAC BFB Group maintains its market-leading position in the Philippines while having witnessed some downward trends in recent years. To fortify its market-leading position, the APAC BFB Group aims to focus on brands where it has the ability to win further market shares and where gross margin is richer.

In Thailand, the APAC BFB Group faces competition from Universal Robina, Glico, Mondelez, Thai President, and Mayora, which generally compete on product range, new product development, and investment in marketing campaigns. Mondelez also leverages on the strengths of its global brands such as Oreo and Ritz. The APAC BFB Group believes that it has an extensive traditional trade coverage in Thailand with more than 900 vans engaged in sales activities. It also believes that its digital-based consumer communication and in-store investments are more effective and efficient compared to the other players. Thailand operation also has a number of great-tasting and healthier products in the pipeline which it believes will appeal to consumers.

Others

Competitors and competing brands in yogurt drinks include Alaska, which leverages on its milk product to market its yogurt drinks, and Sta. Maria, which targets premium and older customers and which competes on pricing. Del Monte, in partnership with Vinamilk of Vietnam, is also present with a line of dairy beverages.

Yakult is the main competitor for cultured milk competing on its heritage as a highly functional and specialized digestive drink. Yakult continued to maintain its strong product accessibility through a combination of traditional and direct sales. Other competitors include Good Day and Yobick.

For culinary aids, competitors include Nutri-Asia and Ajinomoto which compete mainly on value pricing, Unilever and Nestle which are established global brands in seasoning and flavorings, and Del Monte which promises taste and nutrition. However, these brands are better known for other products, rather than the products that *Mama Sita's* leads in.

In the bakery segment where low-price products lead, MONDE entered the packaged cake market by pioneering the mass premium segment. It was the first in the Philippine market to offer bakeshop-quality cakes and pastries in retail supermarkets. Its first product, the Filipino favorite *Classic Mamon*, was the first of its kind introduced in the Philippine market. Since its launch, *Monde* has built a superior brand image leveraging on premium taste and high quality at an accessible price. *Monde's* pricing is about 40% more affordable per unit than products of other leading bakery brands such as Red Ribbon and Goldilocks, but at least 40% more premium to other packaged cakes such as Big E and Rebisco.

Employees

As of December 31, 2023, MONDE had 3,270 employees. The table below sets forth a breakdown of the MONDE's employees by function as of the same date.

Functions	Number of Employees
Operations (manufacturing and supply network)	2718
Sales and Marketing (sales, brands, insights, media)	234
Support (human resources and personnel, IT, procurement, legal, compliance, communications)	127
Accounting and Finance	133
Product Development	40
Corporate	18
Total	3,270

MONDE believes that the compensation packages and benefits it offers to employees are competitive. MONDE established a provident fund with its employees on a voluntary basis. In the Philippines, both the employees and the Company contribute to the fund monthly at rates of 1% to 20% of the employee's basic salary. After three years, it matches the employee contribution up to 3%.

As of December 31, 2023, 23% of MONDE's employees belonged to and were represented by one trade union, namely the Confederation of Filipino Workers. As of the same date, MONDE had a five-year collective bargaining agreement with its employees expiring on April 30, 2026. Salary increase and supplemental benefits such as one-time signing and mid-year bonuses, and medical and bereavement assistance are consistent parts of the collective bargaining agreement.

MONDE is not involved in any material labor dispute which would have a material effect on its business, financial condition, and results of operations, and it is not aware of any circumstances that would give rise to such labor disputes, and has not experienced any labor strikes.

Intellectual Property

MONDE holds several trademarks, trade names, service marks, and other intellectual property rights, including trade secrets on technology know-hows and formulae in connection with its production processes. It considers these intellectual property rights, particularly trademarks, as crucial to its operations as brand name recognition is a key factor in the success of its business.

MONDE has registered its trademarks in the relevant jurisdictions in which it operates. As of December 31, 2023, it has over 80 trademarks, trade names, and service marks registered in over 25 countries and territories. MONDE's subsidiaries also procure and renew the relevant trademark registrations for their respective brands. Depending on the jurisdiction, trademark registrations generally are valid as long as they are used. MONDE has pending trademark applications and generally expects that these will be granted.

In addition to trademark registration, MONDE relies on a combination of (i) patent, trademark, copyright, and trade secret protection laws in various jurisdictions; (ii) employee and third-party non-disclosure agreements; and (iii) policing of third-party misuses and infringement to protect its intellectual properties. MONDE pursues available remedies to protect its portfolio of intellectual property rights, including trademark registrations.

Transactions with and/or Dependence on related parties

The Group, in the ordinary course of its business, has entered into transactions with affiliates and other related parties. Transactions with related parties are fair, entered into on an arm's length basis and at market rates. These transactions with related parties are described in Note 23 (Related Party Transactions) of the Group's 2023 Audited Consolidated Financial Statements attached hereto as Annex A.

Governmental Approvals

MONDE and its Philippine subsidiaries have obtained, or are in the process of obtaining or updating where relevant, all material permits and licenses from the relevant and appropriate local government units and regulatory agencies.

MONDE believes that it has all material permits and licenses necessary for it to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal. MONDE expects to secure in due course approvals for those material permits and licenses which are pending renewal. MONDE does not expect that the pendency of the renewals for certain permits will have a material adverse impact on its operations.

Government Regulation

The Group has no knowledge of recent or impending governmental regulations, the implementation of which will result in a material adverse effect on MONDE and its significant subsidiaries' business or financial position.

Various government agencies in the Philippines regulate the different aspects of the Group's manufacturing, processing, sales, and distribution businesses.

Costs and Effects of Compliance with Environmental Laws

The Group incurred about ₱315,055,522.97 in expenses for environmental compliance for its APAC BFB Business for the year 2023. On an annual basis, operating expenses incurred by the Group to comply with environmental laws for its APAC BFB Business are not significant or material relative to MONDE and its subsidiaries' total cost and revenues.

Costs for environmental compliance included (a) environmental monitoring & management, which includes air emission sampling (point source and/or ambient air), maintenance of air pollution control facilities (dust collectors), wastewater sampling, operation and maintenance of wastewater treatment facilities, solid waste management (waste treatment and disposal with 3rd party service providers), and permitting (application/permit fee for pollution control officer accreditations, permit to operate, discharge permit, permit to transport, etc.); (b) environmental enhancement programs, which includes housekeeping, tree planting/growing activities, and clean-up drives; (c) trainings; (d) extended producer responsibility compliance; and (e) settlement of penalties and impositions, where applicable.

Major Business Risks

The APAC BFB Business'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 will continue to influence its results in the foreseeable future. Factors other than those discussed below could also significantly impact the APAC BFB Business's results of operations and financial condition in the future.

Demand and Pricing

The APAC BFB 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 APAC BFB 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 APAC BFB Group believes that instant noodles, bread, biscuits, and culinary aids are considered consumer staples. For the year ended December 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 generally 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 APAC BFB Group intends to continue to innovate its products to enhance their perceived product value.

Changes in Consumer Tastes and Preferences

The APAC BFB 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 APAC BFB 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 APAC BFB Group's products. This may then significantly impact the results of the APAC BFB Group.

The APAC BFB Group regularly keeps abreast of the evolving consumer preferences and believes that its current broad array of products can address the shifts in trends. To take advantage of the "premiumization" trend, particularly from the growing and rising middle class seeking higher quality and higher value products, the APAC BFB 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 APAC BFB Group's sales and marketing activities is critical to its market share expansion and revenue growth. The APAC BFB Group communicates with consumers through various channels and touchpoints, including advertisement on television, radio programs, social media platforms (such as YouTube, Facebook, Instagram, Tiktok, 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 APAC BFB Group partners with celebrities and other key influencers for media or online collaborations and events.

Advertising affects consumer awareness of the APAC BFB Group's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The APAC BFB 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 APAC BFB 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 APAC BFB 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 APAC BFB 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 APAC BFB 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 APAC BFB Group's raw materials and packaging materials generally leads to an increase in production costs or interruption in the APAC BFB 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 material costs and other items might improve the APAC BFB Group's margins and results of operations. The APAC BFB 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 APAC BFB Group's flour requirement is produced in-house at its Santa Rosa facility, the APAC BFB Group enjoys consistent supply, quality, and cost savings for flour from this operational synergy. This is further enhanced by the APAC BFB Group's affiliate owns 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 APAC BFB 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 APAC BFB 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 APAC BFB Group's market share. As a result, any material increase in the market price of raw materials could adversely affect the APAC BFB Group's operating margins, which may affect its financial position and operating performance.

Product Mix

The APAC BFB Group has a diversified product mix which primarily includes instant noodles, biscuits, and other fast-moving consumer products. The APAC BFB 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 APAC BFB 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. The ability of the APAC BFB Group to continuously develop new products and launch product extensions to capture various consumer preferences enables the APAC BFB 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 APAC BFB Group's brands has its own unique positioning with different marketing strategies and promotional costs. As a result, the APAC BFB Group's revenue and profitability are largely affected by its product mix.

Competition

The APAC BFB Group's products face competition from other domestic producers as well as from imported products and foreign brands. Competitive factors facing the APAC BFB 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 APAC BFB 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. 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 APAC BFB 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 APAC BFB 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 APAC BFB Group is also significantly exposed to global commodity markets, mainly those for agricultural goods and energy. The Philippine economy has experienced good Gross Domestic Product ("GDP") growth exceeding that of some of its emerging market peers. The state of public health emergency due to COVID 19 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, global conflicts such as the Russia-Ukraine war and the various conflicts in the Middle East and their impacts on the global markets will continue to influence the APAC BFB Group materially in areas such as commodity and energy/fuel costs. While commodity costs generally trended down in 2023, the newly emergent threat of a larger middle east conflict around the Israel/Hamas war and Yemen could drive especially oil prices to unprecedented levels, as well as disrupt international shipping routes due to the Red Sea route being abandoned resulting in increased costs for longer routes. While the APAC BFB Group notes that the world market prices have gone down from their peak prices, a significant downside risk remains in case of escalations around these conflicts. As consumers grapple with uncertainty, their buying behavior and preferences may become more erratic as well.

Sales of most of the products of the Group's APAC BFB Business 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 Business'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 impacted by high inflation. Recently, rice prices have been driving inflation and could further drive consumer decisions of having to make choices between food groups. The ongoing El Niño period might put further stress on the consumers' budgets in case of weak harvests. While sales of a portion of the APAC BFB Group's products such as biscuits, beverages, and packaged cakes can be sensitive to changes in income and social conditions, the APAC BFB 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 export operations to select territories. As such, economic, social, and political conditions in Thailand may also affect the APAC BFB 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 anticipate possible disruptions and possible policy changes under a new administration. In addition, the economic environment globally may influence the planned expansion strategy of the export business as distributors act more cautiously on new product launches, advertising, and promotional spend. A successful execution of the expansion of the overseas business may provide possible upside to the APAC BFB Business. Global containers' shipping prices, as well as availability may influence growth and profitability of the export business in the upcoming periods. Container rates have begun increasing in 2023 due to the Red Sea situation with increased costs for routes around Africa with their additional two weeks journey time.

Seasonality

In the consumer goods industry, results of operations generally follow the seasonality of consumer buying patterns, and the APAC BFB Group's sales are affected accordingly. In the Philippines, most food and beverage products, including those of the APAC BFB 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 APAC BFB 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 APAC BFB Group's sales. In addition, seasonality varies across product types. Some of the APAC BFB 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 the consumers' preference for warm food. The Philippine

government also sources instant noodles and crackers, as staples in its relief goods packages, from the APAC BFB Group for distribution to the public. A number of biscuit products experience higher sales during the school year as the APAC BFB 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 APAC BFB Group's financial condition and results of operations from one quarter to another. To counter the seasonality of some of its products, the APAC BFB Group created marketing and advertising initiatives that encourage the sustained consumption of its products throughout the year. The APAC BFB 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 APAC BFB Group's aspiration will also depend on the APAC BFB 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.

Capacity and Utilization of the APAC BFB Group's Facilities

The ability of the APAC BFB 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 APAC BFB Group to introduce new products or new uses for its existing products, which, in turn, impacts the ability of the APAC BFB 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.

MEAT ALTERNATIVE BUSINESS – QUORN FOODS

Products and Markets

The Group's Meat Alternative Business produces and sells two categories of food products marketed under two brands: (i) mycoprotein-based products marketed and sold under the *Quorn* brand, and (ii) plant-based products marketed and sold under the *Cauldron* brand. *Quorn* and *Cauldron* products are healthy and environment-friendly alternative protein sources suitable for various cooking methods. *Quorn* and *Cauldron* products are suitable for various meal occasions and needs, such as breakfast, lunch, dinner, snacking, and food-on-the-go.

The Meat Alternative Business offers an extensive range of mycoprotein-based vegan and vegetarian products, some gluten-free. *Quorn* products offer an alternative for the key meat types: beef, pork, poultry, and fish. Its products cover all key shop aisles: frozen, chilled, and food cupboards.

Quorn products are sold in the UK, the Republic of Ireland, the US, Belgium, Luxembourg, Denmark, Finland, The Netherlands, Norway, Sweden, Germany, Switzerland, Southeast Asia, and Australasia.

Cauldron products are sold in the UK and the Republic of Ireland. All *Cauldron* products are suitable for vegetarians, and *Cauldron* tofu and falafel are suitable for vegans. *Cauldron* products offer alternative sources of protein that complement *Quorn* products. *Cauldron* products are offered in chilled form, and the Meat Alternative Business sees an opportunity to grow further in the UK chilled food category.

Marlow Ingredients, a new division of Marlow Foods Limited, was established in 2023 to supply mycoprotein as an ingredient to business customers in the food industry. During 2023, it began sales of mycoprotein for meat-alternative applications to customers in Europe and carried out development work to explore other applications.

Raw Materials

All *Quorn* branded products contain mycoprotein that is produced at Belasis. Mycoprotein can be used in vegan and vegetarian products and uses glucose as a key ingredient. To ensure continuity of supply, the Meat Alternative Business obtains its glucose supply from three suppliers based in the UK and France. Other minerals are used in the production of mycoprotein. Although some of these minerals are purchased from a single supplier, the Meat Alternative Business continues to identify alternative suppliers to avoid supply issues where required. Therefore, the Meat Alternative Business does not believe that losing any of its suppliers would materially affect its operations.

Cauldron products are made from various ingredients, including soya beans, chickpeas, soya protein, onion, and seasonings. Mycoprotein is mixed with other raw materials such as egg albumen (or its alternative for vegan products), natural flavors, seasonings, and coatings to produce Quorn products. These raw materials are sourced through a pool of accredited third-party suppliers who are regularly audited by Quorn Foods's Quality and Compliance team in accordance with Quorn Foods's sourcing procedures as well as food safety, quality assurance, and sustainability standards. Many ingredient suppliers are long-standing suppliers of the Meat Alternative Business, with whom it has long-term supply agreements for key raw materials. The Meat Alternative Business does not depend on a single raw materials supplier, where the loss of such a supplier would materially affect its operations.

Suppliers

Quorn Foods's Procurement Department ensures continuity of supply by having multiple sources for the critical ingredients and a geographical spread of suppliers using a standard supply contract for most of its suppliers. In all instances, renewal is done by negotiation and agreement. Procurement closely coordinates with the Planning team to ensure that appropriate stock levels are maintained. Purchasing efficiencies are secured by regularly benchmarking and tendering all materials. Quality control is assured via a systemic technical audit program, Global Food Safety Initiative ("GFSI") accreditation, self-audit questionnaires, and physical checks, as appropriate.

Research and Development (R&D)

The Quorn Foods group spent 4%, 4%, and 5% of its revenues for the years ended December 31, 2021, 2022, and 2023 respectively, in research and development. Furthermore, to augment its in-house R&D capabilities, the Quorn Foods group also partners with other organizations.

Quorn Foods conducts R&D in three principal areas:

- to further develop the fermentation process for the production of mycoprotein;
- to establish new commercial applications for mycoprotein; and
- to develop great tasting food for the consumers of the *Quorn* and *Cauldron* brands.

Distribution Channels

The Meat Alternative Business uses third-party logistics providers to distribute products to retailers and foodservice customers. These logistics providers are regularly audited by Quorn Foods's Technical and Compliance team and covered by Quorn Foods's food safety, quality assurance, and sustainability standards.

The Meat Alternative Business uses two third-party logistics providers in the UK with long-term contracts.

The Meat Alternative Business has a network of shipping, warehouse, and transportation companies to service overseas customers to ensure goods are stored and distributed to meet service and quality standards.

Retail

As of December 31, 2023, the Meat Alternative Business products were available in approximately 250,000 points of distribution, primarily in the UK, the US, and Europe across leading food retailers.

Food retailers in the UK primarily purchase directly from Quorn Foods. Food retailers outside the UK source the Meat Alternative Business products largely via direct supply from Quorn Foods, but with some reliance on third-party distributors.

Quick Service Restaurants (QSR)

The Meat Alternative Business has a strong presence in QSR distribution channels. The Meat Alternative Business supplies four out of the top ten and nine out of the top 50 restaurants and fast-food chains in the UK, with more restaurants and fast-food chains than competitors. Building on this strength, the Meat Alternative Business is working to extend its reach in QSR to the rest of Europe and beyond.

Foodservice Outlets

The Meat Alternative Business feeds out-of-home consumers through all stages of their lives (learning, caring, working and relaxing) and has a strong presence in the foodservice segment. Its products are served in approximately 75% of all schools (approximately 24,000 out of 32,000 schools) in the UK. Based on the Meat Alternative Business's internal brand tracking, they are available on the menu of 3,000 pubs/bars (4,500 menu items). Beyond the UK, the Meat Alternative Business is growing its foodservice business across Europe.

Foodservice outlets in the UK purchase directly from Quorn Foods and indirectly through major wholesalers. Foodservice outlets outside the UK source the Meat Alternative Business products primarily through third-party distributors.

The Meat Alternative Business also sells to local authorities in the UK through third-party distributors where Quorn Foods products form part of a healthy menu offered in schools.

Top Customers

For the year ended December 31, 2023, the Meat Alternative Business's top five customers accounted for more than 50% of total net sales. These customers are all based in the UK, and its largest single customer, Tesco, accounted for 20% of the Meat Alternative Business's total net sales.

The Meat Alternative Business does not have written contracts with many of its customers but agrees on joint business plans with them annually. Such practice is customary in the UK retail market.

Competition

The Meat Alternative Business competes with a broad category of market participants such as multinational corporates, venture capital-backed newer entrants, and retailer private label products. The product group also competes with traditional meat brands and purely plant-based producers.

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 with 27.6% and 4.7% of grocery retail market share by value in 2023, respectively, according to Circana (52-week data). *Quorn* has the broadest product portfolio in the UK market.

In the UK, the *Quorn* brand primarily competes with various meat alternative brands and private label products. *Cauldron* is complementary to the *Quorn* brand and competes in the alternative protein category. In the frozen category, the main branded competitor is Linda McCartney, with Birds Eye emerging in the last three years. Competition comes from private labels and brands such as Richmond, The Tofoo Co, Vivera, and THIS in the chilled category. In the US, *Quorn* primarily competes with Boca (a brand of Kraft Heinz Foodservice), Gardein (a brand of Conagra Brands), and Morning Star Farms (a brand of Kellogg's), which offer products across multiple categories as well as Beyond Meat and Impossible. *Quorn* also competes with traditional meat brands such as Tyson.

Quorn is differentiated by a range of attributes including, the taste, health benefits, and sustainability of its food, driven by its core ingredient *Quorn* mycoprotein. The extensive range *Quorn* has across both chilled and frozen categories allows it to cover more meal occasions more often, as a key alternative to beef, pork, poultry, and fish.

Cauldron is complementary to the *Quorn* brand and competes in the plant-based protein category on taste, health, and natural ingredients.

Employees

As of December 31, 2023, Quorn Foods had 855 employees across six international locations. The Meat Alternative Business believes that its diverse, well-trained, and experienced employee pool is a strong asset.

It aims to support its operating functions, grow the capability of its employees and promote its core values (“Stronger Together,” “Think Big Act with Courage,” “Make Lives Better,” and “Strive to be the Best”) through the implementation of various professional and personal development programs. These programs include:

- secondment opportunities to develop skills and capabilities and gain experience;
- financial support for professional qualifications;
- operational training to provide technical skills;
- an onboarding program to introduce new joiners to Meat Alternative Business’s operations, policies, and administrative procedures;
- coaching programs developed to improve feedback conversations and enhance team performance;
- an online objective setting and performance review process; and
- a development plan framework to encourage conversations and ensure employees have a clear growth plan.

The following tables detail Meat Alternative Business’s employees by employee type and by location.

Employee Type	Count
Executive management team	5
Other full-time employees	850
Total	855

Location	Count
UK	825
Continental Europe	20
US	10
Total	855

As of December 31, 2023, some of the employees of the Meat Alternative Business belonged to and were represented by two trade unions, Unite the Union at Belasis and Stokesley; and the Bakers, Food, and Allied Workers Union at Methwold.

As of December 31, 2023, Quorn Foods had a collective bargaining agreement with its employees in Belasis, Methwold, and Stokesley. The key provisions of these agreements include various aspects of pay, working hours and conditions, holidays, and the resolution of grievances.

The Meat Alternative Business believes that its employees’ compensation packages and benefits are competitive. Base salaries are benchmarked using independent external bodies and salary surveys to ensure they remain competitive. Employee benefits include:

- pension contribution with Quorn Foods’s standard matching rate of up to 5% for most employees, with higher contributions for certain employees in legacy pension schemes. Contribution to pension schemes is made through a salary sacrifice arrangement to maximize tax efficiency for employees who contribute to their pension;
- company car (or equivalent cash allowance) for staff above a certain grade (both recently reviewed for competitiveness);
- health care benefits for staff above a certain grade augmented by permanent health insurance for executive

- level staff;
- life assurance for employees in the pension scheme at four times the salary (ten times the salary for those in Belasis bargaining group); and
- discretionary bonus scheme for all employees at a level commensurate with their grades.

Intellectual Property

Quorn Foods holds several trademarks, trade names, service marks, and other intellectual property rights, including patents, trade secrets, know-how and formulae in connection with its production processes. It considers these intellectual property rights, particularly patents, trademarks, and know-how as crucial to its operations.

Quorn Foods has registered its trademarks in the relevant jurisdictions in which it operates, as well as those it might operate in in the future. As of December 31, 2023, it has over 20 trademarks, trade names, and service marks registered in over 100 countries and territories. Its subsidiaries procure and renew the relevant trademark registrations for their respective brands. Depending on the jurisdiction, trademark registrations generally are valid as long as they are used. Quorn Foods has pending trademark applications and generally expects that these will be granted.

In addition to trademark registration, Quorn Foods relies on a combination of (i) patent, trademark, copyright, and trade secret protection laws in various jurisdictions; (ii) employee and third-party non-disclosure agreements; and (iii) policing of third-party misuses and infringement to protect its intellectual properties. Quorn Foods pursues available remedies to protect its portfolio of intellectual property rights, including trademark registrations.

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The Meat Alternative Business has obtained, or is in the process of obtaining or updating where relevant, all material permits and licenses from the relevant and appropriate government units and regulatory agencies.

The Meat Alternative Business believes that it has all material permits and licenses necessary for it to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal. The Meat Alternative Business expects to secure in due course approvals for those material permits and licenses which are pending renewal. The Meat Alternative Business does not expect that the pendency of the renewals for certain permits will have a material adverse impact on its operations.

Government Regulation

The Meat Alternative Business is subject to the prevailing food standards and related regulations that apply in the markets in which it operates.

Costs and Effects of Compliance with Environmental Laws

The Meat Alternative Business did not directly incur separately identifiable expenses for environmental compliance for the year 2023. Compliance with environmental and sustainability standards is a key consideration in all decisions made by the Meat Alternative Business.

On an annual basis, operating expenses incurred by the Meat Alternative Business to comply with environmental laws are not significant or material relative to the Meat Alternative Business's total cost and revenues.

Major Business Risks

The Meat Alternative Business'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 will continue to influence its results in the foreseeable future. Factors other than those discussed below could also significantly impact the results of operations and financial condition in the future.

Demand and Pricing

The Meat Alternative Business's results of operations are affected by consumers' demand for its products, and pricing, in turn, influences demand. When determining its selling prices, the Meat Alternative Business 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. In spite of the challenges faced recently by the alternative protein foods category due to inflation and cost-of-living, the Meat Alternative Business believes the category remains an emerging category with further growth potential. For the year ended December 31, 2023, meat alternatives have seen a mixed performance with overall category declines, while *Quorn* was able to gain market share in this challenging environment. Sales of the Meat Alternative Business products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures.

Demand for fast-moving consumer goods is price elastic in general, particularly for consumers whose 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. During 2023, this trend was evident, and in a number of markets, consumers reduced their food consumption and/or shifted their buying habits towards lower cost products while focusing less on health or environmental considerations.

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 Meat Alternative Business intends to continue to innovate its products to enhance their perceived product value, and taste preference over competition.

Changes in Consumer Tastes and Preferences

The Meat Alternative Business'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 Meat Alternative Business'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 Meat Alternative Business's products. This may then significantly impact the results of the Meat Alternative Business.

The Meat Alternative Business regularly keeps abreast of the evolving consumer preferences and believes that its current broad array of products can address the shifts in trends. The Meat Alternative Business 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. It innovates to develop new or enhance existing product lines with recent initiatives including new products in its deli and snacking ranges.

Effectiveness of Sales and Marketing Activities

The effectiveness of the Meat Alternative Business's sales and marketing activities is critical to its market share expansion and revenue growth. The Meat Alternative Business 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 and sponsorship. Customer touchpoints at the purchase stage include in-store promotions and loyalty programs.

Advertising affects consumer awareness of the Meat Alternative Business's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The Meat Alternative Business 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 with a history of more than 40 years in the UK. 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 Meat Alternative Business's cost of goods sold. Direct materials comprise raw materials and packaging materials. Raw materials primarily consist of glucose, free-range egg, and other food ingredients. The Meat Alternative Business sources raw materials and all its packaging materials globally with a majority originating from the UK and European Union.

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 Meat Alternative Business'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 Meat Alternative Business'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 Meat Alternative Business's raw materials and packaging materials generally leads to an increase in production costs or interruption in the Meat Alternative Business'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 Meat Alternative Business's margins and results of operations. The Meat Alternative Business 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 the Meat Alternative Business's key ingredient mycoprotein is produced in-house at its Belasis facility, the Meat Alternative Business enjoys consistent supply, quality, and cost savings from this operational synergy compared to competition relying on external supply of their protein source.

Increases in costs of raw materials and packaging materials can typically be passed on to consumers. However, this may affect consumer demand as the Meat Alternative Business's consumers are generally price sensitive due to the prolonged and severe food inflation in the UK. 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 Meat Alternative Business's market share. As a result, any material increase in the market price of raw materials could adversely affect the Meat Alternative Business's operating margins, which may affect its financial position and operating performance.

Product Mix

The Meat Alternative Business has a diversified product mix which primarily includes the brands *Quorn* and *Cauldron* and their various products in centerplate, ingredients, deli, and snacking. *Quorn* has an extensive range of vegan and vegetarian products. *Quorn* products also cover all key shop aisles: frozen and chilled. While *Cauldron* covers an array of vegan and vegetarian products that use other ingredients than mycoprotein including soy and tofu. With these two brands, the Meat Alternative Business is able to cover the whole range of vegan and vegetarian consumers with different dietary requirements. The ability of the Meat Alternative Business to continuously develop new products and launch product extensions to capture various consumer preferences enables the Meat Alternative Business 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 Meat Alternative Business's brands has its own unique positioning with different marketing strategies and promotional costs. As a result, the Meat Alternative Business's revenue and profitability are largely affected by its product mix.

Competition

The Meat Alternative Business's products face competition from other domestic producers as well as from imported products and foreign brands. Competitive factors facing the Meat Alternative Business'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. Due to the strong competitive pressures in the category, and the persistent volume decline various market participants exited the category or closed, especially as start-up funding became hard to come by. During this period, the Meat Alternative Business increased its market share as retailers prioritize shelf space for reliable suppliers with strong consumer reputation.

The Meat Alternative Business competes with a broad category of market participants such as multinational 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 Meat Alternative Business's financials and results of operations.

Economic, Social and Political Conditions in the United Kingdom and Other Countries

The majority of the Group's assets and revenue from its Meat Alternative Business are located in or derived from its operations in the UK with all manufacturing facilities located in the UK, as well as the majority of sales originating from the territory. Other selling locations are primarily the US, the European Union, and select Nordic countries. Therefore, economic, social, and political conditions in the UK may also affect the Meat Alternative Business's business, financial condition, results of operations, and prospects. The UK continues to be affected by material levels of inflation, as well as the effects of the exit from the European Union and subdued economic growth. 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, and the high interest rate environment, may impact the consumer buying behavior on a prolonged basis, as well as the company's input costs. The political and regulatory environment provides additional uncertainty as policy decisions around energy price support for industry, corporate taxation, and others continue to evolve. This environment may impact the operation of the Meat Alternative Business.

The situation in other key markets is also a possible source of uncertainty as the economic situation in most European Union countries is one of low growth. Consumer segments growth rates are lower than historic averages as households are managing budgets. The US economic conditions are generally favorable, while it has not translated to tailwinds for the meat alternative category which is still in decline.

Seasonality

In the consumer goods industry, results of operations generally follow the seasonality of consumer buying patterns, and the Meat Alternative Business's sales are affected accordingly. Typically, the start of the year commences with a stronger health orientation and the accompanying Veganuary initiatives. While in the summer, barbecue and picnic products are trending in the warmer weather, and frozen products generally retreat. The festive season end of the year typically features special SKUs, while the school season (and holidays) introduce seasonality in lunch products. As a result, seasonality could affect the Meat Alternative Business's financial condition and results of operations from one quarter to another. The Meat Alternative Business 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 Meat Alternative Business's aspiration will also depend on the Meat Alternative Business's ability to continuously drive improvements in its production, supply, and operations processes.

Capacity and Utilization of the Meat Alternative Business's Facilities

The ability of the Meat Alternative Business 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 Meat Alternative Business to introduce new products or new uses for its existing products, which, in turn, impacts the ability of the Meat Alternative Business 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.

Item 2. Properties

The Group does not own land in the Philippines. MONDE does not have any principal properties that are subject to a mortgage, lien, or encumbrance. There are no legal restrictions that would preclude Monde Nissin Thailand Co. Ltd. and Monexco International Ltd. from owning land in Thailand by virtue of their foreign ownership. There are no legal restrictions that would preclude Monde Nissin (UK) Limited ("MNUK") or Marlow Foods Limited from owning land in the UK by virtue of their foreign ownership.

A summary of the Group's properties that are used in the Group's businesses in the Philippines is set out below:

Type of Property Owned	Owner	Location	Approx. Gross Floor Area (sq.m.)
Building	MONDE	Balibago, Santa Rosa, Laguna	120,000
Building	MMYSC	Carmelray Industrial Park 2, Calamba, Laguna	60,300
Building	MONDE	Light Industry & Science Park 4, Malvar, Batangas	37,200
Building	MONDE	Casuntingan, Mandaue, Cebu	34,200
Building	MONDE	Alviera, Porac, Pampanga	26,000
Building	MMYSC	Sto. Domingo, Cainta, Rizal	24,000
Building	MONDE	Bunawan District, Davao	13,900
Building	MONDE	Carmelray Industrial Park 1, Calamba, Laguna	10,700
Building	MONDE	Brixton, Pasig City	7,700

A summary of the properties leased and used in the Group's businesses in the Philippines is set out below:

Lessor	Lessee	Location	Approximate Leased Area (sq.m.)	Expiration Date	Renewal	Type of Property
Monde Land Inc.	MNC	Sta. Rosa, Laguna	80,678	31-Jan-58	Renewable for 25 years	Factory
Infitus Corporation	MNC	Brixton, Pasig City	2,361	31-Mar-31	N/A	Office
BDO Rental, Inc.	MNC	Brgy. Dolores and Banaba, Porac, Pampanga	47,091	29-Dec-30	N/A	Factory
Monde Land Inc.	MNC	Sta. Rosa, Laguna	61,199	20-May-52	Renewable for 25 years	Factory
Monde Land Inc.	MNC	Sta. Rosa, Laguna	29,279	01-Nov-37	Renewable for 25 years	Factory
Monde Land Inc.	MNC	Mandaue, Cebu	24,598	31-Jan-58	Renewable for 25 years	Factory
Ayala Land, Inc.	MNC	Ayala Avenue, Makati City	1,343.21 sq.m. office space, 6 executive parking lots	31-Oct-24	N/A	Office
Monde Land Inc.	MNC	Brgy. Ilang, Davao City	42,153	01-Jan-37	Renewable for 25 years	Factory
Science Park of the Philippines, Inc.	MNC	Malvar, Batangas	66,008	22-Jun-95	Automatic renewal of 25 years	Factory
Science Park of the Philippines, Inc.	MNC	Malvar, Batangas	19,050	22-Jun-95	Automatic renewal of 25 years	Factory
Colorado Shipyard Corp.	MNC	Mandaue, Cebu	1,605	10-Mar-30	Renewable for 10 years	Warehouse
Philippine Rigid Construction Corp.	MNC	Mandaue, Cebu	1,605	10-Mar-30	Renewable for 10 years	Warehouse
Monde Rizal Properties, Inc.	MMYSC	Cainta, Rizal	36,977	01-Oct-51	Renewable for 25 years	Factory
Monde Rizal Properties, Inc.	MMYSC	Cainta, Rizal	32,735	01-Jul-52	Renewable for 25 years	Factory
Monde Rizal Properties, Inc.	MMYSC	Calamba, Laguna	66,673	01-Apr-27	Renewable for 10 years	Factory
Juan Miguel V. Yulo Enterprises	Sarimonde Foods Corporation	Carmelray Industrial Park 1, Canlubang, Calamba City, Laguna	33,058	01-Jan-37	No automatic renewal	Factory
N&G Realty and Development Corporation	MNC	Cagayan de Oro	3,000	31-May-24	No automatic renewal	Warehouse

Item 3. Legal Proceedings

The Group is not involved in any litigation, arbitration, or claims (including personal injuries, employee compensation or product liability claims) of material importance, and the Group is not aware of any litigation, arbitration, or claims of material importance pending or threatened against it that would have a material adverse effect on its business, financial condition, or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the annual stockholders' meeting, there was no other matter submitted to a vote of security holders during the period covered by this report. The matters submitted to security holders' vote are in the minutes of MONDE's 2023 annual stockholders' meeting, a copy of which is available in MONDE's website.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

MONDE's common shares are listed with the PSE.

The high and low prices of MONDE's common shares for each quarter since its June 1, 2021 IPO ("Listing Date") until the end of the calendar year (*i.e.*, December 31, 2023) are as follows:

Quarter	2021	
	High (in ₱)	Low (in ₱)
2 nd *	16.52	13.10
3 rd	20.25	14.78
4 th	19.06	15.14

*from June 1, 2021 until June 30, 2021

Quarter	2022	
	High (in ₱)	Low (in ₱)
1 st	18.16	13.42
2 nd	16.68	12.70
3 rd	16.50	12.18
4 th	12.98	11.06

Quarter	2023	
	High (in ₱)	Low (in ₱)
1 st	14.86	9.81
2 nd	10.20	7.40
3 rd	9.75	6.18
4 th	9.26	7.75

Holders

MONDE's Stock and Transfer Agent, BDO Unibank, Inc. – Trust and Investments Group – Securities Services (Stock Transfer) (“**STA**”) reports that there are twenty-four (24) stockholders of record as of December 31, 2023, ranked in terms of number of shareholdings, as follows:

	Name of Stockholder	Number of Shares Held	% of Total Shares Outstanding Held
1	Hartono Kweefanus	4,214,244,600	23.453
2	Betty T. Ang	3,265,920,000	18.176
3	PCD Nominee Corp. (Filipino)	2,523,814,438	14.046
4	PCD Nominee Corp. (Non-Filipino) ¹	1,596,761,162	8.886
5	Henry Soesanto ¹	1,508,681,395	8.396
6	My Crackers, Inc.	1,228,611,496	6.838
7	Hoediono Kweefanus	948,324,600	5.278
8	Anna Roosdiana Darmono	765,897,600	4.262
9	Evelyn Darmono	765,897,600	4.262
10	Monica Darmono	765,897,596	4.262
11	AU Mountain Investments Corporation	381,060,000	2.121
12	Carousel Holdings, Inc.	3,000,000	0.017
13	David John Nicol	234,900	0.001
14	Edwin Lee Lapasaran Lim and/or Ma. Hope C. Lim	200,000	0.001
15	Cristobal S. Hautea	60,000	0.000
16	Elvira M. Cruz or Bernardo A. Cruz	5,000	0.000
17	Glenn Maverick Almonte Ang	600	0.000
18	Ofelia R. Blanco	400	0.000
19	Jennifer T. Ramos	100	0.000
20	Nina Perpetua D. Aguas	2	0.000
21	Kataline Darmono	2	0.000
22	Delfin L. Lazaro	2	0.000
23	Marie Elaine Teo	2	0.000
24	Anabelle L. Chua	1	0.000
	TOTAL	17,968,611,496	100.000

¹ Mr. Henry Soesanto owns another 40,000,000 shares through PCD Nominee Corp. (Non-Filipino) which brings his total ownership percentage to 8.619%.

Dividend Policy

The Board of Directors (or the “**Board**”) is authorized to declare dividends only from MONDE’s unrestricted retained earnings, representing the net accumulated earnings of the Company, which have not been appropriated for any managerial, contractual, or legal purpose, and which are free for distribution to the shareholders as dividends. The amount of retained earnings available for declaration as dividends is determined pursuant to SEC regulations. The Board may not declare dividends which will impair capital. MONDE may pay dividends in cash, property, or by the issuance of shares of stock, subject to certain requirements. Cash and property dividends are subject to Board approval, while stock dividends, in addition to Board approval, require the approval of (1) stockholders representing at least two-thirds of the outstanding capital stock of the shareholders at a shareholders’ meeting called for such purpose, and (2) the SEC.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the *Bangko Sentral ng Pilipinas* (“**BSP**”).

The Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion projects or programs approved by the corporation’s board of directors; (ii) when the corporation is prohibited under any loan agreement with financial institutions or creditors, whether local or foreign, from declaring dividends without their consent, and such consent has not been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

Dividends

The following table sets out cash dividends declared by MONDE in the two most recent years:

Declaration Date	Record Date	Payment Date	Dividend/ share (in ₱)	Total dividend (₱ in millions)
August 9, 2022	September 8, 2022	October 4, 2022	0.14	2,515.61
November 29, 2023	December 14, 2023	January 11, 2024	0.12	2,156.23

As disclosed in MONDE’s IPO final offering memorandum, MONDE’s Board on March 12, 2021 resolved to adopt and maintain an annual dividend payment ratio of 60% of the preceding fiscal year’s net income after tax, subject to the requirements of applicable laws and regulations, capital expenditure requirements, compliance with loan covenants, and other circumstances which restrict the payment of dividends. In this connection, while there are certain dividend-related covenants undertaken by the Parent Company in its guarantee of its indirect subsidiary Marlow Foods Limited’s certain loan obligations, there are currently no pre-existing, subsisting, or foreseen factual conditions (such as a relevant event of default) that restricts MONDE’s ability to declare dividends.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

In April 2019, MONDE issued a convertible note in favor of Arran Investment Pte. Ltd. (“**Arran**”) at an issue price of ₱9,122,684,658.00 (“**Arran CN**”). The Arran CN was convertible into MONDE common shares representing 7.0% of MONDE’s total issued and outstanding capital stock on a fully-diluted basis (in 2021, approximately 6.44% of MONDE’s issued and outstanding shares, as a result of the issuance of MONDE common shares to My Crackers, Inc.). The Arran CN’s issue price was fully paid upon its issuance on April 12, 2019. The Arran CN was convertible to common shares at a base conversion price of ₱9.22385 per share, subject to various adjustment scenarios.

The foregoing transaction was an exempt transaction pursuant to the SRC’s Section 10.1(c), it being an isolated transaction made by MONDE in favor of Arran only.

Under its June 4, 2021 disclosure, MONDE reported that it had received confirmation that Arran was in receipt of the listing redemption amount equal to ₱13,351,934,700.00, as full settlement of the Arran CN, consistent with MONDE's Work Plan for the use of IPO proceeds.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2023.

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's business'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 will continue to influence its results in the foreseeable future. Factors other than those discussed below could also significantly impact the Group's business'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 year ended December 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 generally 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. 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, Tiktok, 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 material 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 affiliate owns 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, and other fast-moving consumer products. 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. 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. 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 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. The Philippine economy has experienced good GDP growth exceeding that of some of its emerging market peers. The state of public health emergency due to COVID 19 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, global conflicts such as the Russia-Ukraine war and the various conflicts in the Middle East and their impacts on the global markets will continue to influence the Group materially in areas such as commodity and energy/fuel costs. While commodity costs generally trended down in 2023, the newly emergent threat of a larger middle east conflict around the Israel/Hamas war and Yemen could drive especially oil prices to unprecedented levels, as well as disrupt international shipping routes due to the Red Sea route being abandoned resulting in increased costs for longer routes. While the Group notes that the world market prices have gone down from their peak prices, a significant downside risk remains in case of escalations around these conflicts. As consumers grapple with uncertainty, their buying behavior and preferences may become more erratic as well.

Sales of most of the products of the Group's business 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 business'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 impacted by high inflation. Recently, rice prices have been driving inflation and could further drive consumer decisions of having to make choices between food groups. The ongoing El Niño period might put further stress on the consumer's budgets in case of 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 business in Thailand, including export operations to select territories. 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 anticipate possible disruptions and possible policy changes under a new administration. In addition, the economic environment globally may influence the planned expansion strategy of the export business as distributors act more cautiously on new product launches, advertising, and promotional spend. A successful execution of the expansion of the overseas business may provide possible upside to the Group. Global containers shipping in prices, as well as availability may influence growth and profitability of the export business in the upcoming periods. Container rates have begun increasing in 2023 due to the Red Sea situation with increased costs for routes around Africa with their additional two weeks journey time.

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, and the high interest rate environment, may impact the consumer buying behavior on a prolonged basis, as well as 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 APAC BFB 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 APAC BFB's sales. In addition, seasonality varies across product types. Some of the APAC BFB'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 APAC BFB for distribution to the public. A number of biscuit products experience higher sales during the school year as the APAC BFB'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 developed 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.

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, 2023, 2022, 2021 and for the three years ended December 31, 2023, was derived from the Group's audited consolidated financial statements, prepared in accordance with Philippine Accounting Standards. 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). 2021 and 2023 NRE were nil on net sales and COGS. In 2022, COGS NRE pertains to expenses related to 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, fair value gain on guaranty asset, 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 in Meat Alternative. In 2021, SG&A NRE pertains to IPO and COVID-19 related expenses. 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, fair value gain on guaranty asset and FVTL, 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 income 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 Audited 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 twelve months ended December 31, 2023.

I - SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

I.A CORE INCOME AFTER TAX RECONCILIATION

in millions, except percentages										
	FY2023	% to Net	Inc	Inc (Dec)	FY2022	% to Net	Inc	Inc (Dec)	FY2021	% to Net
	(Audited)	Sales	(Dec)	(in %)	(Audited)	Sales	(Dec)	(in %)	(Audited)	Sales
		(in %)		(in %)		(in %)		(in %)		(in %)
Net Sales ¹	80,170	100.0	6,230	8.4	73,940	100.0	4,656	6.7	69,284	100.0
Less: Cost of Goods Sold ²	55,442	69.2	4,650	9.2	50,792	68.7	7,099	16.2	43,693	63.1
Gross Profit	24,728	30.8	1,580	6.8	23,148	31.3	(2,443)	(9.5)	25,591	36.9
Less: Sales, General & Administrative (SGA) ³	14,298	17.8	(529)	(3.6)	14,827	20.1	(268)	(1.8)	15,095	21.8
Other Income (Expense)										
Miscellaneous Income ⁴	30	0.1	30	n/m	-	-	-	-	-	-
Interest expense ⁵	(523)	(0.7)	(285)	119.7	(238)	(0.3)	(157)	193.8	(81)	(0.1)
Foreign exchange gain/(loss) – net ⁶	(49)	(0.1)	(620)	n/m	571	0.8	309	117.9	262	0.4
	(542)	(0.7)	(875)	n/m	333	0.5	152	84.0	181	0.3
Core Income Before Tax	9,888	12.3	1,234	14.3	8,654	11.7	(2,023)	(18.9)	10,677	15.4
Less: Provision for income tax ⁷	2,262	2.8	199	9.6	2,063	2.8	(299)	(12.7)	2,362	3.4
Core Income (After Tax)	7,626	9.5	1,035	15.7	6,591	8.9	(1,724)	(20.7)	8,315	12.0
Less: Non-Controlling Interest	10	-	4	66.7	6	-	(124)	(95.4)	130	0.2
Core Income (After Tax) at Ownership	7,616	9.5	1,031	15.7	6,585	8.9	(1,600)	(19.5)	8,185	11.8

I.B REPORTED INCOME AFTER TAX RECONCILIATION

in millions, except percentages										
	FY2023	% to Net	Inc	Inc (Dec)	FY 2022	% to Net	Inc	Inc (Dec)	FY 2021	% to Net
	(Audited)	Sales	(Dec)	(in %)	(Audited)	Sales	(Dec)	(in %)	(Audited)	Sales
		(in %)		(in %)		(in %)		(in %)		(in %)
Core Income (After Tax)	7,626	9.5	1,035	15.7	6,591	8.9	(1,724)	(20.7)	8,315	12.0
Other income (expenses)										
Fair Value gain on:										
Guaranty asset	1,302	1.6	1,302	n/m	-	-	-	-	-	-
Financial assets (FVTPL)	93	0.1	71	322.7	22	-	10	83.3	12	-
Foreign exchange gain (loss) ⁸	129	0.2	278	n/m	(149)	(0.2)	(298)	n/m	149	0.2
Share in net earnings (losses) from associates and Joint ventures	36	0.1	48	n/m	(12)	-	(48)	n/m	36	0.1
Dividend Income	26	-	26	n/m	-	-	-	-	-	-
Miscellaneous income	174	0.2	31	21.7	143	0.2	(141)	(49.6)	284	0.4
	1,760	2.2	1,756	439.0	4	-	(477)	(99.2)	481	0.7
Finance income (expense)										
Finance Costs ⁹	(158)	(0.2)	21	(11.7)	(179)	(0.3)	1,309	(88.0)	(1,488)	(2.1)
Finance Income	428	0.6	279	187.2	149	0.2	66	79.5	83	0.1
Loss on redemption of convertible note	-	-	-	-	-	-	1,579	n/m	(1,579)	(2.3)
Derivative gain (loss) - net	21	-	(1,285)	n/m	1,306	1.8	3,564	n/m	(2,258)	(3.3)
	291	0.4	(985)	n/m	1,276	1.7	6,518	n/m	(5,242)	(7.6)
Other non-recurring expenses (NREs)										
Impairment (loss)/reversal	(13,272)	(16.6)	8,102	(37.9)	(21,374)	(28.9)	(21,151)	n/m	(223)	(0.3)
IPO-related expenses	-	-	-	-	-	-	655	n/m	(655)	(0.9)
Others ¹⁰	(515)	(0.6)	(69)	15.5	(446)	(0.6)	(233)	n/m	(213)	(0.3)
	(13,787)	(17.2)	8,033	(36.8)	(21,820)	(29.5)	(20,729)	n/m	(1,091)	(1.5)
Income Tax Provision ¹¹	3,483	4.3	2,549	273	934	1.3	152	n/m	782	1.1
Reported net income (after tax)	(627)	(0.8)	12,388	(95.2)	(13,015)	(17.6)	(16,260)	n/m	3,245	4.7

Note: See "Other Financial Data – reconciliation of PFRS and non-PFRS measures."

n/m = not meaningful %

¹ 2022 excludes ₱59 million recall provisions in Thailand due to selective EU recall.

² 2022 excludes ₱129 million related to global strategic alignment initiatives.

³ 2021 to 2023 excludes Others SG&A NREs and impairment loss

⁴ Incentives grant by Singapore Government related to MNSPL's meat alternative manufacturing operation.

⁵ Recurring interest expense on Loans and Trust Receipts Payable

⁶ Foreign exchange gain on U.S dollars balances for the Group's natural hedge.

⁷ Based on recurring income tax rate per entity.

⁸ Excluding foreign exchange gain on USD reserves for the Group's natural hedge (included in the Core Income calculation above)

⁹ Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)

¹⁰ "Others" in other NREs 2023 pertain to restructuring costs in Meat Alternative business, 2022 pertain to ₱252 million restructuring costs in Meat Alternative; ₱129 million related to global strategic alignment initiatives and ₱64 million related to recall provision in Thailand; 2021 pertain COVID-19 related expenses.

¹¹ 2023 mainly due to reduction in deferred tax liabilities (DTL) related to PPE and brand impairment in Meat Alternative; 2022 mainly due to reduction in DTL due to brand impairment in Meat Alternative; From 2021 to 2023 income tax effect of Other Income (expenses) and non-recurring finance income (expenses); 2021 also includes one-off credit due to the impact of Corporate Recovery and Tax Incentives for Enterprise ("CREATE") law; 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; 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.

	in millions, except percentages					
	FY 2023 (Audited)	% to Total (in %)	FY 2022 (Audited)	% to Total (in %)	FY 2021 (Audited)	% to Total (in %)
Net Sales						
APAC BFB	65,942	82.3	58,550	79.2	54,039	78.0
<i>Growth vs. prior year</i>	12.6%		8.4%		2.1%	
Meat Alternative	14,228	17.7	15,390	20.8	15,245	22.0
<i>Growth vs. prior year</i>	-7.6%		1.0%		1.4%	
Total	80,170	100.0	73,940	100.0	69,284	100.0
Growth vs. prior year	8.4%		6.7%		2.0%	
		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)
Gross Profit						
APAC BFB	21,715	32.9	18,152	31.0	19,564	36.2
Meat Alternative	3,013	21.2	4,996	32.5	6,027	39.5
Total	24,728	30.8	23,148	31.3	25,591	36.9
Core Income (after tax) at Ownership						
APAC BFB	8,582	13.0	6,857	11.7	7,534	13.9
Meat Alternative	(966)	(6.8)	(272)	(1.8)	651	4.3
Total	7,616	9.5	6,585	8.9	8,185	11.8
Core EBITDA ⁽¹⁾						
APAC BFB	13,544	20.5	10,568	18.0	11,829	21.9
Meat Alternative	(4)	(0.0)	618	4.0	1,471	9.6
Total	13,540	16.9	11,186	15.1	13,300	19.2

Note: (1) See “Other Financial Data - Core EBITDA Reconciliation”

RESULTS OF OPERATIONS

For the twelve months ended December 31, 2023, compared to the twelve months ended December 31, 2022.

Net Sales

Consolidated net sales increased by 8.4% on a reported basis and 9.2% on a comparable basis to ₱80,170 million in full year (FY) 2023 due to broad-based growth across categories in APAC BFB, offsetting softness in the Meat Alternative.

APAC BFB

APAC BFB net sales increased by 12.6% to ₱65,942 million in FY 2023 driven by solid performance in all geographic markets and categories. The domestic business grew 11.9% in FY 2023 driven by broad-based volume growth across categories led by noodles and supported by carryover price actions from 2022 and the first half (1H) of 2023. Noodles volume have fully recovered from a temporary decline in Q3 2022 and market share in the Philippines reached 67.5% in Q4 2023. Meanwhile, international business grew by 23.3% on a reported basis and 21.6% at a constant currency basis in FY 2023 primarily due strong growth in biscuits and noodles.

Meat Alternative

Net sales in the Meat Alternative segment decreased by 7.6% on a reported basis, decreased by 7.0% on a comparable and constant currency basis to ₱14,228 million in FY 2023 because of continued macro economic and category headwinds. Overall, UK and US sales declined on a comparable and constant currency basis by 6.8% and 29.4%, respectively, due to continuous challenge in the retail market. Meanwhile, foodservice growth remains positive in the face of economic and market challenges, net sales up by 6.0% in FY 2023 on a comparable basis.

Core Cost of Goods Sold

Cost of goods sold increased by 9.2% to ₱55,442 million in FY 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 9.5% to ₱44,227 million in FY 2023, primarily due to higher sales volume and elevated prices of sugar and eggs in FY 2023, partly offset primarily by the lower prices of oil-based ingredients. However, the segment witnessed a positive impact due to decreased in prices of wheat, palm oil, and other oil-based ingredients, particularly noticeable during second half of 2023, as the average prices were lower than the second half 2022 and the first half of 2023.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 7.9% to ₱11,215 million in FY 2023 despite volume decline primarily due to elevated prices of key ingredients, partly offset by the decline in the average prices of utilities. Notably, while prices remain elevated, actual prices in the second half of 2023 and lock ins for 2024 are significantly lower than average prices in 2022 and the first half of 2023. Given the level of inventories, recent easing of prices are expected to support margin recovery in 2024.

Gross Profit

Gross profit increased by 6.8% on a reported basis and 9.3% on comparable basis to ₱24,728 million in FY 2023 due to solid improvement in APAC BFB, partly offset by the decline in the Meat Alternative segment.

APAC BFB

Gross profit for the APAC BFB segment increased by 19.6% to ₱21,715 million in FY 2023 primarily due to strong volume growth accross categories supported by carry-over selling price increases at the backdrop of declining commodity prices in the second half of 2023.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 39.7% on a reported basis as FY 2022 includes certain payments to customers that were reported as part of selling expenses in 2022 and Q1 to Q3 2023 which were reclassified to sales deduction in Q4 2023. Based on comparable FY 2022, FY 2023 decreased by 32.6% to ₱3,013 million due to volume decline and effect of hyperinflationary environment on input costs.

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

Sales, general and administrative expenses decreased by 3.6% on a reported basis and at par with FY 2022 on a comparable basis to ₱14,298 million in FY 2023. The higher spending in the APAC BFB segment to support volume growth was partly offset by the lower spending in Meat Alternative.

APAC BFB

SG&A in the APAC BFB segment increased by 7.8%, to ₱10,448 million in FY 2023. The increase was due to higher marketing, selling, transport, and other administrative expenses primarily to support growth and inflation. FY 2023 SG&A as percentage of sales slightly decreased by 0.7% against FY 2022, to 15.8% in FY 2023.

Meat Alternative

SG&A in the Meat Alternative segment decreased by 25% on a reported basis as FY 2022 includes certain payments to customers that were reported as part of marketing expenses in 2022 and Q1 to Q3 2023 which were reclassified to contra-revenue in Q4 2023. Based on a comparable FY 2022, FY 2023 decreased by 16.4% to ₱3,850 million reflecting the benefits of cost control measures and restructuring in view of continued topline challenges. These resulted to lower spending on advertising and promotions, salaries and wages, and other operating expenses. Moreover, FY 2023 SG&A as percentage of sales decreased by 3.9% on comparable basis, to 27.1%.

Core Foreign Exchange (forex) Gains/ Loss

Foreign exchange loss on U.S dollar in FY 2023 was at ₱49 million compared with forex gains of ₱571 million in FY 2022. FY 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. FY 2022 gains were due to effective hedge program amidst unprecedented strengthening of U.S dollar against the Philippine peso. USD to PhP closing exchange was ₱51.00 in December 31, 2021, ₱55.755 in December 31, 2022, and ₱55.385 in December 31, 2023.

Core Income (After Tax)

Core income (after tax) significantly increased by 15.7% to ₱7,626 million in FY 2023, due to an all-time high result in APAC BFB.

Non-Core Foreign Exchange Gain/Loss

Non-Core foreign exchange (forex) gains in FY 2023 was ₱130 million. The gains were mainly on accounts payable, trust receipts and acceptance payable. Meanwhile, in FY 2022 the Group recognized forex loss of ₱149 million.

Finance Income

Finance income increased by 187.2% to ₱428 million in FY 2023 mainly from U.S dollar and peso-denominated market placements/time deposits.

Derivative Gain (Loss)

The Group recorded a derivate gain of ₱21 million in FY 2023 compared to a derivative gain of ₱1,306 million in FY 2022. FY 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.

Fair value gain on guaranty asset

The Group recorded a gain on fair value on guaranty asset amounting to ₱1,302 million in FY2023. This was related to the agreement (“**Top-Up Deed**”) between MNSPL and MNSG Holdings Pte. Ltd. Under the Top-Up Deed, MNSG has agreed to provide a guarantee equal to the aggregate collateral value of up to a maximum of 2.156 billion shares of MNC or 12.0% of the current outstanding capital stock of MNC for as long as MNC is still the ultimate controlling shareholder of MNSPL's wholly owned subsidiary, MNUK. Said aggregate collateral value shall be reduced by related

transaction costs and said net amount shall cover the net cumulative impairment incurred by MNUK starting from the calendar year ended December 31, 2023, and every year thereafter up to December 31, 2032. MNSPL has recognized a guaranty asset under the Top-Up Deed as at December 31, 2023.

Impairment Loss (before tax)

The Group recorded an impairment loss (before tax) amounting to ₱13,272 million in FY 2023 compared to ₱21,374 million in FY 2022 as a result of the annual impairment assessment. The impairments were made primarily on its Meat Alternative business following a review of the performance of the business, its future expectations, and overall current economic conditions in MNUK. In 2023, the additional impairment loss in Meat Alternative was allocated to the value of property, plant and equipment (PPE) (₱7,188 million) and brand (₱6,173 million). Meanwhile, in 2022, the impairment loss on Meat Alternative business was allocated to the value of goodwill (₱16,501 million), brand (₱4,043 million), and PPE (₱620 million). The goodwill and brand were acquired through business combinations. The brand intangible is under Marlow Foods Limited, which owns the *Quorn* and *Cauldron* brand. Post acquisition, from 2015 to 2019, MNUK achieved Net Sales CAGR growth of around 9.8% (in GBP), a significant improvement from previous owners. Moreover, Meat Alternative segment consistently recorded a solid EBITDA between ₱1,899 million to ₱2,283 million from 2017 to 2020. However, unprecented macro headwinds and category headwinds, have put pressure on the top line and bottom line of Meat Alternative segment. MNUK's 2019 to 2023 Net Sales CAGR growth declined by negative 2% while Core EBITDA deteriorated to ₱1,471 million in FY 2021, ₱618 million in FY 2022, and neutral in FY2023 despite benefits from restructuring. In 2023, further deterioration in cash projection, discount rates, and projected capacity requirements resulted to additional impairment loss. *For more information, please see Note 3 of the Audited Consolidated Financial Statements.*

Other Non-Recurring Expenses (NRE)

Other non-recurring expenses increased by 15.5%, to ₱515 million FY 2023. The NRE in FY 2023 pertains to restructuring costs in Meat Alternative segment. Meanwhile, FY 2022 NREs pertain to first tranche of restructuring costs (₱252 million) in the Meat Alternative, expenses related to global strategic alignment initiatives (₱129 million), and provision in Thailand due to selective EU recall (₱64 million).

Losses Before Income Tax

In 2023, loss before income tax was at ₱1,847 million, from ₱11,886 million loss in 2022. As discussed in the foregoing, 2022 and 2023 losses were mainly due to non-cash, non-operational impairment in Meat Alternative business.

Total Income Tax Expense

Total income tax expense decreased from ₱1,129 million in 2022 to negative ₱1,221 million in 2023. The decrease was due to year on year movement in the deferred income tax expense which offset the increase in the current income tax expense due to higher taxable income in 2023. In 2023, the Group reported a negative deferred income tax amounting to ₱4,022 million primarily due to the reduction in the deferred tax liabilities (₱3,225 million) as a result of brand and PPE value impairment in Meat Alternative segment. In addition, the Group recognized adjustment in the deferred income tax amounting to ₱394 million. This was related to Corporate Interest Restrictions in MFL and MNUK. Meanwhile in 2022, the Group reported a negative deferred income tax amounting to ₱1,300 million primarily due to reduction in deferred tax liabilities as a result of the brand impairment, as discussed in the foregoing.

Reported Net Loss (after tax)

As a result of the foregoing, the Group reported net loss of ₱627 million in FY 2023 as compared to ₱13,015 million net loss in FY 2022.

For the year ended December 31, 2022, compared to the year ended December 31, 2021

Net Sales

Net sales grew by 6.7%, to ₱73,940 million in 2022 driven by price increases in all categories to mitigate higher commodity prices. 2022 overall volume sales were resilient despite temporary decline of noodles in Q3 due to strong growth of biscuits and other categories.

APAC BFB

Net sales in the APAC BFB segment increased by 8.4%, to ₱58,550 million in 2022. The increase was driven by 9.3% growth in the domestic business due to responsible price increases in all categories, robust volume growth in biscuits, beverages, packaged cakes, and culinary that surpassed pre-pandemic levels. Overall volume growth was softened by noodles' temporary decline in Q3 due to selective EU recall, which attracted media attention in the Philippines. However, noodles' full-year volume decline was tapered by the strong recovery in Q4 as sales volumes were up by 26.8% versus Q3 2022 and 10% versus Q4 2019. Biscuits, beverages, and packaged cakes volume growth was driven by increased mobility and resumption of face-to-face classes leading to more consumption occasions for these categories. Culinary growth was driven by the solid growth of *Mama Sita's* Oyster Sauce. Meanwhile, international business was down by 4.1% due to noodles decline as measures were implemented to strengthen regulatory compliance in all relevant jurisdictions.

Meat Alternative

Net sales in the Meat Alternative segment increased by 1.0%, to ₱15,390 million in 2022. Excluding the forex effect, overall net sales grew by 0.8% in 2022 due to price increases supported by solid volume growth in food service. While retail sales remained a challenge in 2022, *Quorn* has performed well against a competitor in the UK retail market, as evidenced by continued market share gain throughout 2022. Meanwhile, the food service business continued strong momentum across geographic markets, posting an overall growth of 51.5% for the year.

Core Cost of Goods Sold (COGS)

Cost of goods sold increased by 16.2%, to ₱50,792 million in 2022, primarily due to elevated commodity and energy prices.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 17.2%, to ₱40,398 million in 2022, primarily due to record commodity prices and partly due to delayed depletion of wheat and palm-oil that were secured earlier in the year to mitigate price and supply volatility risks. The effect on cost of tapered prices for wheat and palm-oil was delayed to 2023 due to temporary decline of noodles in Q3. Moreover, the full year average actual prices of other key ingredients such as coconut oil, shortening liquid, and sugar have increased significantly in 2022 as compared last year.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 12.8%, to ₱10,394 million in 2022 despite volume decline, primarily due to higher commodity, energy prices and overhead costs.

Core Gross Profit

Gross profit decreased by 9.5%, to ₱23,148 million in 2022, primarily due to the effect of inflation partially mitigated by price increases.

APAC BFB

Gross profit for the APAC BFB segment decreased by 7.2%, to ₱18,152 million in 2022 due to commodity cost inflation, partially mitigated by price increases.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 17.1%, to ₱4,996 million in 2022 due to sales volume decline and cost inflation partly mitigated by price increases.

Core Sales, General and Administrative Expenses

Sales, general and administrative expenses (excluding non-recurring expenses and impairment loss) decreased by 1.8%, to ₱14,827 million in 2022 due to lower advertising and promotional expenses partly offset by higher logistic costs and investment in organization resources.

APAC BFB

Sales, general and administrative expenses in the APAC BFB segment decreased by 2.0%, to ₱9,694 million in 2022 due to lower advertising and promo partly offset by increased logistic costs due to volume increases and inflation.

Meat Alternative

Sales, general, and administrative (SG&A) expenses in the Meat Alternative segment decreased by 1.2% to ₱5,133 million in 2022. The decrease was due to the rationalization of R&D, advertising, and promotional activities, partly offset by strengthening R&D and administrative capabilities and one-time cost of living payments to all staff due to inflation.

Core Foreign Exchange Gains

Foreign exchange gains increased by 117.9%, to ₱571 million in 2022 due to the effective U.S dollar hedge program and the strengthening of U.S dollar against the Philippine peso.

Core Income (Before Tax)

Core income (after tax) declined by 19.0%, to ₱8,654 million in 2022, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership declined by 19.5%, to ₱6,585 million in 2022. Core Income attributable to non-controlling interest was significantly down by 95.4%, from ₱130 million to ₱6 million, due to acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MY Cracker Inc. (MCI).

Miscellaneous Income

Miscellaneous income decreased by ₱49.6%, to ₱143 million in 2022 as last year includes reversal of allowance for expected credit loss and impairment on advances due to effective collection efforts.

Non-Core Finance Costs

Interest expense significantly decreased from ₱1,488 million in 2021 to ₱178 million in 2022 mainly due to redemption of Arran's convertible notes and settlement of bank loans. 2021 includes ₱747 million related to interest accretion on Arran's convertible notes and interest on bank loans of MNC.

Derivative Gain (Loss)

The Group recorded derivative gains of ₱1,307 million in 2022 compared to a derivative loss of ₱2,258 million in 2021. 2022 derivative gains pertain to unwinding of non-deliverable cross-currency swap agreement entered last March 4, 2022, with the notional amount of ₱5,839.5 million (£85.0 million). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling amount in exchange for the Philippines Peso amount at the end of the swap period. 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. Meanwhile, the derivative loss in 2021 was primarily due to the full settlement of Arran's convertible note last June 3, 2021. *For more information, please see Note 26 to the Audited Consolidated Financial Statements.*

Loss on Convertible Note Redemption

The Group recognized additional ₱1,579 million losses in 2021 on top of the derivative loss due to the full settlement of Arran's convertible note last June 3, 2021.

The derivative loss and loss on convertible note redemption are due to the difference between the face value of the note before redemption and the Group paid upon redemption.

Impairment Loss (before tax)

The Group recorded an impairment loss amounting to ₱21,374 million in 2022 as a result of the annual impairment assessment. The impairment loss in 2022 was primarily on intangible assets (₱20,547 million) and property, plant and equipment (PPE) (₱826 million). The intangibles impairment was a non-cash and non-operating and was caused by the application of a higher discount rate due to the prevailing higher interest rates and risks premiums, some margin compression, and rationalization of the demand trends in the meat alternative category. The impairment loss was applied on the value of goodwill (₱16,501 million) and brand (₱4,043 million) under Marlow Foods, which owns the *Quorn* and *Cauldron* brand. The goodwill and brand were acquired through business combinations. Meanwhile, the PPE impairments of ₱620 million and ₱206 million were recognized in the Meat Alternative and APAC BFB segment, respectively. The impairment on Meat Alternative segment was largely on Quorn fermenter assets due to production cost rationalization in UK, while in APAC BFB, the PPE impairment was primarily due to discontinued product line in MNC. *For more information, please see Note 3 the Audited Consolidated Financial Statements.*

Income Before Income Tax

In 2022, losses before income tax was at ₱11,886 million, from ₱4,825 million income in 2021. As discussed in the foregoing, 2022 losses was mainly due to non-cash, non-operational impairment in Meat Alternative business. Meanwhile, 2021 income was tapered by non-recurring losses related to redemption of Arran's convertible notes and IPO-related expenses.

Total Income Tax Expense

Total Income tax expense decreased by 28.5%, to ₱1,129 million in 2022. The decrease was due to year on year movement in the deferred income tax expense which offset the increase in the current income tax expense due to higher taxable income in 2022. In 2022, the Group reported a negative deferred income tax amounting to ₱1,300 million primarily due to reduction in deferred tax liabilities as a result of ₱4,043 million (£60.0 million) impairment on *Quorn* and *Cauldron* brand. Meanwhile in 2021, the Group recognized a deferred tax expense of ₱ 1,187 million as the UK government announced the increase in the tax rate from 19% to 25% in April 2023. In accordance with PAS 12.46, *Income Taxes*, current tax liabilities are measured at the amount expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantially enacted as of balance sheet date. The adjustment on deferred tax liabilities pertain to items such as the brand value of Quorn and Cauldron.

Reported Net Income or Loss (after tax)

As a result of the foregoing, the Group recognized a net loss of ₱13,015 million in 2022 from net income of ₱3,245 million in 2021.

For the year ended December 31, 2021, compared to the year ended December 31, 2020

Net Sales

Net sales continued to grow in a challenging environment, up by 2.0%, to ₱69,284 million in 2021, driven by the APAC BFB segment and the favourable effect of foreign exchange (forex). Growth was softened by volume decline in the Meat Alternative segment.

APAC BFB

Net sales in the APAC BFB segment increased by 2.1%, to ₱54,039 million in 2021. The increase was primarily driven by high double-digit growth in the international sales, robust sales growth of noodles and culinary in the Philippines, and the effect of price increase in Q3 2021. High growth in international business was due to Thailand and Philippines export business even though sales were tapered by the shortage of shipping containers/vessels and port congestion. Moreover, Thailand's biscuits gained market share despite category decline primarily due to effective in-store execution and efficient promos. Noodles was able to sustain a high level of sales in the Philippines, grew low single-digit growth, despite volume upsurge last year. This was primarily driven by successful usage-building programs, proven strong relevance of the category, and price increase in Q3 2021. Culinary and cakes sales grew double-digit this year pushed by solid Q4 performance, while biscuits and beverage full year decline was tapered by stronger Q4 results. Biscuits grew single digit in Q4 primarily due to marketing push toward in-home consumption, mobility improvement, and price increase. Beverage also saw an encouraging trend, as Q4 sales grew high single-digit growth due to improvement in mobility and supply.

Meat Alternative

Net sales in the Meat Alternative segment up by 1.4%, to ₱15,245 million in 2021, driven by the positive effect of forex. Excluding the effect of forex, Meat Alternative's overall net sales growth was down by 3.9% due to volume decline across geographic markets. Meat Alternative sales were tapered by challenging macro-economic conditions in the UK and the effect of the COVID-19 pandemic. Effect of decline in retail segment was tapered by solid performance in food service segment, Q4 2021 was up 69% and full year was up by 36.0%. Further, carry-over price action in the UK and US helped soften the effect of volume decline.

Cost of Goods Sold

Cost of goods sold increased by 5.4%, from ₱41,440 million in 2020 to ₱43,693 million in 2021, primarily due to effect of rising commodity prices, higher utilities, repairs, and maintenance softened primarily by hedging and forward buying of wheat, palm, and edible oil.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 7.8%, to ₱34,475 million in 2021, primarily due to rising commodity prices, utilities, and repairs and maintenance. Prices of key raw materials and ingredients such wheat/flour, palm oil, coconut oil, and shortening liquid have increased significantly in 2021 as compared last year. The effect of rising commodity prices was partly softened by hedging, forward buying, continuing cost reduction initiatives in the supply chain. 2020 repairs were significantly low primarily due to the postponement of the planned repairs to focus more on the throughput. Further, this year's repairs include the purchase of various spare parts and the maintenance of the noodle lines.

Meat Alternative

The cost of goods sold in the Meat Alternative segment decreased by 2.5%, to ₱9,218 million in 2021, primarily due to the decline in volume across geographic markets and operational improvements partly offset by increasing energy cost which was more pronounced in Q4.

Gross Profit

Gross profit decreased by 3.5%, to ₱25,591 million in 2021, for the reasons discussed above.

APAC BFB

Gross profit for the APAC BFB segment decreased by 6.5%, to ₱19,564 million in 2021, for the reasons discussed above.

Meat Alternative

Gross profit for the Meat Alternative segment increased by 8.0%, to ₱6,027 million in 2021, for the reasons discussed above.

Core Sales, General and Administrative Expenses

Sales, general and administrative expenses (excluding non-recurring expenses and impairment loss) increased by 12.6%, to ₱15,095 million in 2021, primarily due to an increase in advertising and promotion expenses, a one-off credit in Meat Alternative due to fire insurance claims and a higher research and development expenses. The increase in advertising and promotion was primarily on brand building and consumer marketing activities. Moreover, advertising and promotion's year-on-year growth was higher partly due to the low base in APAC BFB, as last year's activities were postponed due to lockdowns.

APAC BFB

Sales, general and administrative expenses excluding non-recurring expenses in the APAC BFB segment increased by 4.6%, to ₱9,897 million in 2021. As explained above, the increase was mainly due to normalization of spend on advertising and promotional expenses.

Meat Alternative

Sales, general, and administrative expenses for the Meat Alternative segment increased by 31.7%, to ₱5,198 million in 2021. The increase was mainly due to brand building, consumer marketing, product development activities, and a one-off credit due to fire insurance claims received last Q1 2020.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership decreased by 5.4%, to ₱8,185 million in 2021. Core Income attributable to non-controlling interest was significantly down by 82.1%, from ₱725 million to ₱130 million, due to acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MCI.

Share in Net Losses of Associates and Joint Ventures

The Group reported a gain of ₱36 million in 2021, from a loss of ₱98 million in 2020. 2021 gain was mainly from KBT International Holdings, Inc. while the loss in 2020 was from SMFC. The Group started to consolidate SMFC in September 2020 as the result of increased ownership from 25% to 80%. The Group's share in the losses of SMFC went

down to zero because of the effect of consolidating SMFC's operating results in 2021, which is now reflected in the group's core income.

Non-Core Foreign Exchange Gain – Net (excluding foreign exchange on USD reserves for a natural hedge against foreign exchange risks)

Net foreign exchange gain decreased by 83.7%, to ₱149 million in 2021, primarily due to a higher 2020 base. Last year's foreign exchange gain was driven by the realization of gain on payment of US dollar and pound sterling-denominated loans because of the strengthening of the Philippine Peso against the US dollar and pound sterling and the unrealized foreign exchange gain on convertible notes, which was pegged at US\$1: ₱52.186 while the Philippine Peso closing rate was US\$1: ₱48.036.

Miscellaneous Income

Miscellaneous income increased by 14.1%, to ₱284 million in 2021, due to reversal of allowance for ECL and impairment on advances due to effective collection efforts.

Impairment Loss

Impairment loss decreased by 78.0%, to ₱223 million in 2021. In 2021, impairment loss recognized were mainly from the Meat Alternative segment related to the underperforming reactor in its BF1 facility since it operated. This was softened by reversal of allowance in 2021 due to the improvement of the result of the operation of biscuit line in MNTH. In 2020, impairment loss recognized were from the Meat Alternative segment related to the introduction of a new forming production line which involved a new production process but resulted in fermentation capacity that was significantly lower than expected, and higher operating costs. The production line is still in use but the carrying value has been adjusted accordingly, and the Group expects that future capacity expansion projects will revert to established processes in the future. For additional information, please see *Notes 11 to 13 and 20 to the Audited Consolidated Financial Statements*.

Non-Core Finance Costs (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense flat by 0.3%, to ₱1,488 million in 2021. Lower interest expense from bank loan was offset by recognition of cash variable interest amounting to ₱588 million. The cash variable interest is equal to the dividends received by the Parent Company's shareholder, Arran, that the latter would have received if the convertible note was converted into shares prior to the declaration of such dividend. The decrease in the interest expense from bank loans was due to the repayment of term loans. As at December 31, 2021, the Group's loan payable decreased by ₱22,547 million versus December 31, 2020, this was partly driven by the Parent Company's early repayment of the outstanding term loans amounting ₱15,565 million as part of the change in use of IPO proceeds approved by the Board last August 9, 2021.

Finance Income

Finance income decreased by 68.4%, to ₱83 million in 2021 mainly due to recognition of gain on loan modification amounting to ₱165 million in 2020. In 2020, the Parent Company and financial institutions amended the fixed rate from 4.5% to 3.75% and extended the maturity from October 26, 2020, to October 26, 2023. This modification in the contractual cash flows was not substantial and therefore did not result in the derecognition of the affected financial liabilities. As a result of this, the Group recognized a gain.

Derivative Gain (Loss)

The Group recorded derivative losses of ₱2,258 million in 2021 compared to the derivative gains of ₱99 million in 2020. The derivative loss for 2021 was primarily due to the full settlement of Arran's convertible note last June 3, 2021, while the derivative gains pertain to the one-time gain due to the unwinding of the European Union Knockout Option.

partly reduced by outflow related to CapEX, investment related to Financial Assets at FVOCI, and partial payment of Marlow Foods Limited's (MFL) sterling term loan.

Inventories decreased by 15.6%, from to ₱10,879 million as at December 31, 2022 to ₱9,187 million as at December 31, 2023 due to declining commodity prices and lower stocks level in both business segments.

Current financials assets increased by 54.5%, from to ₱1,756 million as at December 31, 2022 to ₱2,714 million as at December 31, 2023 due to reclassification of loans receivables that has maturity date of less than twelve months. Loans receivable that will mature are MNSPL's receivable to MNSG amounting to ₱162.3 million which has maturity date of July 3, 2024 and Parent Company's receivable to SSCC, amounting to ₱500.0 million that has date of August 4, 2024 as of December 31, 2023.

Prepayments and other current assets decreased by 13.3%, from ₱1,269 million as at December 31, 2022 to ₱1,100 million as at December 31, 2023 mainly due to usage of prepaid taxes and input VAT in MNUK.

Noncurrent Assets

The Group's noncurrent assets decreased by 2.0%, from ₱48,960 million as at December 31, 2022 to ₱48,005 million as at December 31, 2023 due additional impairment losses in meat alternative segment offset by the recognition of Guaranty asset.

	December 31, 2023		December 31, 2022		Increase/Decrease	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Property, plant and equipment	25,155	52	30,864	63	(5,709)	(18.5)
Guaranty asset	10,432	22	–	–	10,432	n/m
Intangible assets	8,813	19	14,483	30	(5,670)	(39.1)
Investments in associates and joint ventures	1,125	2	1,104	2	21	1.9
Deferred tax assets – net	937	2	868	2	69	7.9
Financial assets at FVOCI – Noncurrent	601	1	–	–	601	n/m
Noncurrent receivables	–	–	662	1	(662)	(100.0)
Other noncurrent assets	942	2	979	2	(37)	(3.8)
Total Noncurrent Assets	48,005	100	48,960	100	(955)	(2.0)

Property, plant and equipment decreased by 18.5% from ₱30,864 million as at December 31, 2022 to ₱25,155 million as at December 31, 2023 mainly due impairment in Meat Alternative amounting to ₱7,188 million which offset additional capital expenditure in 2023 amounting to ₱3,641 million. For more information on the PPE impairment, please refer to the foregoing discussion of impairment loss for the period ended December 31, 2023.

Guaranty asset increased to ₱10,432 million as at December 31, 2023, from nil as at December 31, 2022. During the financial year ended December 31, 2023, MNSPL entered into an agreement ("Top-Up Deed") with MNSG Holdings Pte. Ltd., a Singaporean Company owned by a majority of the ultimate beneficial owners of MNSPL ("MNSG"). Under the Top-Up Deed, MNSG has agreed to provide a guarantee equal to the aggregate collateral value of up to a maximum of 2.156 billion shares of MNC or 12.0% of the current outstanding capital stock of MNC for as long as MNC is still the ultimate controlling shareholder of MNSPL's wholly owned subsidiary, MNUK. Said aggregate collateral value shall be reduced by related transaction costs and said net amount shall cover the net cumulative impairment incurred by MNUK starting from the calendar year ended December 31, 2023 and every year thereafter up to December 31, 2032. MNSPL has recognized a guaranty asset under the Top-Up Deed and engaged an independent valuation expert to determine the fair value of the guaranty asset at inception and as at December 31, 2023. Subsequent changes in fair value of the guaranty asset recognized in profit or loss.

	As at December 31, 2023, in millions
Guaranty asset:	
Initial recognition	₱9,104
Fair value gain on guaranty asset	1,302
Cumulative translation adjustment	26
	₱10,432

Intangible assets decreased by 39.1% from ₱14,483 million as at December 31, 2022 to ₱8,813 million as at December 31, 2023 mainly due to the additional impairment on brand value under Marlow Foods, which owns *Quorn* and *Cauldron*. For more information, please refer to the foregoing discussion of impairment loss for the period ended December 31, 2023.

Deferred tax assets increased by 7.9% from ₱868 million as at December 31, 2022 to ₱937 million as at December 31, 2023 mainly due to higher pension and refund liabilities.

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 December 31, 2023, the fair value of FCG was based on quoted prices. The fair value of Terramino Inc. approximates its last transaction price.

The noncurrent receivables decreased by 100% from ₱662 million as at December 31, 2022 to nil as at December 31, 2023 due to reclassification to current receivables, as discussed in the foregoing.

Current Liabilities

The Group's current liabilities increased by 20.2%, from ₱14,752 million as at December 31, 2022 to ₱17,735 million as at December 31, 2023.

	December 31, 2023		December 31, 2022		Increase/Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Accounts payable and other current liabilities	11,684	66	11,323	77	361	3.2
Dividends Payable	2,156	12	-	-	2,156	n/m
Acceptances and trust receipts payable	1,608	9	2,362	16	(754)	(31.9)
Current portion of loans payable	1,200	7	270	2	930	344.4
Refund liabilities	407	2	201	1	206	102.5
Current portion of lease liabilities	89	1	386	3	(297)	(76.9)
Income tax payable	591	3	210	1	381	181.4
Total	17,735	100	14,752	100	2,983	20.2

Dividends Payable as at December 31, 2023, at ₱2,156 million from nil as at December 31, 2022. The Board approved the declaration cash dividends of ₱0.12 per share for stockholders of record date of November 29, 2023, which was paid last January 11, 2024.

Acceptances and trust receipts payable decreased by 31.9%, from ₱2,362 million as at December 31, 2022 to ₱1,608 million as at December 31, 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 344.4%, from ₱270 million as at December 31, 2022 to ₱1,200 million as at December 31, 2023 mainly due to MFL's availment of revolving /short-term credit loans.

Refund liabilities increased by 102.5%, from ₱201 million as at December 31, 2022 to ₱407 million as at December 31, 2023. The provision was consistent with PFRS 15.

Current portion of lease liabilities decreased by 76.9%, from ₱386 million as at December 31, 2022 to ₱89 million as at December 31, 2023 due to reclassification of portion of MNUK's lease liabilities from current to noncurrent.

Income tax payable increased by 181.4%, from ₱210 million as at December 31, 2022 to ₱591 million as at December 31, 2023 mainly due to income tax payable of MNC and MMYSC.

Noncurrent Liabilities

The Group's noncurrent liabilities decreased by 44.9%, from ₱14,270 million as at December 31, 2022 to ₱7,862 million as at December 31, 2023.

	December 31, 2023		December 31, 2022		Increase/Decrease	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Loans payable	3,734	47	6,983	49	(3,249)	(46.5)
Deferred tax liabilities – net	382	5	4,320	30	(3,938)	(91.2)
Derivative liability	106	1	–	–	106	n/m
Lease liabilities	2,594	33	2,423	17	171	7.1
Pension liability	1,007	13	507	4	500	98.6
Other noncurrent liabilities	39	1	37	–	2	5.4
Total	7,862	100	14,270	100	(6,408)	(44.9)

Loans payable decreased by 46.5%, from ₱6,983 million as at December 31, 2022 to ₱3,734 million as at December 31, 2023 due to partial settlement of MFL's sterling term loan.

Deferred tax liabilities decreased by 91.2%, from ₱4,320 million as at December 31, 2022 to ₱382 million as at December 31, 2023 due to the recognition of impairment loss on PPE and brand under Meat Alternative segment.

Lease liabilities increased by 7.1%, from ₱2,423 million as at December 31, 2022 to ₱2,594 million as at December 31, 2023 due to reclassification of portion of MNUK's lease liabilities from current to noncurrent.

Pension liabilities increased by 98.6%, from ₱507 million as at December 31, 2022 to ₱1,007 million as at December 31, 2023 due to changes in the discount and salary increase rate assumptions.

Equity

The Group's total equity increased by 11.9% from ₱52,271 million as at December 31, 2022 to ₱58,498 million as at December 31, 2023 due to recognition of the results of operations for FY 2023.

Financial condition as at December 31, 2021, compared to as at December 31, 2022.

Current Assets

The Group's current assets increased by 5.6%, from ₱30,613 million as at December 31, 2021 to ₱32,333 million as at December 31, 2022, primarily due to higher inventories, investment in current financial assets partly offset by lower cash and cash equivalents.

	December 31, 2022		December 31, 2021		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Cash and cash equivalents	11,629	36	13,857	46	(2,228)	(16.1)
Trade and other receivables	6,800	21	6,249	20	551	8.8
Inventories	10,879	34	8,572	28	2,307	26.9
Current financial assets	1,756	5	166	–	1,590	958.3
Prepayments and other current assets	1,269	4	1,769	6	(500)	(28.3)
Total	32,333	100	30,613	100	1,720	5.6

Cash and cash equivalents decreased by 16.1%, from ₱13,857 million as at December 31, 2021 to ₱11,629 million as at December 31, 2022, primarily due to payments related to trust receipts, income tax and capital expenditures.

Inventories increased by 26.9%, from ₱8,572 million as at December 31, 2021 to ₱10,789 million as at December 31, 2022, primarily due to elevated commodity and energy prices and higher finished goods in APAC BFB in view of higher demand.

Current financial assets as at December 31, 2022 pertains to the financial assets at FVTPL accounts. Last year, the current financial asset pertains to loans receivable of MNSPL to MNSG which was entered last July 3, 2020, with original maturity date of July 3, 2022. In 2022, this was reclassified to non-current as both parties agreed to extend the maturity date to July 3, 2024.

Prepayments and other current assets decreased by 28.3%, from ₱1,769 million as at December 31, 2021 to ₱1,269 million as at December 31, 2022, mainly due to usage of prepaid income tax due to higher taxable income in 2022 resulting to payable position.

Noncurrent Assets

The Group's noncurrent assets decreased by 29.3%, from ₱69,245 million as at December 31, 2021 to ₱48,960 million as at December 31, 2022 due to impairment of intangibles in Meat Alternative.

	December 31, 2022		December 31, 2021		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Intangible assets	14,483	30	35,647	51	(21,164)	(59.4)
Property, plant and equipment	30,864	63	29,952	43	912	3.0
Investments in associates and joint ventures	1,104	2	1,094	2	10	0.9
Deferred tax assets – net	868	2	886	1	(18)	(2.0)
Noncurrent receivables	662	1	500	1	162	32.4
Other noncurrent assets	979	2	1,166	2	(187)	(16.0)
Total	48,960	100	69,245	100	(20,285)	(29.3)

Intangible assets decreased by 59.4%, from ₱35,647 million as at December 31, 2021 to ₱14,483 million as at December 31, 2022 due to impairment of goodwill and brand value under Marlow Foods, which owns *Quorn* and *Cauldron*. The impairment was caused by the application of higher discount rate due to prevailing higher interest rates and risk premiums, some margin compression, and rationalization of the trend in the meat alternative category. For additional information on intangible assets impairment, see foregoing discussions under impairment loss under this section and Notes 11 to 13, and 20 to the Audited Consolidated Financial Statements.

Noncurrent receivables increased by 32.4%, from ₱500 million as at December 31, 2021 to ₱662 million as at December 31, 2022 due to reclassification of loans receivable of MNSPL to MNSG from current to noncurrent as both parties agreed to extend the maturity of the loan to July 3, 2024.

Other noncurrent assets decreased by 16.0%, from ₱1,166 million as at December 31, 2021 to ₱979 million as at December 31, 2022 due to application of advances to customers and amortization of deferred input VAT related to capital expenditures (CapEx). In addition, under the TRAIN Law, starting January 1, 2022, all input tax on purchases of capital goods shall already be allowed to be claimed outright upon purchase/payment and shall no longer be subject to amortization.

Current Liabilities

The Group's current liabilities decreased by 34.2%, from ₱22,409 million as at December 31, 2021 to ₱14,752 million as at December 31, 2022.

	December 31, 2022		December 31, 2021		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Accounts payable and other current liabilities	11,323	77	11,156	50	167	1.5
Acceptances and trust receipts payable	2,362	16	3,715	17	(1,353)	(36.4)
Current portion of loans payable	270	2	6,999	31	(6,729)	(96.1)
Refund liabilities	201	1	304	1	(103)	(33.9)
Current portion of lease liabilities	386	3	97	–	289	297.9
Income tax payable	210	1	138	1	72	52.2
Total	14,752	100	22,409	100	(7,657)	(34.2)

Acceptances and trust receipts payable decreased by 36.4%, from ₱3,715 million as at December 31, 2021 to ₱2,362 million as at December 31, 2022 due to retirement of some trust receipts payable to save on interest expenses and in consideration of higher cash availability.

The **current portion of loans payable** as at December 31, 2021, pertains to MNUK's outstanding loan which was reclassified from noncurrent. As at December 31, 2021, loans of MFL, a wholly-owned UK-based indirect subsidiary, was reclassified to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, MFL entered into a sterling term loan facility amounting to ₱7,081 million (£105.0 million) on June 1, 2022, and repaid its existing financial indebtedness on June 9, 2022.

Refund liabilities decreased by 33.9%, from ₱304 million as at December 31, 2021 to ₱201 million as at December 31, 2022, mainly due to timely actualization of returns as effect of process improvements.

Income tax payable increased by 52.2%, from ₱138 million as at December 31, 2021 to ₱210 million as at December 31, 2022. Income tax payable was low as at December 31, 2021 due to utilization of prepaid income tax from the implementation of CREATE Act and lower taxable income due to recognition of actual loss on redemption on Arran's convertible notes.

Noncurrent Liabilities

The Group's noncurrent liabilities increased by 58.0%, from ₱9,033 million as at December 31, 2021 to ₱14,270 million as at December 31, 2022, mainly due to refinancing of MFL's loan partly offset by reduction in deferred tax liabilities.

	December 31, 2022		December 31, 2021		Increase (Decrease)	
	Audited	% to Total	Audited	% to Total	Amount	In %
	in millions, except percentages					
Loans payable	6,983	49	–	–	6,983	n/m
Deferred tax liabilities – net	4,320	30	5,702	64	(1,382)	(24.2)
Lease liabilities	2,423	17	2,662	29	(239)	(9.0)
Pension liability	507	4	649	7	(142)	(21.9)
Other noncurrent liabilities	37	–	20	–	17	85.0
Total	14,270	100	9,033	100	5,237	58.0

Loans payable as at December 31, 2022 pertains to MNUK's new loan agreement amounting to ₱7,081 million (£105.0 million) entered into last June 1, 2022, with maturity date of June 2025 subject to extension of 2 years, primarily used to refinance old loan. Please see discussion under current portion of loans payable.

Deferred tax liability decreased by 24.2%, from ₱5,702 million as at December 31, 2021 to ₱4,320 million as at December 31, 2022, mainly due to reduction on deferred tax liabilities due to ₱4,043 million (£60.0 million) impairment on brand value of Marlow Foods Inc, which owns the Quorn and Cauldron brand.

Pension liability decreased by 21.9%, from ₱649 million as at December 31, 2021 to ₱507 million as at December 31, 2022, primarily due to contribution paid by MMYSC.

Equity

The Group's total equity decreased by 23.6%, from ₱68,416 million as at December 31, 2021 to ₱52,271 million as at December 31, 2022 due to recognition of the results of operations for year-to-date 2022.

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, 2021, and 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 2021 and 2022. For the twelve months ended December 31, 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 year ended December 31, 2023, 2022, and 2021, should be read in conjunction with the statements of cash flows and notes included in Audited Consolidated Financial Statements.

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

	Twelve months Ended December 31,		
	2023	2022	2021
	in millions		
Net cash flows provided by operating activities	13,291	5,483	13,474
Net cash flows used in investing activities	(4,781)	(6,042)	(7,471)
Net cash flows from (used in) financing activities	(3,468)	(1,684)	686
Net increase in cash and cash equivalents	5,042	(2,243)	6,689
Effect of Exchange Rate Changes on cash and cash equivalents	8	15	75
Cash and cash equivalents at beginning of year	11,629	13,857	7,093
Cash and cash equivalents as at December 31	16,679	11,629	13,857

Net cash flow provided by operating activities

The net cash flows provided by operating activities were ₱13,291 million for the year ended December 31, 2023. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱15,299 million. The Group generated cash from interest received amounting to ₱412 million and paid income taxes of ₱2,420 million.

The net cash flows provided by operating activities were ₱5,483 million for the year ended December 31, 2022. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱7,718 million. The Group generated cash from interest received amounting to ₱122 million and paid income taxes of ₱2,356 million.

The net cash flows provided by operating activities were ₱13,474 million for the year ended December 31, 2021. The Group's income before income tax for the year was ₱4,825 million. Cash generated from operations (after adjusting

for, among other things, depreciation, and amortization, and working capital changes) was ₱13,928 million. The Group generated cash from interest received amounting to ₱82 million and paid income taxes of ₱537 million.

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱4,781 million for the year ended December 31, 2023. The cash outflow primarily for the Group's payments for CapEx of ₱3,641 million. The other cash outflow pertain to 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 Group's net cash flows used in investing activities were ₱6,042 million for the year ended December 31, 2022. The cash outflow primarily for the Group's payments for CapEx of ₱4,432 million and net investment in current financial assets ₱1,734 million.

The Group's net cash flows used in investing activities were ₱7,471 million for the year ended December 31, 2021. The cash outflow primarily for the Group's payments for CapEx of ₱5,216 million and MNC also bought the additional shares in MMYSC from MCI, amounting to ₱1,822 million, increasing its ownership to 100%.

Net cash flows used in financing activities

The net cash flows used in financing activities were ₱3,468 million for the year ended December 31, 2023. The net cash outflow primarily due to partial settlement of MFL's sterling term loan amounting to ₱2,705 million (net of new availment). The other cash outflow pertains to payment of interest expense (₱453 million) and lease liabilities (₱333 million)

The Group's net cash flows used in financing activities were ₱1,684 million for the year ended December 31, 2022. The cash outflow was primarily used in cash dividends of ₱2,517 million partly offset by cash inflow of ₱920 million from derivate income arising from unwinding of cross-currency swap.

The net cash flows inflows in financing activities were ₱686 million for the year ended December 31, 2021. The net cash inflows amount consisted primarily of the IPO proceeds of ₱48,931 million additional paid-in capital (net of transaction costs). The cash outflow was primarily used in settlement of the outstanding loans amounting to ₱23,115 million, full settlement of Arran's convertible notes ₱13,352 million, cash dividends of ₱10,061 million, and interest expenses amounting to ₱1,437 million from bank loans, trust receipts, and cash variable interest from convertible notes.

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, Core Income After Tax margin, Core EBITDA margin, and Interest rate coverage ratio.

	As at December 31,		
	2023	2022	2021
Current ratio	2.03	2.19	1.37
Acid test ratio	1.45	1.37	0.90
Solvency ratio	0.55	0.38	0.18
Debt-to-equity ratio	0.44	0.56	0.46
Asset-to-equity ratio	1.44	1.56	1.46
	Twelve months Ended December 31,		
	2023	2022	2021
Net Sales Growth	8.4%	6.7%	2.0%
Gross Margin	30.8%	31.3%	36.9%
Core Income After Tax margin (at ownership)	9.5%	8.9%	11.8%
Core EBITDA Margin	16.9%	15.1%	19.2%
Interest rate coverage ratio	17.84	21.75	8.4

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

Financial ratios	Formula
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Current receivables} + \text{Current Financial Assets}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Net income attributable to equity holders of the Company} + \text{Depreciation and amortization} + \text{Impairment Loss} - \text{FMV gain on guaranty asset}}{\text{Total liabilities}}$
Debt-to-equity ratio	$\frac{\text{Total liabilities (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
Asset-to-equity ratio	$\frac{\text{Total assets (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
2022 Interest rate coverage ratio ¹	$\frac{\text{Core EBITDA}}{\text{Finance Costs}}$
Net Sales Growth	$\frac{\text{Current period net sales} - \text{prior period net sales}}{\text{Prior period net sales}}$
Gross margin	$\frac{\text{Gross profit}}{\text{Net Sales}}$
Core EBITDA Margin	$\frac{\text{Core EBITDA}}{\text{Net Sales}}$
Core Income After Tax (at ownership)	$\frac{\text{Core Income after-tax at Ownership}}{\text{Net sales}}$

¹ 2023 and 2022 calculation based on titan loan covenant's formula; 2021 EBITDA/Finance Costs

Capital Expenditures

The Group's Capital Expenditures (CapEx) were primarily attributable to positioning the Group's APAC BFB Business and Meat Alternative Business to develop new business, expand the Group's 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 2024 CapEx plan and actual spend for the twelve months ended December 31, 2023, 2022, and 2021.

	Plan	Actual		
	2024	2023	2022	2021
		(in ₱ millions)		
APAC BFB	6,211	2,611	2,373	3,399
Meat Alternative	1,000	1,030	2,059	1,817
Total	7,211	3,641	4,432	5,216

In 2023, The Group's major CapEx in its APAC BFB segment was primarily for the construction of new bakery manufacturing lines for additional capacity and capability and investment in various machineries to improve operational efficiencies. Meanwhile in 2021 and 2022, the Group's major CapEx in its APAC BFB segment was primarily for the continued construction of a new manufacturing plant in Malvar, Batangas, investment in various machineries to improve operational efficiencies, capabilities, and new Noodles production line.

In 2023, The Group's major CapEx in its Meat Alternative segment was primarily for its long life past design capability and other capabilities. In 2021 and 2022, the Group's major capital expenditures in its Meat Alternative segment was to increase production fermentation capacity. Additional investment in 2022 mainly in increasing capacity to produce deli products.

2024 capital plan in APAC BFB is primarily to improve capacity, development capability, and operational efficiencies. Meat Alternative's 2024 plan mainly to improve operational/cost efficiencies.

No assurance can be given that the Group's capital expenditures plan will not change or that the amount of the capital expenditures for any project or as whole will not change in future years from current expectations.

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:

	Twelve Months Ended December 31, 2023			Non-PFRS Reported
	PFRS Reported	Non-PFRS Adjustments		
		APAC BFB	Meat Alternative	
	(in ₪ millions)			
NET SALES	80,170	–	–	80,170
Less: COST OF GOODS SOLD	55,442	–	–	55,442
GROSS PROFIT	24,728	–	–	24,728
Less: SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net	13,272	89	(13,361)	–
General and administrative expenses	7,775	–	(439)	7,336
Selling expenses	7,038	–	(76)	6,962
	28,085	89	(13,876)	14,298
Core Other Income/(Expense)				
Miscellaneous Income	–	–	30	30
Interest Expense – Orchid + Trust Receipts	–	(523)	–	(523)
Forex loss on USD Stockpile	–	(49)	–	(49)
	–	(572)	30	(542)
CORE INCOME BEFORE TAX	(3,357)	(661)	13,906	9,888
OTHER INCOME (CHARGES)				
Gain (Loss) on Change in FV of Guaranty Asset	1,302	–	–	1,302
Foreign exchange gain (loss) – net	80	49	–	129
Share in net earnings of an associate	36	–	–	36
Market valuation gain (loss) on financial instruments at fair value through profit or loss	93	–	–	93
Miscellaneous + dividend Income	230	–	(30)	200
	1,741	49	(30)	1,760
INCOME BEFORE FINANCE INCOME (EXPENSES)	(1,615)	(612)	13,876	11,649
FINANCE INCOME (EXPENSES)				
Finance Income	428	–	–	428
Finance Costs	(681)	523	–	(158)
Derivative gain	21	–	–	21
	(232)	523	–	291
Other Non-Recurring Expenses				
Impairment Reversal/(Loss) -Net	–	89	(13,361)	(13,272)
Restructuring costs in MNUK	–	–	(515)	(515)
	–	89	(13,876)	(13,787)
INCOME BEFORE INCOME TAX	(1,848)	–	–	(1,848)
PROVISION FOR CURRENT INCOME TAX				
Current	2,801	–	–	2,801
Deferred	(4,022)	–	–	(4,022)
PROVISION FOR CURRENT INCOME TAX	(1,221)	–	–	(1,221)
NET INCOME FROM CONTINUING OPERATIONS	(627)	–	–	(627)

	2022			
	PFRS Reported	Non-PFRS Adjustments		Non-PFRS Reported
		APAC BFB	Meat Alternative	
		(in ₹ millions)		
NET SALES ⁽¹⁾	73,881	59	-	73,940
COST OF GOODS SOLD ⁽²⁾	50,921	(129)	-	50,792
GROSS PROFIT	22,960	188	-	23,148
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net ⁽³⁾	21,374	(210)	(21,164)	-
General and administrative expenses ⁽⁴⁾	7,588	-	(252)	7,336
Selling expenses ⁽⁵⁾	7,496	(6)	-	7,491
	36,458	(216)	(21,416)	14,827
Core Other Income/(Expense)	-	-	-	-
Interest Expense – Orchid + Trust Receipts	-	(238)	-	(238)
Forex gain on USD Stockpile	-	571	-	571
	-	333	-	333
CORE INCOME BEFORE TAX	(13,498)	736	21,416	8,654
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) – net	422	(571)	-	(149)
Share in net earnings of an associate	(12)	-	-	(12)
Market valuation gain (loss) on financial instruments at fair value through profit or loss	22	-	-	22
Miscellaneous Income	143	-	-	143
	574	(571)	-	4
INCOME BEFORE FINANCE INCOME (EXPENSES)	(12,924)	166	21,416	8,658
FINANCE INCOME (EXPENSES)				
Finance income	149	-	-	149
Finance costs	(417)	238	-	(179)
Derivative gain	1,306	-	-	1,306
	1,038	238	-	1,276
Other Non-Recurring Expenses				
Impairment loss – Net	-	(210)	(21,164)	(21,374)
Others	-	(194)	(252)	(446)
	-	(404)	(21,416)	(21,820)
INCOME BEFORE INCOME TAX	(11,886)	-	-	(11,886)
PROVISION FOR CURRENT INCOME TAX				
Current	2,429	-	-	2,429
Deferred	(1,300)	-	-	(1,300)
PROVISION FOR CURRENT INCOME TAX	1,129	-	-	1,129
REPORTED NET INCOME	(13,015)	-	-	(13,015)

⁽¹⁾ ₹59 million recall provisions in Thailand due to selective EU recall.

⁽²⁾ ₹129 million related to global strategic alignment initiatives.

⁽³⁾ Meat Alternative ₹20,544 million non-cash, non-operating impairment of intangibles assets and ₹620 million PPE, and ₹207 million in APAC BFB primarily due to discontinued product line in MNC.

⁽⁴⁾ ₹252 million restructuring costs in UK

⁽⁵⁾ ₹5 million recall provision in Thailand

	2021			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
		(in ₪ millions)		
NET SALES	69,284	–	–	69,284
COST OF GOODS SOLD	43,693	–	–	43,693
GROSS PROFIT	25,591	–	–	25,591
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net	223	61	(284)	–
General and administrative expenses ⁽¹⁾	7,619	(868)	–	6,751
Selling expenses	8,344	–	–	8,344
	16,186	(807)	(284)	15,095
Core Other Income / (Expense)				
Interest Expense – Orchid + Trust Receipts	–	(81)	–	(81)
Forex gain on USD Stockpile	–	262	–	262
	–	181	–	181
CORE INCOME BEFORE TAX	9,405	988	284	10,677
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) – net	410	(262)	–	149
Share in net earnings of an associate	36	–	–	36
Miscellaneous Income	296	–	–	296
	743	(262)	–	481
INCOME BEFORE FINANCE INCOME (EXPENSES)	10,148	726	284	11,159
FINANCE INCOME (EXPENSES)				
Finance income	83	–	–	83
Finance costs	(1,569)	81	–	(1,488)
Loss on CN redemption	(1,579)	–	–	(1,579)
Derivative gain	(2,258)	–	–	(2,258)
	(5,323)	81	–	(5,242)
Other Non-Recurring Expenses				
Impairment loss – Net	–	61	(284)	(223)
IPO-related expenses ⁽¹⁾	–	(655)	–	(655)
Others ⁽¹⁾	–	(213)	–	(213)
	–	(807)	(284)	(1,091)
INCOME BEFORE INCOME TAX	4,825	–	–	4,825
PROVISION FOR CURRENT INCOME TAX				
Current	393	–	–	393
Deferred	1,187	–	–	1,187
PROVISION FOR CURRENT INCOME TAX	1,580	–	–	1,580
REPORTED NET INCOME	3,245	–	–	3,245

⁽¹⁾ Non-recurring expense in APAC BFB related to IPO-related expenses ₪655 million and ₪213 million COVID-19 related expenses.

II. EBITDA Reconciliation

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

For the twelve months ended December 31, 2023			
(Audited)			
	APAC BFB	Meat Alternative	Total
	(in ₱ millions)		
Income before Income Tax	11,922	(13,769)	(1,847)
Finance Costs	241	441	682
Finance Income	(395)	(33)	(428)
EBIT	11,768	(13,361)	(1,593)
Derivative Gain	(21)	-	(21)
Foreign Exchange (Gain)/Loss	(61)	(20)	(81)
Gain Change in FV of Guaranty Asset	-	(1,302)	(1,302)
Restructuring costs in MNUK	-	515	515
Impairment (Reversal)/Loss	(89)	13,361	13,272
Dividend Income	(22)	-	(22)
Depreciation and Amortization Expense	1,969	803	2,772
EBITDA	13,544	(4)	13,540

For the twelve months ended December 31, 2022			
(Audited)			
	APAC BFB	Meat Alternative	Total
	(in ₱ millions)		
Income before Income Tax	9,824	(21,710)	(11,886)
Interest Expense	234	182	416
Interest Income	(144)	(5)	(149)
EBIT	9,914	(21,533)	(11,619)
Derivative Gain	(1,306)	-	(1,306)
Foreign Exchange (Gain) – Net	(402)	(20)	(422)
Other non-recurring expenses	194	252	446
Impairment Loss	210	21,164	21,374
Depreciation and Amortization Expense	1,958	755	2,713
EBITDA	10,568	618	11,186

For the twelve months ended December 31, 2021			
(Audited)			
	APAC BFB	Meat Alternative	Total
	(in ₱ millions)		
Income before Income Tax	4,335	490	4,825
Interest Expense	1,514	55	1,569
Interest Income	(82)	(1)	(83)
EBIT	5,767	544	6,311
Derivative Gain	2,258	--	2,258
Loss on redemption of CN	1,579	-	1,579
Foreign Exchange Gain – Net	(412)	1	(411)
Depreciation and Amortization Expense	1,829	642	2,471
Impairment loss (reversal)	(61)	284	223
Non-recurring expense (IPO and COVID-related)	869	-	869
EBITDA	11,829	1,471	13,300

III. FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at December 31, 2023 and 2022.

	2023					Total
	In ₱, in millions					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	
Financial Liabilities						
Accounts payable and other current liabilities*	2,541	8,247	7			10,795
Dividends payable		2,156				2,156
Loans payable		21	1,200	3,813		5,034
Acceptance and trust receipts payable			1,607			1,607
Lease liabilities		63	182	947	6,763	7,955
	2,541	10,487	2,996	4,760	6,763	27,547

	2022					Total
	(In ₱ millions)					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	
Financial Liabilities						
Accounts payable and other current liabilities*	2,664	8,186	89			10,938
Loans payable			275	7,081		7,356
Acceptance and trust receipts payable			2,362			2,362
Lease liabilities		71	252	985	7,044	8,351
	2,664	8,257	2,978	8,066	7,044	29,007

* Excluding statutory payables
** including amount of interest

Off-Balance Sheet Arrangements

As at December 31, 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 discussed below, see Note 26 to Audited 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 enters derivative transactions to manage foreign currency risks, including currency swaps and currency options.

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 December 31, 2023, 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 disclosure may seriously prejudice the Group's position and negotiating strategy.

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱2,055.4 million, ₱1,447.5 million, and ₱1,423.5 million as at 2023, 2022 and 2021, respectively.

OTHER MATTERS

Commodity Prices

The Company continues to see gradual easing of commodity prices in the global markets. The impact of easing commodity prices was reflected in FY 2023 for wheat, palm oil and other oil-based ingredients. The Parent Company has fully secured estimated requirements for wheat until Q3 2024 and partially secured for Q4 2024. Meanwhile, for palm oil/olien the Parent company has substantially secured until Q3 2024.

Labor Matters

As at December 31, 2023, MONDE's daily paid rank and file employees at MONDE's Sta. Rosa Laguna Plant belonged to and were represented by one trade union, namely the Confederation of Filipino Workers – Monde Nissin Corporation Chapter (the "Union"). As of the same date, MONDE has a five-year collective bargaining agreement ("CBA") with the Union until April 30, 2026. MONDE is set to re-negotiate the economic provisions for the CBA with the Union by May 1, 2024. Salary increase and supplemental benefits such as one-time signing and mid-year bonuses, medical and bereavement assistance are consistently part of the CBA.

MONDE's Davao Plant rank and file employees recently filed a petition for certification election ("PCE") before the Department of Labor and Employment Region XI Regional Office ("DOLE") for recognition as the sole and exclusive bargaining agent of Davao Plant's rank and file employees. Conferences before the DOLE are currently on-going in connection with the PCE. MONDE's subsidiary, SMFC is also awaiting the CBA proposals from its daily paid rank and file union, after the DOLE has certified SMFC's union has the sole and exclusive bargaining agent of its daily paid rank and file employees. MONDE does not expect the on-going labor proceedings to have a material effect on its business, financial condition, and results of operations, and it is not aware of any circumstances that would give rise to material labor disputes and has not experienced any labor strikes.

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.

	Twelve months average			Closing Rate		
	For the period ended December 31,			As at December 31,		
	2023	2022	2021	2023	2022	2021
1GBP	69.1980	67.2705	67.7180	70.609	67.4394	68.5347
1USD	55.6502	54.5002	48.8946	55.385	55.7550	51.0000

Item 7. Financial Statements

The consolidated audited financial statements and supplementary schedules, and Parent Company (*i.e.*, MONDE's) audited financial statements and supplementary schedules are filed as part of this report.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

MONDE has engaged the services of SyCip Gorres Velayo & Company ("**SGV & Co.**") during the five most recent calendar years. There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

Information on Independent Public Accountant

- MONDE's external auditor is SGV & Co. The Board, upon the recommendation of its Audit Committee (comprising Independent Directors), approved the appointment of SGV & Co. as independent auditor for 2023 based on its performance and qualifications, and fixed its remuneration amounting to ₱20,750,000, exclusive of value-added taxes. Stockholder approval was secured on June 30, 2023.
- Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at MONDE's annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of Revised SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the external auditor's Partner-in-Charge for audit years 2020-2023 is Ms. Editha V. Estacio while Ms. Djole S. Garcia was the Partner-in-Charge for the audit years 2018 to 2019.

External Audit Fees and Services

Fees billed for the professional services rendered by the external auditor for the last three completed calendar years are as follows:

Year	Audit and Audit-Related Fees (in ₱)
2023	20,750,000.00
2022	20,870,000.00
2021	36,770,000.00

SGV & Co. performs year end audits and mid-year audits, as well as other audit-related services for compliance purposes. The year-end audit fee of the Group in 2023 did not exceed ₱20,750,000 plus value added tax. The audit-related fees include assurance and advisory services that are reasonably related to the performance of the audit or review of financial statements pursuant to the regulatory requirements.

The Board's Audit Committee has an existing policy to review and to pre-approve the audit and non-audit services rendered by the independent external auditor. MONDE is proscribed from engaging the independent auditor for certain non-audit services which are expressly prohibited by prevailing SEC regulations to be performed by an independent auditor for its audit clients. This is to ensure that the independent auditor maintains the highest level of independence from the Company, both in fact and appearance.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(a) Information Required of Directors and of Executive Officers

(1) Directors and Executive Officers

In accordance with MONDE's Amended By-Laws, a MONDE Director holds office for one (1) year or until his/her successor's election and qualification.

The following Directors as of December 31, 2023 were elected during the June 2023 annual stockholders' meeting, to serve for a 1-year term (with the exception of Ms. Anabelle L. Chua, who replaced Mr. Romeo L. Bernardo in September 2023 as an interim director):

Hartono Kweefanus, Chairperson Emeritus
Kataline Darmono, Chairperson
Hoediono Kweefanus, Vice-Chairperson
Betty T. Ang
Henry Soesanto
Monica Darmono
Nina Perpetua D. Aguas, Lead Independent Director
Marie Elaine Teo, Independent Director
Anabelle L. Chua, Independent Director

Ms. Anabelle L. Chua was elected as an independent director effective September 22, 2023 to replace Mr. Romeo L. Bernardo who served from June 30, 2023 to September 12, 2023 when he resigned his directorship following his appointment to the Monetary Board of the BSP. Ms. Chua serves Mr. Bernardo's unexpired term as independent director.

The below sets forth a summary of the qualifications and personal data of the Directors as of December 31, 2023:

Mr. Hartono Kweefanus, Indonesian, 74 y.o., Chairperson Emeritus. Also: chairman of the board of Monde M.Y. San Corporation, PT Khong Guan Biscuit Indonesia, and KBT International Holdings, Inc.; director of Monde Land, Inc., Monde Nissin Singapore Pte. Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Suntrak Corporation, Monexco International Ltd., and Monde Nissin (Thailand) Co., Ltd. Graduated from Nanyang University, Singapore, majoring in Industrial and Business Management. Mr. Kweefanus has been a MONDE Director for 44 years.

Ms. Kataline Darmono, Indonesian, 45 y.o., Chairperson of the Board. Also: member, board of PT Wahana Mekar Lestari and PT Khong Guan Biscuit Indonesia. Received her Bachelor of Arts, majoring in Finance, from Lehigh University, Pennsylvania, USA, and her Master of Business Administration from Pepperdine University, California, USA. Joined MONDE as Non-Executive Director on April 12, 2021.

Mr. Hoediono Kweefanus, Indonesian, 72 y.o., Vice Chairperson. Also: president and director of P.T. Nissin Biscuit and P.T. Monde Makkota; Vice-Chairman of KBT International Holdings, Inc., director of Monde Nissin Singapore Pte. Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. Graduated from Nanyang University Singapore with a Bachelor of Commerce degree. Mr. Kweefanus has been a MONDE Director for 11 years.

Ms. Betty T. Ang, Filipino, 69 y.o., President. Also a director of Suntrak Corporation. Graduated from Assumption College with a Bachelor of Science in Commerce, majoring in Business Management. Ms. Ang has been MONDE's President and Director for more than 44 years, being with the Company since its incorporation on May 23, 1979.

Mr. Henry Soesanto, Indonesian, 72 y.o., Executive Vice-President, and Chief Executive Officer. Also: president of Monde M.Y. San Corporation, Chairman of the Board of Sarimonde Foods Corporation, All Fit & Popular Foods, Inc. and Monde Nu-Agri Corporation, and director of Monde Land, Inc., Monde Nissin Singapore Pte. Ltd., Monde Nissin UK Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Suntrak Corporation, KBT International Holdings, Inc., Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. Also treasurer and director at Monde Malee Beverage Corporation. Graduated from the Institute of Technology, Surabaya, Indonesia with a Bachelor of Science, majoring in Chemical Engineering, and a Master of Science in Chemical Engineering, and finished US-based eCornell University's Plant-Based Nutrition Certificate Program. Mr. Soesanto has been a MONDE Director for 35 years, and had been with the Company for 42 years.

Ms. Monica Darmono, Indonesian, 69 y.o., Treasurer. Also: treasurer and director of KBT Holdings, Inc., and Monde Malee Beverage Corporation, and director at Monexco International Ltd. Graduated from the Standard College of Singapore with a Bachelor of Science, majoring in Accounting. Ms. Darmono has been a MONDE Director for 18 years.

Ms. Nina Perpetua D. Aguas, Filipino, 71 y.o., Lead Independent Director. Also current chairperson of the board and executive trustee of Insular Healthcare Inc.; chairperson of the boards of Insular Life Management & Development Corporation, Insular Investment Corporation, and Insular Foundation, Inc.; director of Unionbank of the Philippines, and Pilipinas Shell Petroleum Corporation; trustee of the Insurance Institute for Asia & the Pacific. She was the Chairperson of the Bank of Florida until December 2021, and member of the World Bank Group's Advisory Council on Gender and Development also until December 2021. Formerly CEO of The Insular Life Assurance Co. Ltd.; director, President and CEO of the Philippine Bank of Communications; Managing Director and Head of Private Bank – Asia Pacific and Managing Director and Retail Banking Head – Asia Pacific of the Australia and New Zealand (ANZ) Banking Group, Ltd.; held the following positions in the Citibank group: Managing Director and Head of Corporate Center Compliance in New York; Country Business Manager of Global Consumer Group (GCG), Philippines; Head of Sales and Distribution, GCG -Philippines; Regional Quality Director GCG – Asia Pacific; and Regional Audit Director, Citigroup, Asia Pacific. Received her Bachelor of Science in Commerce, Accounting from the University of Santo Tomas. Joined MONDE as an Independent Director on April 15, 2021.

Ms. Marie Elaine Teo, Singaporean, age 57 y.o., Independent Director. Currently Chairman of The TENG Company Ltd.; also: director of Mapletree Investments Pte Ltd.; ICHX Tech Pte Ltd, and Tsao Foundation; non-executive independent director of Olam Group Limited, and Capital International Fund; and governing board member of Duke NUS Medical School. Has over 20 years of direct public market investment experience. Formerly chairperson of Capital International Research Inc.; director of Mapletree Oakwood Holdings Pte. Ltd., Tantallon Capital Advisors, and GK Goh Holdings Ltd; independent director of Caregivers Alliance Ltd.; member of the international advisory panel of CIMB Group Holdings Berhad; member of the International Development Group of the Jesuit Refugee Service; and partner and senior advisor of Holdingham Group. Held oversight and board level responsibilities in Asia for global emerging markets and group operations across risk control, portfolio management, operations, human capital, and client services at the Capital Group companies. Holds a Bachelor of Arts

(Honours) in Experimental Psychology from Oxford University. Joined MONDE as an Independent Director on April 7, 2021.

Ms. Anabelle L. Chua, Filipino, age 63 y.o., Independent Director. Formerly director and member of Audit, and Capital Markets Development Committees of The Philippine Stock Exchange, Inc.; director, chairperson of Finance Committee, and member of Finance, Audit, Risk Management, Nominations and Governance, and Related Party Transaction Committees of Meralco; director, chairperson of the Technology Group Governance Committee, and member of the Audit Committee and Risk and Compliance Committee of Maya Philippines, Inc.; director and member of the Audit Committee and Technology Governance Committee of Mayabank, Inc.; director of Smart Communications, Inc., ePLDT Inc., Smart Broadband, Inc., Digital Telecommunications Phils., Inc., Digitel Mobile Phils, Inc., PLDT Communications and Energy Ventures, Inc., Philippine Telecommunications Investment Corporation, PLDT Global Investments Holdings, Inc., PLDT Global Corporation, PLDT Capital Pte Ltd., MediaQuest Holdings Inc., TV5 Network Inc., Signal TV, Philstar Daily Inc., Pilipino Star Printing Co., Inc., Pilipino Star Ngayon, Inc., Philstar Global Corporation, Business World Publishing Corporation, Beacon Electric Asset Holdings Inc., Eastern Telecommunications Philippines Inc., Vega Telecom Inc., Voyager Innovations Inc., PLDT- Smart Foundation, Meralco PowerGen Corporation, Global Business Power Corporation, and Securities Clearing Corporation of the Philippines; ; held the following positions in PLDT, Inc.: Group Chief Financial Officer and Senior Vice President, Chief Risk Management Officer, and Treasurer; Chief Financial Officer of Smart Communications, Inc.; held the following positions in Citibank, N.A.: Corporate Finance Senior Transactor and Market Execution Head, Customer Risk Management Head, Business MIS Head, Financial Accounting Head, and Financial Analyst; controller of Solid Pacific Finance Ltd.; and banking assistant of Phil. National Oil Company. Received her Bachelor of Science in Business Administration and Accountancy from the University of the Philippines (magna cum laude), and ranked number 1 in the October 1982 Certified Public Accountant Board Examinations. Awarded the ING-FINEX CFO of the Year in 2021. Joined MONDE as an Independent Director on September 22, 2023.

The following are the Company's Management Officers and Key Executives:

Betty T. Ang, President
Henry Soesanto, Executive Vice-President and Chief Executive Officer
Monica Darmono, Treasurer
Helen G. Tiu, Corporate Secretary
Marivic N. Cajucom-Uy, Chief Sustainability Officer
Rico A. Gonzales, Chief Business Officer
Jesse C. Teo, Chief Financial Officer
Michael J. Paska, Chief Investor Relations Officer
Michael Stanley D. Tan, Chief Operations Officer
Daniel Teichert, Chief Risk Management Officer and Interim Chief Internal Audit Executive²
Jon Edmarc R. Castillo, Chief Compliance Officer and PSE Company Information Officer
Katherine C. Lee-Bacus, Assistant Corporate Secretary
Anne Katherine N. Santos, Assistant Corporate Secretary
Samuel C. Sih, Chief Commercial Officer
Wendy T. Antioquia, Regional Research and Development Director
Melissa C. Pabustan, Chief Marketing Officer
Jocelyn Jones G. So, Chief Information and Digital Officer
Luzviminda M. Mercurio, Chief People & Culture Officer
Maria Olivia Y. Misa, Head of Corporate and Government Affairs
Elvira S. Mensalvas, Quality Assurance Head
Romeo L. Marañon, Jr., Head of Bakery Business Unit³

² At its meeting held on November 8, 2023, MONDE's Board appointed Mr. Daniel Teichert, MONDE's Chief Risk Management Officer, as the concurrent Head of MONDE's Internal Audit Function, to replace outgoing Chief Internal Audit Executive Ms. Shiela P. Alarcio effective November 30, 2023.

³ In 2024, Mr. Marañon transitioned from being Head of MONDE's Bakery Business Unit to being the President of MONDE's subsidiary, Sarimonde Foods Corporation.

Set forth below is a summary of their qualifications and personal data:

Atty. Helen G. Tiu, Filipino, 63 y.o., Corporate Secretary. She was MONDE's Data Protection Officer from June 26, 2019 to March 22, 2022, and Chief Legal Officer from July, 2017 to July, 2022. Also director of Sarimonde Foods Corporation, Monde Rizal Properties, Inc., Monde Malee Beverage Corporation, and Monde Nu-Agri Corporation, and corporate secretary of Monde M. Y. San Corporation, Sarimonde Foods Corporation, All Fit & Popular Foods, Inc., Monde Malee Beverage Corporation, and Monde Nu-Agri Corporation; trustee, Harvard Law School Alumni Association of the Philippines; corporate secretary, Philstar Daily, Inc., Pilipino Star Ngayon, Inc., Pilipino Star Printing Co., Inc., Philstar Global Corporation, and JS Publications (The Freeman) Co., Inc. Previously: independent director at NiHAO Mineral Resources International, Inc., Asiabest Group International, Inc., and Dizon Copper Silver Mines, Inc.; director in Petron Corporation; president of the Harvard Law School Alumni Association of the Philippines; corporate secretary for Aboitiz Transport System Corporation (now 2Go Group, Inc.); partner at SGV & Co.; Head Executive Assistant to the Secretary of Energy at the Philippine Department of Energy; instructor at the College of Business Administration, University of the Philippines. Member, Integrated Bar of the Philippines, UP Women Lawyers' Circle, Inc., Good Governance Advocates and Practitioners of the Philippines (GGAPP), and Harvard Club of the Philippines Foundation, Inc. Received her Bachelor of Science in Business Administration and Accountancy (cum laude), and Bachelor of Laws, from the University of the Philippines, and her Master of Laws from Harvard University. She has been MONDE Corporate Secretary since 2014.

Ms. Marivic N. Cajucom-Uy, Filipino, 59 y.o., Chief Sustainability Officer. Joined MONDE in 1989, serving in various capacities, including Sustainability Director, Internal Consulting Director, Core Business Strategy Director, Marketing Director, and Marketing Manager. Received her Bachelor of Arts in Economics (cum laude) from the University of the Philippines. She has been with MONDE for 35 years.

Mr. Rico A. Gonzales, Filipino. 58 y.o., Chief Business Officer. Previously: Chief Strategy Officer, Monde Nissin Corporation; Chief Strategy Officer, Monde Nissin Singapore Pte. Ltd.; Managing Director, Meval International Pte. Ltd.; General Manager, Lemnis Lighting Asia Pte. Ltd.; Chief Executive Officer, Philips Electronics & Lighting Inc.; General Manager, Philips Electronics Singapore; Channel Development Director, Philips Electronics & Lighting Inc.; and Sales Manager – Associate Director, Procter & Gamble, Philippines. Received his Bachelor of Science in Business Administration from University of the Philippines. Joined MONDE in May 2023.

Mr. Jesse C. Teo, Filipino, 52 y.o., Chief Financial Officer. Also: director at Monde Nissin Singapore Pte. Ltd., Monde Nissin UK Ltd., Monde Nissin New Zealand Ltd., Sarimonde Foods Corporation, All Fit & Popular Foods, Inc., and Monde Nu-Agri Corporation, and Chief Financial Officer at Sarimonde Foods Corporation, All Fit and Popular Foods, Inc., and Monde Nu-Agri Corporation. Received his degree in BS Management – Honours Program from Ateneo de Manila University. Has been with MONDE for nine years.

Mr. Michael J. Paska, American, 54 y.o., Chief Investor Relations Officer. Previously: independent consultant at Asian Development Bank, and was connected with Edtech Capital Advisors, Amalgamated Investment Bancorporation, Fortman Cline Capital Markets, Groveland Capital, Whitebox Advisors, Wachovia Securities (now Wells Fargo), Progress Energy, Andersen Consulting (now Accenture), and the US' Central Intelligence Agency (CIA). He has a Bachelor of Science in Electrical Engineering from the University of Minnesota, a Master of Economics from North Carolina State University, and an MBA from the University of Chicago. Joined MONDE in 2019.

Mr. Michael Stanley D. Tan, Filipino, 52 y.o., Chief Operations Officer. Previously, Value Creation Officer and Supply Chain Director. Previously: held various positions in Procter and Gamble in the Philippines, Vietnam, and Malaysia across the 4 Global Business Units including Senior Director and Supply Chain Manager, and was Asia Internal Consultant for integrated Work System in Product Supply. Received his Bachelor of Science in Electrical Engineering (Magna cum Laude) from Silliman University. Joined MONDE in 2018.

Mr. Daniel Teichert, German, 45 y.o., Chief Risk Management Officer and Interim Chief Internal Audit Executive. Previously: various financial management roles, including: Vice President Finance and IT Sourcing Division, Siemens Inc. Philippines; CFO, ATOS Philippines; Vice President Corporate — Head of Finance, Atlantic, Gulf and Pacific. Member, Good Governance Advocates and Practitioners of the Philippines. He has degrees in Industriekaufmann (IHK, DE) from Siemens AG “Stammhauslehre,” Bachelor in Commercial Economics from Hogeschool Zeeland, NL, and Betriebswirt (VWA), Verwaltungs und Wirtschaftakademie, (Essen DE). Joined MONDE in 2016.

Atty. Jon Edmarc R. Castillo, Filipino, 37 y.o., Chief Compliance Officer and PSE Company Information Officer. Previously: Senior Associate, SyCip Salazar Hernandez & Gatmaitan; Litigation, Labor, and Permits Manager, Philex Mining Corporation; Researcher, University of the Philippines Law Center. Member and Accredited Arbitrator, Integrated Bar of the Philippines. Certified Compliance Officer, Center for Global Best Practices; Alumnus, University of the Asia and the Pacific Center for Research and Communication Data Protection Officer Foundational and Certification Program. Member, Philippine Institute of Arbitrators; Member, Good Governance Advocates and Practitioners of the Philippines. Received his Bachelor of Arts (Magna Cum Laude) and Juris Doctor Degrees from the University of the Philippines. Joined MONDE in 2020.

Atty. Katherine C. Lee-Bacus, Filipino, 34 y.o., Assistant Corporate Secretary. Previously: Associate, SyCip Salazar Hernandez & Gatmaitan; Associate, Risk and Internal Audit, Isla Lipana & Co; Audit Specialist, Bank of the Philippine Islands. Member, Integrated Bar of the Philippines. Certified Compliance Officer, Center for Global Best Practices; Alumnus, University of the Asia and the Pacific Center for Research and Communication Data Protection Officer Foundational and Certification Program. Received her J.D. from Ateneo Law School, and her Bachelor of Science in Accountancy (magna cum laude) from Saint Louis College. Joined MONDE in 2021.

Atty. Anne Katherine N. Santos, Filipino, 35 y.o., Assistant Corporate Secretary. Previously: Senior Associate, SyCip Salazar Hernandez & Gatmaitan. Member, Integrated Bar of the Philippines. Certified Compliance Officer, Center for Global Best Practices; Alumnus, University of the Asia and the Pacific Center for Research and Communication Data Protection Officer Foundational and Certification Program. Received her J.D. from Ateneo Law School, and her Bachelor of Science in Management Engineering from Ateneo de Manila University. Joined MONDE in 2021.

Mr. Samuel C. Sih, Filipino, 60 y.o., Chief Commercial Officer. He has degrees in BS Commerce Major in Business Management, and Graduate Studies – Management from De La Salle University. He has been with MONDE for 35 years.

Ms. Wendy T. Antioquia, Filipino, 57 y.o., Regional Research and Development Director. Previously: General Manager-Biscuits and Wafer Business Unit, R&D Head, and R&D Specialist. Received her Bachelor of Science degree in Food Technology from the University of the Philippines; member of the Philippine Association of Food Technologists. She has been with MONDE for 31 years.

Ms. Melissa Chua-Pabustan, Filipino, 51 y.o., Chief Marketing Officer. She was previously connected with RFM Corporation. Has degrees in BS Applied Economics and BS Marketing Management from De La Salle University. She has been with MONDE for 27 years.

Ms. Jocelyn Jones G. So, Hong Kong SAR Chinese, 59 y.o., Chief Information and Digital Officer. Previously with PCCW Solutions Ltd. as: Senior Vice President and CMT Industry Head; Senior Vice President, Business Process Unit, HKT; and Senior Vice President, Systems Solutions Development and Integration. Received her Bachelor of Science in Math, Major in Computer Science from Ateneo de Manila University and her Master of Business Administration, Major in Information Technology from University of Western Sydney. Joined MONDE in 2022.

Ms. Luzviminda M. Mercurio, Filipino, 58 y.o., Chief People & Culture Officer. Previously: Vice President for HR-Training and Staffing, GE Consumer Finance; HR and Organization & Talent Development Manager, Mondelez Philippines (previously Kraft Foods Philippines); Regional Learning and

Development Leader – ASEAN Region, General Electric; and CEO, Strategic Learning and Professional Development Consulting. Received her Bachelor of Arts in Communication from the University of the Philippines; finished the Leadership & Management Development Program of Ateneo Graduate School of Business. Joined MONDE in 2021.

Atty. Maria Olivia Y. Misa, Filipino, 54 y.o., Head of Corporate and Government Affairs. Previously: Head of Government and Industry Affairs, Nestlé Philippines; Head of Compliance, Nestlé Nutrition Southeast Asia & Pacific Region; Regional Regulatory Affairs Director- Asia Pacific, Mead Johnson Nutrition (now Reckitt); Corporate Relations Director- Asia Pacific, Middle East and Africa, Abbott Nutrition. Member of the Integrated Bar of the Philippines and UP Women Lawyers Circle, Inc. Member of the Board and Corporate Secretary of Philippine Chamber of Food Manufacturers, Inc. Received her Bachelor of Science in Economics and Juris Doctor from the University of the Philippines, and certifications for International Food Law and Food Safety at the Michigan State University. Joined MONDE in January 2023.

Ms. Elvira S. Mensalvas, Filipino, 61 y.o., serves as Head of Quality Assurance (QA). Also: trustee, GS1 Philippines, Inc. Previously: director, Philippine Chamber of Food Manufacturers, Inc. She has been with MONDE for 32 years.

Mr. Romeo L. Marañon, Jr., Filipino, 50 y.o., Head, Bakery Business Unit and New Business Development Officer. Previously with Monde Nissin Thailand Co. Ltd. as National Sales Manager and Export Business Development Manager. Received from the University of the Philippines his Bachelor of Science in Business Administration, Major in Marketing Management and Master's in Management, Major in Business Administration and Management, General. He has been with MONDE for 26 years.

(2) Significant Employees

While MONDE values the contribution of each of its executive and non-executive employees, it believes that there is no single executive or non-executive employee whose resignation or loss would have a material adverse impact on the Company's business.

(3) Family Relationships

Mr. Hartono Kweefanus, Mr. Hoediono Kweefanus, and Ms. Monica Darmono are siblings. Ms. Betty T. Ang is married to Mr. Hoediono Kweefanus. Mr. Henry Soesanto is married to Ms. Monica Darmono. Ms. Kataline Darmono is the daughter of Mr. Hartono Kweefanus.

There are no other known family relationships either by consanguinity or affinity up to the fourth civil degree between and among MONDE's incumbent directors and executive officers.

(4) Involvement in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of MONDE's directors or executive officers, in the five-year period prior to the date of this Annual Report, had: (1) any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) been convicted by final judgment in a criminal proceeding, domestic or foreign, or has been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) been subjected to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities; or (4) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange, or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

The Group is not involved in any litigation, arbitration, or claims (including personal injuries, employee compensation or product liability claims) of material importance, and the Group is not aware of any litigation, arbitration, or claims of material importance pending or threatened against it that would have a material adverse effect on its business, financial condition, or results of operations.

(b) Resignation of Directors

From Listing Date up to the present, no Director has resigned or declined to stand for re-election to the Board due to any disagreement with MONDE on any matter relating to the Company’s operations, policies, or practices. Director Delfin Lazaro resigned on April 27, 2022 for personal reasons, and Director Romeo Bernardo resigned effective September 14, 2023 upon his appointment to the Monetary Board.

(c) Others

Other matters on Directors and executive officers such as the Committees of the Board, attendance in Board meetings, and trainings and continuing education programs, among others, are in Item 5 of MONDE’s 2023 Definitive Information Statement which are available in MONDE’s website and also found in MONDE’s portal at the PSE EDGE.

Item 10. Executive Compensation

(a) Executive Compensation

The aggregate compensation paid or incurred during the last two calendar years, as well as those estimated to be paid in the ensuing calendar year, to MONDE’s Chief Executive Officer (“CEO”) and MONDE’s senior executive officers are as follows:

Name and Principal Position	Year	Salary (in ₱)	Other Variable Benefits (in ₱)	Total (in ₱)
Betty Ang <i>President</i>	2022-2024			
Henry Soesanto <i>Chief Executive Officer</i>	2022-2024			
Rico A. Gonzales <i>Chief Business Officer⁴</i>	2023-2024			
Marivic N. Cajucom-Uy <i>Chief Sustainability Officer</i>	2022-2024			
Samuel C. Sih <i>Chief Commercial Officer</i>	2022-2024			
Helen G. Tiu ⁵ <i>Corporate Secretary</i>	2022			
Total compensation of the CEO and 4 most highly compensated officers	2022	29,902,461.00	125,494,378.00	155,396,839.00
	2023	61,221,686.65	133,966,245.58	195,187,932.23
	2024 (est.)	63,432,031.00	147,362,870.00	210,794,901.00

⁴ CEO Mr. Henry Soesanto, President Ms. Betty T. Ang, Chief Business Officer Mr. Rico A. Gonzales, Chief Sustainability Officer Ms. Marivic N. Cajucom-Uy, and Chief Commercial Officer Mr. Samuel C. Sih were CEO and four most highly compensated officers in 2023. Chief Business Officer Mr. Rico A. Gonzales joined MONDE in May 2023.

⁵ Atty. Helen G. Tiu retired on July 2022 as Chief Legal Officer but remains as MONDE’s Corporate Secretary. She was one of the top five most highly compensated officers in 2022.

Name and Principal Position	Year	Salary (in ₱)	Other Variable Benefits (in ₱)	Total (in ₱)
All other officers and Directors as a group unnamed ⁶	2022	97,867,978.00	88,714,439.00	186,582,417.00
	2023	90,615,168.00	76,029,767.00	166,644,935.00
	2024 (est.)	78,758,728.00	72,760,000.00	151,518,728.00
Total	2022	127,770,439.00	214,208,817.00	341,979,256.00
	2023	151,836,854.65	209,996,012.58	361,832,867.23
	2024 (est.)	142,190,759.00	220,122,870.00	362,313,629.00

(b) Compensation of Directors

Under the Amended By-Laws' Article I, Section 5, "directors shall be entitled to receive from [MONDE] fees and other compensation for their services in accordance with Section 29 of the Revised Corporation Code. In no case shall the total yearly compensation of [d]irectors exceed three percent (3.0%) of the net income before income tax of [MONDE] during the preceding year. The Board's Corporate Governance, Nomination, & Remuneration (*i.e.*, CGNR) Committee shall have the responsibility of recommending such fees and other compensation of [d]irectors. In discharging this duty, the CGNR Committee shall be guided by the principle that [d]irectors should be fairly remunerated for their performance and for work required and responsibility assumed in a company of the [MONDE's] size and scope."

(1) Standard Arrangements

Other than payment of reasonable per diems for the attendance by Independent Directors at the meetings of the Board and of Board Committees, there are no other arrangements pursuant to which the Directors are compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

On March 1, 2021, the Board approved a resolution fixing the current meeting fees of Independent Directors, as follows:

Board Meeting Fee per meeting attended (per diem)	240,000.00
Board Committee Meeting Fee per meeting attended (per diem)	₱ 120,000.00

Directors who are not Independent Directors do not receive meeting fees or any other remuneration. The foregoing meeting fees were determined before the current Independent Directors became members of the Board. The current Independent Directors did not participate in the determination of said meeting fees.

Pursuant to the requirement of the Revised Corporation Code's Sections 29 and 49 relating to an annual report of the total compensation of each member of the Board of Directors, below is a table showing the gross compensation received by the Directors in 2022 and 2023 and those estimated to be payable in 2024:

	2022 (in ₱)			2023 (in ₱)			2024 – estimate (in ₱)		
	Board Meetings	Committee Meetings	Total	Board Meetings	Committee Meetings	Total	Board Meetings	Committee Meetings	Total
Non-Independent Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Independent Directors									
Delfin L. Lazaro	480,000.00	1,080,000.00	1,560,000.00	-	-	-			
Romeo L. Bernardo	1,440,000.00	960,000.00	2,400,000.00	1,200,000.00	840,000.00	2,040,000.00			
Nina Perpetua D. Aguas	1,920,000.00	1,680,000.00	3,600,000.00	2,160,000.00	1,440,000.00	3,600,000.00	1,440,000.00	1,320,000.00	2,760,000.00
Marie Elaine Teo	1,920,000.00	1,680,000.00	3,600,000.00	2,160,000.00	1,440,000.00	3,600,000.00	1,440,000.00	1,200,000.00	2,640,000.00
Anabelle L. Chua	-	-	-	960,000.00	600,000.00	1,560,000.00	1,440,000.00	1,200,000.00	2,640,000.00
Total	5,760,000.00	5,400,000.00	11,160,000.00	6,480,000.00	4,320,000.00	10,800,000.00	4,320,000.00	3,720,000.00	8,040,000.00

⁶ The salary of "All Other Officers and Directors as a Group Unnamed" decreased in 2023 compared to 2022 as a result of the resignation of one of the officers in November 2023. For 2024 (est.), the amount decreased further because one of the officers was seconded to a foreign subsidiary.

(2) Other Arrangements

Other than as disclosed above, there are no arrangements pursuant to which any of the Directors were compensated or are to be compensated, directly or indirectly, by MONDE for services rendered as Directors or Board Committee members during the last calendar year, and the ensuing calendar year.

As aforementioned, Directors other than Independent Directors do not receive meeting fees nor any other form of remuneration as such. Thus, no meeting fees or any other form of remuneration were incurred or paid to non-independent directors for their services as such in 2022 and 2023.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contracts between MONDE and its executive officers.

There are neither special compensatory plans nor arrangements with respect to an executive officer that has resulted or will result from the resignation, retirement, or any other termination of such executive officer's employment with MONDE, or from a change-in-control in MONDE, or a change in an executive officer's responsibilities following a change in control of the Company.

(d) Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the CEO, by executive officers, nor by all Directors and officers as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% as of December 31, 2023:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Hartono Kweefanus JL Syamsurizal Kota Adm. Jakarta Pusat, Indonesia (Director)	Hartono Kweefanus (same as record owner)	Indonesian	4,214,244,600	23.453%
Common	Hoediono Kweefanus ⁷ JL Raya Darmo 65 Surabaya, Indonesia (Director)	Hoediono Kweefanus (same as record owner)	Indonesian	948,324,600	5.278%
Common	Betty T. Ang ⁸ 45B Park Terraces Condominium, Palm Drive, Ayala Center, Makati (Director)	Betty T. Ang (same as record owner)	Filipino	3,265,920,000	18.176%

⁷ Mr. Hoediono Kweefanus is the spouse of Ms. Betty T. Ang. As such, under Rule 3.1.2 of the SRC Implementing Rules and Regulations ("SRC IRR"), Mr. Hoediono Kweefanus is deemed to have an indirect beneficial interest in Ms. Betty Ang's 3,265,920,000 shares.

⁸ Ms. Betty T. Ang is the spouse of Mr. Hoediono Kweefanus. As such, under the SRC IRR, Ms. Betty Ang is deemed to have an indirect beneficial interest in Mr. Hoediono Kweefanus's 948,324,600 shares.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Henry Soesanto ⁹ Unit 45A, Discovery Primea Suites 6749 Ayala Avenue, Brgy. Urdaneta (Director)	Henry Soesanto (same as record owner)	Indonesian	1,548,681,395 ¹⁰	8.619%
Common	My Crackers, Inc. 1763 P.M. Guanzon St. Paco, Manila	Keng Sun Mar Peter Mar	Filipino	1,228,611,496	6.838%
Common	PCD Nominee Corporation (Non-Filipino) ¹¹ Philippine Depository & Trust Corp., 29 th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers ¹²	Various Non-Filipino	1,556,761,162 ¹³	8.664%
Common	PCD Nominee Corporation (Filipino) Philippine Depository & Trust Corp., 29 th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers	Various Filipino	2,523,814,438	14.046%

(2) Security Ownership of Directors and of Management (Executive Officers) as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
DIRECTORS				
Common	Hartono Kweefanus	(direct) 4,214,244,600	Indonesian	23.453%
Common	Hoediono Kweefanus ¹⁴	(direct) 948,324,600	Indonesian	5.278%
Common	Betty T. Ang ¹⁵	(direct) 3,265,920,000	Filipino	18.176%
Common	Henry Soesanto ¹⁶	(direct) 1,548,681,395	Indonesian	8.619%
Common	Monica Darmono ¹⁷	(direct) 765,897,596	Indonesian	4.262%
Common	Kataline Darmono	(direct) 2 Monica Darmono is the beneficial owner of 2 shares	Indonesian	0.000%

⁹ Mr. Henry Soesanto is the spouse of Ms. Monica Darmono. As such, under the SRC IRR, Mr. Henry Soesanto is deemed to have an indirect beneficial interest in Ms. Monica Darmono's 765,897,596 shares.

¹⁰ This is inclusive of Mr. Henry Soesanto ownership of another 40,000,000 shares through PCD Nominee Corp. (Non-Filipino) which brings his total ownership percentage to 8.619% and PCD Nominee Corp. (Non-Filipino)'s total ownership percentage to 8.664%.

¹¹ PCD Nominee Corporation is the registered owner of the shares in the books of the Company's stock transfer agent. PCD Nominee Corporation is a corporation wholly owned by the PDTC, which acts as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the PDTC's current system, only PCD participants (i.e., brokers and custodians) are recognized by the PDTC as the owners of the lodged shares.

¹² Each beneficial owner of shares through a PCD participant (i.e., brokers and custodians) is the beneficial owner to the extent of the number of shares in his/her/its account with the PCD participant. Based on the reports provided to the Company by the STA, out of the PCD Nominee Corporation account, none of the PCD participants hold more than 5% of the Company's outstanding capital stock for various trust accounts as of December 31, 2023.

¹³ This excludes Mr. Henry Soesanto ownership of another 40,000,000 shares through PCD Nominee Corp. (Non-Filipino) which brings PCD Nominee Corp. (Non-Filipino)'s total ownership percentage to 8.664%.

¹⁴ Mr. Hoediono Kweefanus is the spouse of Ms. Betty T. Ang. Please see footnote 9.

¹⁵ Ms. Betty T. Ang is the spouse of Mr. Hoediono Kweefanus. Please see footnote 10.

¹⁶ Mr. Henry Soesanto is the spouse of Ms. Monica Darmono. Please see footnote 11.

¹⁷ Ms. Monica Darmono is the spouse of Mr. Henry Soesanto. As such, under the SRC IRR, Ms. Monica Darmono is deemed to have an indirect beneficial interest in Mr. Henry Soesanto's 1,548,681,395 shares.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Nina Perpetua D. Aguas	(direct) 2 Henry Soesanto is the beneficial owner of 2 shares	Filipino	0.000%
Common	Marie Elaine Teo	(direct) 2 Monica Darmono is the beneficial owner of 2 shares	Singaporean	0.000%
Common	Anabelle L. Chua	(direct) 20,001 Henry Soesanto is the beneficial owner of 1 share	Filipino	0.000%
CEO and Four Most Highly Compensated Officers				
Common	Betty T. Ang	(please see above)	Filipino	(please see above)
Common	Henry Soesanto (CEO)	(please see above)	Indonesian	(please see above)
Common	Rico A. Gonzales ¹⁸	(indirect) 250,000	Filipino	0.001%
Common	Marivic N. Cajucom-Uy	(direct) 687,800	Filipino	0.004%
Common	Samuel C. Sih	(direct) 3,600,000	Filipino	0.020%
Other Management Officers/Key Executives				
Common	Helen G. Tiu	(direct) 5,000,000	Filipino	0.028%
Common	Jesse C. Teo	(direct) 1,422,700	Filipino	0.008%
Common	Michael J. Paska	(direct) 150,000	American	0.001%
Common	Michael Stanley D. Tan ¹⁹	(direct and indirect) 518,600	Filipino	0.003%
Common	Daniel Teichert ²⁰	(direct) 159,700	German	0.001%
Common	Jon Edmarc R. Castillo ²¹	(direct and indirect) 65,300	Filipino	0.000%
Common	Katherine C. Lee-Bacus	(direct) 45,900	Filipino	0.000%
Common	Anne Katherine N. Santos ²²	(indirect) 23,400	Filipino	0.000%
Common	Wendy T. Antioquia	(direct) 1,093,000	Filipino	0.006%
Common	Melissa C. Pabustan	(direct) 375,000	Filipino	0.002%
Common	Jocelyn Jones G. So	-	Hong Kong SAR Chinese	0.000%
Common	Luzviminda M. Mercurio	(direct) 10,000	Filipino	0.000%
Common	Maria Olivia Y. Misa	-	Filipino	0.000%
Common	Elvira S. Mensalvas	(direct) 255,000	Filipino	0.001%
Common	Romeo L. Marañon, Jr.	(direct) 432,000	Filipino	0.002%
All Directors and Officers as a group		10,757,176,598		59.866%

(3) Voting Trust Holders of 5% or more

MONDE knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

(4) Changes in Control

No change of control in MONDE has occurred since the beginning of its last calendar year.

¹⁸ Mr. Rico A. Gonzales has indirect beneficial ownership over the 250,000 shares held by his spouse.

¹⁹ Mr. Michael Stanley D. Tan has indirect beneficial ownership over the 94,200 shares held by his spouse.

²⁰ At its meeting held on November 8, 2023, MONDE's Board appointed Mr. Daniel Teichert, MONDE's Chief Risk Management Officer, as the concurrent Head of MONDE's Internal Audit Function, to replace outgoing Chief Internal Audit Executive Ms. Shiela P. Alarcio effective November 30, 2023.

²¹ Mr. Jon Edmarc R. Castillo has indirect beneficial ownership over the 30,300 shares held by his spouse.

²² Ms. Anne Katherine N. Santos has indirect beneficial ownership over the 23,400 shares held by her spouse.

Item 12. Certain Relationships and Related Transactions

The Group, in its regular conduct of business, has entered into transactions with associates and other related parties principally comprising advances and reimbursement of expenses, purchase and sale of trade inventory/merchandise, leasing, and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions. Under MONDE's Material Related Party Transactions Policy, the Board oversees the proper implementation of the system for identifying, monitoring, measuring, controlling, and reporting material related party transactions ("**MRPTs**"), in accordance with the requirements of the SEC's Memorandum Circular No. 10 S. of 2019, or the *Rules on Material Related Party Transactions for PLCs*.

Directors, officers and employees are required to promptly disclose any business and family-related transactions with MONDE to ensure that they are at arm's length, under fair terms, and will inure to MONDE's and its shareholders' best interest in accordance with applicable laws and regulations.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

MONDE's Articles of Incorporation, Amended By-Laws, Manual on Corporate Governance ("**CG Manual**"), Code of Conduct and Ethics, together with the respective charters of its Board of Directors and the Board Committees, as well as its Company policies, incorporate the principles and best practices of corporate governance embodied in the Revised Corporation Code of the Philippines and the corporate governance-related issuances of the SEC and the PSE.

Good Governance as a Practice.

The Board champions good corporate governance. In line with the principles and recommendations under the SEC's MC No. 19, Series of 2016, or the *Code of Corporate Governance for Publicly-Listed Companies* ("**CG Code**"), the Board has approved the adoption of MONDE's (a) key Board charters to guide its members in the Board's oversight functions, *i.e.*, the Board Charter, the Audit Committee Charter, the Risk and Related Party Transactions Committee Charter, the Corporate Governance, Nomination, and Remuneration Committee Charter, and the Executive Committee Charter; (b) CG Manual, and Code of Conduct and Ethics; and (c) other key governance policies (*i.e.*, Conflict of Interest, Data Privacy, Prevention of Insider Trading, Whistleblowing, Material Related Party Transactions, Guidelines and Limitations re Engaging External Auditors for Non-Audit Services, Policy Promulgation Guidelines, and Sustainability).

To promote an exchange of diverse viewpoints, the Board comprises nine (9) individuals with a multitude of professional and personal backgrounds. To enhance its ability to perform its oversight function over management, the Board has six (6) non-executive directors. Showing its commitment to gender diversity, MONDE has six (6) female directors as the majority members of its nine (9)-member Board. One-third of the members of the Board consists of Independent Directors who are known in the business sector as women of competence, integrity, and probity. All three MONDE Independent Directors are women.

In compliance with leading practices on corporate governance, the Board has (a) elected a Chairperson who is a separate person from its President as well as its Chief Executive Officer; (b) created a five-member Executive Committee where at least one director out of its five members is an Independent Director so that the interest of the minority shareholders are safeguarded; and (c) created board oversight committees (*i.e.*, Audit Committee, Risk and Related Party Transactions Committee, and Corporate Governance, Nominations, and Remuneration Committee), the members of which are entirely made up of Independent Directors. MONDE has a Lead Independent Director, consistent with the recommendation of the CG Code.

The Board and the Board Committees meet regularly in accordance with the By-Laws and CG Manual to discuss corporate matters as well as to formulate, review, and assess governance controls and procedures. For the year 2023, the Board had nine meetings, its Executive Committee had one meeting, its Audit Committee had six meetings, its Risk and Related Party Transactions Committee had two meetings, and its Corporate Governance, Nomination, and Remuneration Committee had four meetings.

In compliance with prevailing SEC regulations and the PSE's disclosure rules, MONDE's structured and unstructured disclosures and other information, as well as its Articles of Incorporation, By-Laws, CG Manual, Code of Conduct and Ethics, the Board and the Board Committee Charters, and key policies, are accessible by investors and the general public through MONDE's website and MONDE's Company's portal in PSE EDGE.

From the effectivity of its CG Manual to the date of this report, there is no known material deviation by MONDE from its CG Manual.

In accordance with the CG Manual, the Board, together with Management, conducted annual trainings on corporate governance for 2023. The Board and MONDE's key executive officers attend compliance and governance trainings by leading service providers (primarily, by the Institute of Corporate Directors) to keep them abreast with the developments in and/or best practices on good corporate governance, data and cybersecurity, ESG initiatives, financial reporting, and fraud detection and response.

Improvement and Recognition.

Significantly, MONDE was awarded 3 Golden Arrows from the SEC, PSE, and the ICD at the 2023 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards in September 2023. This recognition gains even more significance considering that this pertains to MONDE's first-ever I-ACGR submission as an organization and as a publicly-listed company following its listing on the main board of the PSE on June 1, 2021.

In 2023, as in 2022, MONDE was recognized by the SEC at its Gender and Development Awards where MONDE received the award for being the Publicly Listed Company with Most Women Directors in its Board of Directors. As mentioned, 6 out of 9 Directors in MONDE's Board, as are all Independent Directors, are women.

MONDE's Board has also conducted annual self-evaluation exercises in 2021, 2022, and 2023 pertaining to the individual Directors, the Board as a body, and its different Committees, and the relationship and interaction between Board and Management to assess and evaluate their respective performance in the governance roles they have been entrusted with. An external facilitator, the Institute of Corporate Directors ("ICD"), supported the conduct by MONDE's Board of its 2023 annual self-evaluation, in accordance with Recommendation 6.1 of the Code of Corporate Governance for Publicly-Listed Companies (*SEC Memorandum Circular No. 19, series of 2016*).

In 2023, MONDE's Corporate Compliance Team led the launch of MONDE's Permits and Escalation Policy. The policy establishes a system to monitor the status and maintain the validity of governmental permits. It also prescribes an internal reporting mechanism for concerns and issues regarding government licenses and permits with the goal of ensuring that appropriate actions are seasonably taken, and disclosures to the market and to the regulators are made in a timely manner and in accordance with the relevant disclosure rules.

In March 2023, MONDE's Board approved MONDE's Sustainability Policy. The Sustainability Policy reflects MONDE's aim to become a sustainability leader by embedding sustainability into its corporate culture, strategy and operations. The policy covers five key areas, i.e., products, people, planet, sustainability governance, and sustainability reporting.

Professional advisors in the fields of legal, audit/assurance, compensation benchmarking, compliance, risk, and sustainability consulting have been or are being engaged by MONDE, as necessary, to help ensure its compliance with best-in-field practices and that its ESG framework remains robust and current.

MONDE, led by the Board, Management, and the heads of its Audit, Compliance, Legal, and Risk functions, continues to monitor and evaluate policies and operations to ensure compliance with good governance principles.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Please see the accompanying 2023 Consolidated Audited Financial Statements and Supplementary Schedules (Annex A), 2023 Parent Company Audited Financial Statements and Supplementary Schedules (with BIR ITR Filing Reference) (Annex B), and 2023 Sustainability Report (Annex C).

(b) Reports on SEC Form 17-C

Aside from compliance with periodic reporting requirements, MONDE promptly discloses material and market sensitive information in accordance with the Securities Regulation Code, SEC regulations, and the PSE's Listing and Disclosure Rules.

In 2023, MONDE submitted the following Current Reports on SEC form 17-C and the pertinent PSE Disclosure Form:

	Date of Disclosure	SEC Form	PSE Form	Description
1.	January 26, 2023	SEC Form 17-C	PSE Form 4-30	Approval by MONDE's Executive Committee of MONDE's subscription to 820,268,295 new common shares of stock of FCG ("FCG Shares")
2.	January 26, 2023	SEC Form 17-C	PSE Form 4-2	Form 4-2-specific disclosure and report to the market on MONDE's intended acquisition of equity stake in FCG
3.	January 26, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on MONDE's acquisition of 15% equity stake in FCG
4.	February 2, 2023	SEC Form 17-C	PSE Form 4-30	Re: MONDE's subscription to 820,268,295 FCG Shares
5.	March 15, 2023	SEC Form 17-C	PSE Form 14-1	Notice of FY 2022 Earnings Briefing
6.	March 22, 2023	SEC Form 17-C	PSE Form 4-30	Board Approval of (i) MONDE's Sustainability Policy, (ii) the change in use of IPO proceeds, (iii) the reversal of the retained earnings appropriation for CapEx in the amount of ₱5Billion previously resolved by the Board on December 19, 2022, and (iv) MONDE's subscription to 665,845 Series B Preferred Stock of Terramino, Inc., a Delaware, U.S.-incorporated company engaged in research, development and commercialization of food products made from koji, representing 1.89% of Terramino's outstanding capital stock (including outstanding options to purchase such stock), at a subscription price of up to US\$ 2.0 Million
7.	March 22, 2023	SEC Form 17-C	PSE Form 4-2	MONDE's subscription to 665,845 Series B Preferred Stock of Terramino, Inc.
8.	March 30, 2023	SEC Form 17-C	PSE Form 14-1	Earnings Briefing Materials (FY 2022)
9.	March 30, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on FY 2022 Financial Results
10.	March 31, 2023	SEC Form 17-C	PSE Form QR-1	Board Approval of MONDE's equity restructuring to offset deficit against paid-in capital in excess of par value, subject to the availability of the final deficit amount in the 2022 AFS
11.	April 3, 2023	SEC Form 17-C	PSE Form 4-2	MONDE subscription to Terramino has closed on March 24, 2023, upon the execution of the subscription documents and completion of the

	Date of Disclosure	SEC Form	PSE Form	Description
				bank transfer of funds representing the subscription price
12.	May 5, 2023	SEC Form 17-C	PSE Form 14-1	Notice of Q1 2023 Earnings Briefing
13.	May 10, 2023	SEC Form 17-C	PSE Form 4-8	Change in Officer – appointment of Mr. Rico A. Gonzales as Chief Strategy Officer
14.	May 15, 2023	SEC Form 17-C	PSE Form 4-30	Earnings Briefing Materials (Q1 2023)
15.	May 15, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on Q1 2023 Financial Results
16.	May 18, 2023	SEC Form 17-C	PSE Form 7-1	Notice of Annual Stockholders’ Meeting
17.	June 30, 2023	SEC Form 17-C	PSE Form 4-24	Results of the Annual Stockholders’ Meeting
18.	June 30, 2023	SEC Form 17-C	PSE Form 4-25	Results of Organizational Meeting of Board of Directors
19.	August 1, 2023	SEC Form 17-C	PSE Form 14-1	Notice of 1H 2023 Earnings Briefing
20.	August 9, 2023	SEC Form 17-C	PSE Form 4-30	Earnings Briefing Materials (1H 2023)
21.	August 9, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on 1H 2023 Financial Results
22.	September 4, 2023	SEC Form 17-C	PSE Form 4-8	Change in Directors – resignation of Independent Director Romeo L. Bernardo upon his appointment to the Monetary Board
23.	September 22, 2023	SEC Form 17-C	PSE Form 4-30	Board Approval of the (i) election of Ms. Anabelle L. Chua as Independent Director to replace Mr. Romeo L. Bernardo; (ii) appointment of Independent Director Anabelle L. Chua as Chairperson of the Board’s Audit Committee, and as a member of the Board’s Risk and Related Party Transactions Committee, and Corporate Governance, Nominations, and Remuneration Committee; (iii) appointment of Independent Director Nina Perpetua D. Aguas as Lead Independent Director, member of the Board’s Executive Committee, and Chairperson of the Risk and Related Party Transactions Committee; and (iv) change in designation of Mr. Daniel Teichert from Chief Risk Officer to Chief Risk Management Officer
24.	September 22, 2023	SEC Form 17-C	PSE Form 4-8	Change in Directors – election of Ms. Anabelle L. Chua as Independent Director, and change in designation of Chief Risk Officer Mr. Daniel Teichert to Chief Risk Management Officer
25.	October 3, 2023	SEC Form 17-C		Press Release on MONDE’s being awarded the ICD-SEC-PSE 3 Golden Arrows Award for its first Corporate Governance Report as a publicly listed company
26.	October 9, 2023	SEC Form 17-C	PSE Form 4-8	Change in Officer – resignation for personal reasons of Ms. Shiela P. Alarcio as Chief Internal Audit Executive
27.	October 24, 2023	SEC Form 17-C	PSE Form 14-1	Notice of 9M 2023 Earnings Briefing
28.	November 8, 2023	SEC Form 17-C	PSE Form 4-30	(i) Board’s appointment of Mr. Daniel Teichert, MONDE’s Chief Risk Management Officer, as the concurrent Head of MONDE’s Internal Audit Function in an acting/interim capacity, and (ii) Board’s receipt of a report on a significant risk reduction measure consisting of financial support offered by MONDE’s controlling shareholders (through its family holding company, MNSG Holdings Pte. Ltd.) to reduce

	Date of Disclosure	SEC Form	PSE Form	Description
				impairments (if any) recognizable with respect to the Meat Alternative Business for the next ten (10) years
29.	November 8, 2023	SEC Form 17-C	PSE Form 4-30	Earnings Briefing Materials (9M 2023)
30.	November 8, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on MONDE's Record Third Quarter Revenue and APAC BFB Gross Margin Improvement of 520 bps Year-on-Year
31.	November 8, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on MNSPL receiving a significant risk reduction financial support from the controlling family shareholders (through MNSG) for its Meat Alternative Business
32.	November 9, 2023	SEC Form 17-C	PSE Form 4-8	Appointment of Mr. Daniel Teichert, MONDE's Chief Risk Management Officer, as the concurrent Head of MONDE's Internal Audit Function in an acting/interim capacity
33.	November 29, 2023	SEC Form 17-C	PSE Form 4-31	Press Release on MONDE's receipt of an award at the SEC's 2023 Gender and Development Awards as the Philippine PLC with the Most Number of Women Directors on its Board of Directors
34.	November 30, 2023	SEC Form 17-C	PSE Form 6-1	Declaration of Cash Dividends with Notice to Stockholders in relation to the supporting documents that will be required by MONDE for tax classification status claimed by stockholders as the same relates to the applicable taxes to be withheld on the applicable cash dividend distributions
35.	December 20, 2023	SEC Form 17-C	PSE Form 4-8	Change in designation of Mr. Rico A. Gonzales from Chief Strategy Officer to Chief Business Officer

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, at the place and on the date indicated below.

By:



 Henry Soesanto
 Chief Executive Officer and
 Executive Vice President



 Jesse C. Teo
 Chief Financial Officer



 Enrico Manuel Peñas
 Accounting Controller

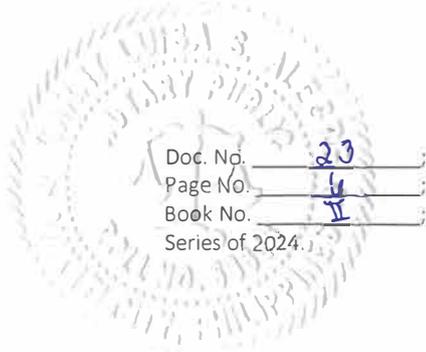


 Helen G. Tiu
 Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
 MAKATI CITY) s.s.

SUBSCRIBED AND SWORN TO before me this **APR 12 2024** at the place stated above, affiant(s) exhibiting to me their respective competent evidences of identity, as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
Henry Soesanto	Indonesian Passport No. C1226256	July 16, 2019 Valid until July 16, 2024	KBRI Manila
Jesse C. Teo	Philippine Passport No. P0044240B	December 27, 2018 Valid until December 26, 2028	DFA NCR West
Helen G. Tiu	Pag-IBIG MID No. 1212-0257-2480	-	-
Enrico Manuel Peñas	Philippine Passport No. P7677114A	June 26, 2018 Valid until June 25, 2028	DFA NCR East



ATTY. GARNY-LUISA S. ALEGRE
 Notary Public for Makati City
 Appointment No. M-219 until December 31, 2024
 Roll of Attorneys No. 53666
 PTR No. 10074759MXX/1-02-2024/Makati City
 IBP No. 337554 /12-19-2023
 Roll No. 53666/Albay Chapter
 MCLE Compliance No. VII-0002539 valid until April 14, 2025
 21st Floor, 6750 Office Tower, Ayala Avenue
 Makati City, 1225 Metro Manila, Philippines

ANNEX A

2023 Consolidated Audited Financial
Statements and Supplementary Schedules



MONDE NISSIN CORPORATION
Felix Reyes Street,
Barangay Balibago
City of Santa Rosa, Laguna
4026 Philippines

Tel.: (+632) 7759.7500
Fax: (+632) 8810.9207
www.mondenissin.com

THE SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village, Barangay Bel-Air
Makati City, 1209 Philippines

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **MONDE NISSIN CORPORATION** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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


Henry Soesanto
Acting Chairman of the Board


Henry Soesanto
Chief Executive Officer


Jesse Teo
Chief Financial Officer


Enrico Peñas
Head of Finance Shared Services

Signed this 10th day of April of 2024



MONDE NISSIN CORPORATION
Felix Reyes Street,
Barangay Balibago
City of Santa Rosa, Laguna
4026 Philippines

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REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) s.s.

APR 12 2024

SUBSCRIBED AND SWORN TO before me this _____ at the place stated above, affiant(s) exhibiting to me their respective competent evidence of identity, as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
Henry Soesanto	Indonesian Passport No. C1226256	July 16, 2019 Valid until July 16, 2024	KBRI Manila
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Doc. No. 21 ;
Page No. 1 ;
Book No. I ;
Series of 2024.


ATTY. GARNY-LUISA S. ALEGRE
Notary Public for Makati City
Appointment No. M-219 until December 31, 2024
Roll of Attorneys No. 53666
PTR No. 10074759MN/ 1-02-2024/Makati City
IBP No. 331554/12-19-2023
MCLE Compliance No. VII-0002539 valid until April 14, 2025
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, 1226 Metro Manila, Philippines

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Monde Nissin Corporation
Felix Reyes St., Barangay Balibago
City of Santa Rosa, Laguna

Opinion

We have audited the consolidated financial statements of Monde Nissin Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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



Impairment Testing of Property, Plant and Equipment and Brand

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to test for impairment intangible assets with indefinite useful life on an annual basis and property, plant and equipment with indicators of impairment at the end of each reporting period. This impairment test was significant to our audit because the balances of property, plant and equipment amounting to ₱25.2 billion and brand with indefinite life amounting to ₱8.1 billion as at December 31, 2023 are material to the consolidated financial statements. In addition, management’s assessment process is complex and highly judgmental and is based on assumptions which are subject to higher level of estimation uncertainty, specifically short-term and long-term growth rates applied to revenue and EBITDA, and the discount rate applied.

The related disclosures on the Group’s property and equipment and brand are included in Notes 3, 12, 13 and 26 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amounts of the cash-generating units (CGUs) for brands with indefinite life and property, plant and equipment. These assumptions include short-term and long-term growth rates applied to revenue and EBITDA, and the discount rate applied. We have assessed the forecasts and assumptions, agreeing them to budgets approved by the Board of Directors and comparing them to actual results and forecasts of industry growth rates published by independent analysts. We performed an independent assessment of the discount rate assumptions determined by management. The assumptions underlying the discount rate calculation were benchmarked against comparative market data. In assessing the discount rate, we reviewed the underlying cash flows and considered the risks inherent in the cash flows. We also reviewed the Group’s disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment and brands.

Valuation of Guaranty Asset

The Group recognized guaranty asset amounting to ₱10.4 billion as at December 31, 2023. The initial recognition of the guaranty asset is recognized as an equity transaction under “Equity Reserve”, while subsequent changes in fair value is recognized in profit or loss. The valuation of the guaranty asset involves significant management judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically forecasted price of the shares serving as collateral over the guaranty, value-in-use (VIU) of Monde Nissin (UK) Limited, and foreign exchange rates. The valuation of the guaranty asset was also performed by management with the assistance of an independent valuation expert; thus, we considered this as a key audit matter.

The related disclosures on the Group’s guaranty asset are included in Notes 3, 10, 23 and 26 to the consolidated financial statements.

Audit Response

We involved our internal specialists in evaluating the valuation model and the assumptions used in the valuation of the guaranty asset at inception date and at year-end. These assumptions include forecasted collateral value; value-in-use of MNUKL; the British Sterling Pound - Philippine Peso exchange rate at



the settlement of the guaranty asset, and the discount rate applied in the valuation. We performed an independent assessment of the discount rate assumptions determined by management. The assumptions underlying the discount rate calculation were benchmarked against comparative market data. We also assessed the independent valuation expert's competence, capabilities, and objectivity by reference to their qualifications, experience and responsibilities. We also reviewed the Group's disclosures about those assumptions to which the outcome of the valuation is most sensitive; specifically, those that have the most significant effect on the determination of the fair value of the guaranty asset.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Sheet), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and
- Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is Editha V. Estacio.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

Tax Identification No. 178-486-845

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10079934, January 5, 2024, Makati City

April 10, 2024



MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱16,678,888	₱11,628,627
Trade and other receivables (Note 6)	6,410,138	6,800,309
Inventories (Note 7)	9,186,527	10,878,570
Current financial assets (Notes 9 and 23)	2,714,363	1,756,101
Prepayments and other current assets (Note 8)	1,099,674	1,269,209
Total Current Assets	36,089,590	32,332,816
Noncurrent Assets		
Property, plant and equipment (Note 12)	25,155,720	30,863,507
Guaranty asset (Notes 10, 18 and 23)	10,432,256	–
Intangible assets (Note 13)	8,812,834	14,482,905
Investments in associates and joint ventures (Note 11)	1,125,054	1,104,453
Deferred tax assets - net (Note 24)	936,965	867,912
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	600,701	–
Noncurrent receivables (Notes 9 and 23)	–	662,300
Other noncurrent assets (Note 14)	941,539	978,480
Total Noncurrent Assets	48,005,069	48,959,557
	₱84,094,659	₱81,292,373
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	₱11,684,310	₱11,322,600
Dividends payable (Note 18)	2,156,233	–
Acceptances and trust receipts payable (Notes 7 and 16)	1,607,336	2,362,301
Current portion of loans payable (Note 17)	1,200,251	269,758
Refund liabilities (Note 15)	406,677	200,440
Current portion of lease liabilities (Note 25)	89,121	386,671
Income tax payable	590,874	209,831
Total Current Liabilities	17,734,802	14,751,601
Noncurrent Liabilities		
Loans payable (Note 17)	3,733,776	6,983,256
Lease liabilities (Note 25)	2,593,746	2,423,496
Pension liability (Note 22)	1,007,247	506,430
Deferred tax liabilities - net (Note 24)	381,737	4,319,733
Derivative liability (Note 26)	106,406	–
Other noncurrent liabilities	38,557	36,673
Total Noncurrent Liabilities	7,861,469	14,269,588
Total Liabilities (Carried Forward)	25,596,271	29,021,189



	December 31	
	2023	2022
Total Liabilities (<i>Brought Forward</i>)	₱25,596,271	₱29,021,189
Equity		
Capital stock (Note 18)	₱8,984,306	₱8,984,306
Additional paid-in capital (Note 18)	39,361,947	46,515,847
Retained earnings (Deficit) (Note 18):		
Appropriated	211,452	5,211,452
Unappropriated	5,321,590	(4,039,669)
Fair value reserve of financial assets at FVOCI (Note 10)	(563,237)	(235,130)
Remeasurement losses on pension liability (Note 22)	(525,874)	(210,805)
Equity reserve (Notes 18 and 26)	8,491,788	(622,335)
Cumulative translation adjustments (Note 18)	(2,893,488)	(3,474,980)
Equity Attributable to Equity Holders of the Parent Company	58,388,484	52,128,686
Non-controlling Interests (Note 4)	109,904	142,498
Total Equity	58,498,388	52,271,184
	₱84,094,659	₱81,292,373

See accompanying Notes to Consolidated Financial Statements.



MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31		
	2023	2022	2021
NET SALES (Note 19)	₱80,169,467	₱73,880,709	₱69,284,188
COST OF GOODS SOLD (Notes 7 and 19)	55,441,703	50,920,755	43,692,769
GROSS PROFIT	24,727,764	22,959,954	25,591,419
SALES, GENERAL AND ADMINISTRATIVE EXPENSES			
Impairment loss - net (Notes 11, 12, 13, and 20)	13,271,654	21,373,638	223,061
General and administrative expenses (Note 20)	7,775,036	7,587,747	7,619,360
Selling and distribution expenses (Note 20)	7,037,765	7,496,354	8,343,995
	28,084,455	36,457,739	16,186,416
	(3,356,691)	(13,497,785)	9,405,003
OTHER INCOME (EXPENSES)			
Fair value gain on:			
Guaranty asset (Note 10)	1,301,750	–	–
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	92,600	22,380	12,543
Foreign exchange gains - net (Notes 4 and 17)	80,406	422,117	410,402
Share in net earnings (losses) of associates and joint ventures (Note 11)	35,552	(12,608)	36,367
Dividend income (Note 10)	22,147	–	–
Miscellaneous income (Note 21)	209,518	141,871	283,820
	1,741,973	573,760	743,132
INCOME (LOSS) BEFORE FINANCE INCOME (EXPENSES)	(1,614,718)	(12,924,025)	10,148,135
FINANCE INCOME (EXPENSES)			
Finance costs (Note 21)	(681,359)	(416,525)	(1,568,821)
Finance income (Note 21)	428,114	148,596	82,971
Derivative gain (loss) (Note 26)	20,833	1,306,391	(2,258,075)
Loss on convertible note redemption (Note 17)	–	–	(1,579,324)
	(232,412)	1,038,462	(5,323,249)
INCOME (LOSS) BEFORE INCOME TAX	(1,847,130)	(11,885,563)	4,824,886
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	2,801,172	2,428,492	392,588
Deferred	(4,021,724)	(1,299,539)	1,187,173
	(1,220,552)	1,128,953	1,579,761
NET INCOME (LOSS)	(₱626,578)	(₱13,014,516)	₱3,245,125

(Forward)



	Years Ended December 31		
	2023	2022	2021
NET INCOME (LOSS)	(₱626,578)	(₱13,014,516)	₱3,245,125
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) (Notes 18 and 26)	581,492	(691,727)	1,583,531
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:			
Fair value loss on financial assets at FVOCI (Note 10)	(328,107)	-	-
Remeasurement gain (loss) on defined benefit plans (Note 22)	(414,960)	126,789	(337)
Income tax effect	99,806	(48,321)	963
Other comprehensive income (loss) - net of tax	(61,769)	(613,259)	1,584,157
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱688,347)	(₱13,627,775)	₱4,829,282
Net income (loss) attributable to:			
Equity holders of the Parent Company	(₱636,408)	(₱13,020,512)	₱3,115,032
Non-controlling interests	9,830	5,996	130,093
	(₱626,578)	(₱13,014,516)	₱3,245,125
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	(₱698,092)	(₱13,633,781)	₱4,699,189
Non-controlling interests	9,745	6,006	130,093
	(₱688,347)	(₱13,627,775)	₱4,829,282
Earnings (loss) per Share (EPS) (Note 18)			
Income (loss) attributable to equity holders of the parent	(₱0.04)	(₱0.72)	₱0.19

See accompanying Notes to Consolidated Financial Statements.



MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Retained Earnings (Deficit) (Note 18)		Fair Value Reserve of Financial Assets at FVOCI (Note 10)	Remeasurement Losses on Pension Liability (Note 22)	Equity Reserve (Notes 10 and 18)	Cumulative Translation Adjustments (Note 18)	Non-controlling Interests (Notes 4 and 18)	Total	Total Equity
			Appropriated	Unappropriated							
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 (loss)	-	-	-	(636,408)	-	-	-	-	(636,408)	9,830	(626,578)
Other comprehensive income (loss), net of tax	-	-	-	-	(328,107)	(315,069)	-	581,492	(61,684)	(85)	(61,769)
Total comprehensive income (loss)	-	-	-	(636,408)	(328,107)	(315,069)	-	581,492	(698,092)	9,745	(688,347)
Day 1 adjustment from initial recognition of guaranty asset at fair value (Note 10)	-	-	-	-	-	-	9,104,076	-	9,104,076	-	9,104,076
Equity restructuring (Note 18)	-	(7,153,900)	-	7,153,900	-	-	-	-	-	-	-
Acquisition during the year (Note 4)	-	-	-	-	-	-	10,047	-	10,047	(42,339)	(32,292)
Release of appropriation (Note 18)	-	-	(5,000,000)	5,000,000	-	-	-	-	-	-	-
Dividends (Note 18)	-	-	-	(2,156,233)	-	-	-	-	(2,156,233)	-	(2,156,233)
Balance as at December 31, 2023	₱8,984,306	₱39,361,947	₱211,452	₱5,321,590	(₱563,237)	(₱525,874)	₱8,491,788	(₱2,893,488)	₱58,388,484	₱109,904	₱58,498,388
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 (loss)	-	-	-	(13,020,512)	-	-	-	-	(13,020,512)	5,996	(13,014,516)
Other comprehensive income (loss), net of tax	-	-	-	-	-	78,458	-	(691,727)	(613,269)	10	(613,259)
Total comprehensive income (loss)	-	-	-	(13,020,512)	-	78,458	-	(691,727)	(13,633,781)	6,006	(13,627,775)
Appropriation during the year (Note 18)	-	-	5,167,000	(5,167,000)	-	-	-	-	-	-	-
Release of appropriation (Note 18)	-	-	(4,050,805)	4,050,805	-	-	-	-	-	-	-
Dividends (Note 18)	-	-	-	(2,515,606)	-	-	-	-	(2,515,606)	(1,015)	(2,516,621)
Balance as at December 31, 2022	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
Balance as at January 1, 2021	6,570,000	-	11,155,336	12,497,957	(235,130)	(289,889)	(89,762)	(4,366,784)	25,241,728	1,298,309	26,540,037
Net income	-	-	-	3,115,032	-	-	-	-	3,115,032	130,093	3,245,125
Other comprehensive income, net of tax	-	-	-	-	-	626	-	1,583,531	1,584,157	-	1,584,157
Total comprehensive income	-	-	-	3,115,032	-	626	-	1,583,531	4,699,189	130,093	4,829,282
Issuance of shares (Note 18)	2,414,306	46,515,847	-	-	-	-	-	-	48,930,153	-	48,930,153
Acquisition during the year (Note 4)	-	-	-	-	-	-	(532,573)	-	(532,573)	(1,289,927)	(1,822,500)
Appropriation during the year (Note 18)	-	-	150,805	(150,805)	-	-	-	-	-	-	-
Release of appropriation (Note 18)	-	-	(7,210,884)	7,210,884	-	-	-	-	-	-	-
Dividends (Note 18)	-	-	-	(10,060,424)	-	-	-	-	(10,060,424)	(968)	(10,061,392)
Balance as at December 31, 2021	₱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

See accompanying Notes to Consolidated Financial Statements



MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(₱1,847,130)	(₱11,885,563)	₱4,824,886
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Impairment loss - net (Notes 11, 12, 13 and 20)	13,271,654	21,373,638	223,061
Depreciation and amortization (Notes 12, 13, 19 and 20)	2,771,966	2,713,662	2,470,872
Fair value gain on guaranty asset (Note 10)	(1,301,750)	–	–
Finance costs (Notes 16, 17, 21 and 25)	681,359	416,525	1,568,821
Finance income (Notes 5, 9 and 21)	(428,114)	(148,596)	(82,971)
Fair value gain on financial assets at FVTPL (Note 9)	(92,600)	(22,380)	(12,543)
Movement in pension liability (Notes 19, 20 and 22)	85,874	(17,236)	168,126
Unrealized foreign exchange loss (gain) - net	(38,535)	14,382	(155,593)
Share in net losses (gain) of associates and joint venture (Note 11)	(35,552)	12,608	(36,367)
Gain on sale of property, plant and equipment (Note 12)	(26,116)	(18,484)	(2,292)
Derivative loss (gain) (Note 26)	(20,833)	(1,306,391)	2,258,075
Loss on convertible note redemption (Note 17)	–	–	1,579,324
Gain on lease modification	–	–	(2,704)
Working capital adjustments:			
Decrease (increase) in:			
Inventories	1,692,043	(2,306,207)	(2,499,360)
Trade and other receivables	464,583	(430,511)	109,848
Prepayments and other current assets	169,535	499,948	(796,904)
Increase (decrease) in:			
Acceptance and trust receipts payable	(723,774)	(1,429,685)	3,098,092
Accounts payable and other current liabilities	470,318	355,342	1,192,182
Refund liabilities	206,237	(103,438)	24,182
Net cash generated from operations	15,299,165	7,717,614	13,928,735
Income tax paid	(2,420,129)	(2,356,503)	(537,143)
Interest received	412,209	122,223	82,844
Net cash flows from operating activities	13,291,245	5,483,334	13,474,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Current financial assets (Note 9)	(3,871,363)	(2,586,197)	(7,401,000)
Property, plant and equipment (Notes 12 and 28)	(3,641,270)	(4,432,230)	(5,216,267)
Financial assets at FVOCI (Note 10)	(928,808)	–	–
Intangible assets (Note 13)	(81,130)	(75,901)	(113,459)
Investment in associates and joint venture (Note 11)	–	(49,600)	(60,000)
Proceeds from:			
Disposal of current financial assets (Note 9)	3,672,926	851,995	7,412,542
Sale of property, plant and equipment (Note 12)	45,057	31,250	5,572
Decrease (increase) in other noncurrent assets	40,531	193,002	(108,130)
Acquisition of non-controlling interest (Note 4)	(32,292)	–	(1,822,500)
Dividends from an associate (Note 11)	14,951	25,485	26,348
Acquisition of a subsidiary, net of cash acquired (Note 4)	–	–	(194,247)
Net cash flows used in investing activities	(4,781,398)	(6,042,196)	(7,471,141)

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payments for):			
Payment of loans (Note 17)	(₱3,623,216)	(₱8,758,046)	(₱23,115,381)
Availment of loans (Note 17)	917,838	9,036,880	-
Interest	(452,509)	(127,045)	(1,437,102)
Principal portion of lease liabilities (Note 25)	(332,604)	(255,410)	(276,715)
Derivatives	20,833	919,859	-
Cash dividends (Note 18)	-	(2,516,621)	(10,061,392)
Convertible note (Note 17)	-	-	(13,351,935)
Issuance of capital stock, net of transaction cost (Note 18)	-	-	48,930,153
Increase (decrease) in other noncurrent liabilities	1,884	16,248	(1,801)
Net cash flow from (used in) financing activities	(3,467,774)	(1,684,135)	685,827
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,042,073	(2,242,997)	6,689,122
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	8,188	14,810	74,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,628,627	13,856,814	7,093,015
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱16,678,888	₱11,628,627	₱13,856,814

See accompanying Notes to Consolidated Financial Statements.



MONDE NISSIN CORPORATION AND SUBSIDIARIES

NOTES TO 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” (see 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) amend the authorized number of shares to 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 were 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 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 principal place of business is at Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna.

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on April 10, 2024. On the same date, the BOD also approved and authorized the issuance of the consolidated financial statements.

2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).



The 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 consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest thousands, except when otherwise indicated.

Changes in Accounting Policies and Disclosures

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

In 2023, the Group adopted the 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 Group applied the materiality guidance in its 2023 accounting policy disclosures.

Basis of Consolidation and Non-controlling Interests

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 each year and for the years then ended. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary



begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest acquired is recognized as part of "Equity reserve" account in the equity attributable to the equity holders of the Parent Company.

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

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and OCI and the net assets not held by the Parent Company and are presented separately in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence, generally ownership of 20% to 49%. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint ventures are accounted for using the equity method.

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

The consolidated profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.



The Group's share of profit or loss of an associate or joint venture is shown on the consolidated profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. If the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as "Share in net earnings (losses) of associates and joint venture" in profit or loss.

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVTPL.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cashflows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.



The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVTPL

The financial assets of the Group as at December 31, 2023 and 2022 consist of financial assets at amortized cost, financial assets at FVTPL and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortized cost (debt instruments)

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

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, loans receivable recorded under the "Current financial assets" account in the consolidated statement of financial position in 2023, noncurrent receivables and advances to employees recorded under "other noncurrent assets" in the consolidated statement of financial position.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognize in the consolidated statement of profit and loss.

The category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Impairment of Financial Assets. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cashflows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

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



The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Trade receivables are written off when there is no reasonable expectation of recovery.

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

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment

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

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.
- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument



improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

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

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

Subsequent Measurement. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

This category applies to the Group's derivative liabilities.

Financial liabilities at amortized cost (loans and borrowings)

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when other financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and other current liabilities (excluding statutory payables), acceptance and trust receipts payable and loans payable.

Exchange or modification of financial liabilities. The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under



the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as either at amortized cost or at FVTPL depending on whether the cash flows of the hybrid contract are solely payments of principal and interest and the assessment of the business model within which the financial asset is held.

The Group has structured deposits and dual currency investments that fail the SPPI test and are recognized as financial assets at FVTPL.

Derivative Financial Instruments and Hedge Accounting

The Group engages in derivative transactions such as structured deposit, dual currency investment, guaranty asset, cross currency swaps (CCS) and European Knockout Option (EKO) to manage its foreign currency, interest rate and other financial 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. Derivatives are carried as assets where their fair value is positive and as liabilities when their fair value is negative.

The Group applies hedge accounting for transactions that meet specified criteria. At inception of the hedge relationship, the Group formally designates and documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and how the Group will assess whether the hedging relationship meets the effectiveness requirements (including analysis of the sources of ineffectiveness



and how the hedge ratio is determined) that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity hedged item.

Cashflow hedges. Under a cashflow hedge, the effective portion of the gain or loss on the hedging instrument is recognized in the cashflow hedge reserve in OCI, while any ineffective portion is recognized immediately in profit or loss. The cashflow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or the carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in the OCI for the period. For any other cashflow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cashflows offset profit or loss.

Hedges of a net investment. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI, while any gains or losses relating to the ineffective portion are recognized in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of comprehensive income.

Guaranty Asset. The fair value of the guaranty asset at initial recognition is determined using Monte Carlo Simulation as the option pricing model. As the transaction is between entities under common control, the difference in fair value on the initial recognition of the guaranty asset is accounted for as an equity transaction, i.e., as a contribution of equity, recognized in equity under “Equity Reserve”. Any subsequent changes in the fair value of the guaranty asset are recognized in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials and packaging materials – purchase cost on a first-in, first-out basis;
- In-transit – purchase cost;
- Finished goods and work in-process – cost of direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity and determined based on weighted average method.



NRV for finished goods, work in-process and in-transit inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for raw materials and packaging materials is the current replacement cost.

Prepayments and Other Current Assets

Input Value-added Tax (VAT). Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under the tax laws and regulations. Input VAT is recognized as an asset and will be used to offset against the Group's current output VAT liabilities. Input VAT is stated at its recoverable amount.

Deferred input VAT represents the input VAT related to the unpaid portion of the cost of services and unamortized input VAT related to acquisitions of capital goods.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. The initial cost of property, plant and equipment, consists of its purchase price including import duties and other costs directly attributable in bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing the part of such property, plant and equipment when the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	10–25 years
Right-of-use (ROU) assets	20-25 years or term of lease, whichever is shorter
Leasehold improvements	20 years or term of the lease, whichever is shorter
Plant machinery and fixtures	5–50 years
Office furniture and equipment	3–5 years
Transportation equipment	4–5 years
Computer and communications equipment	3 years

The useful life of each of the Group's property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property, plant and equipment's residual values, useful lives and depreciation and amortization methods are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Machineries-under-installation and construction in-progress represent properties under construction and are stated at cost, net of accumulated impairment losses if any. These include cost of construction and other direct costs. Machineries-under-installation and construction in-progress are not depreciated until such time that the relevant assets are completed and put into operational use.



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

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

The Group classifies ROU assets as part of property, plant and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

Intangible assets with finite lives are amortized using the straight-line method over the following useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired:

Distribution rights	20 years
License	10 years
Trademarks	7–10 years
Software	3–10 years

The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Any impairment loss is recognized in profit or loss in the expense category consistent with the function of the impaired asset.

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

Goodwill and brand with indefinite life is tested for impairment annually as at December 31, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually as at December 31, either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. The assessment of indefinite life is reviewed



annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Leases

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

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

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

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

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

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has assessed and concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sale of Goods. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

- *Variable Consideration.* If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the



goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of the Group's goods provide customers with a right of return within a specified period. The rights of return give rise to variable consideration.

- *Rights of Return.* The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset is also recognized for the right to recover the goods from the customer.
- *Sales discount.* The Group's contracts with customers generally provide customers with discounts (presented as deduction from "Sales"). The Group uses most likely amount method to estimate the amount of expected future rebates for distribution discounts. A refund liability is recognized for the expected future sales discount (i.e., the amount not included in the transaction price).
- *Consideration payable to customers.* Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customers (e.g., slotting fees, electronic data interchange (EDI) subscription, dealer support). The consideration payable to a customer is accounted as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or services that the customer transfers to the Group.

Refund liabilities. A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from its customers' right of return and sales discount. The liability is measured at the amount the Group ultimately expects it will have to return to the customer and distribution discounts to be granted. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost of goods sold, sales, general and administrative expenses and interest expense are recognized in profit or loss in the period these are incurred.

Foreign Currency Translations

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All subsidiaries and associates evaluate their primary economic and operating environment and, determine their functional currency and items included in the financial statements of each entity are initially measured using that functional currency.

Transactions and Balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rate prevailing on the period of the transaction.



Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rate of exchange prevailing at the financial reporting date.

All differences are recognized in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recognized in OCI.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies. The Philippine peso is the currency of the primary economic environment in which the Parent Company and all other subsidiaries and associates operate, except for the following:

	Functional Currency
<u>Subsidiaries:</u>	
Monde Nissin Singapore Pte Ltd (MNSPL)	Pound Sterling
Monde Nissin (UK) Limited (MNUKL)	Pound Sterling
Marlow Foods Limited (MFL)	Pound Sterling
Quorn Smart Life GmbH	European Euro
Quorn Foods Inc	United States Dollar
Cauldron Foods Ltd	Pound Sterling
Quorn Foods Ltd	Pound Sterling
Quorn Foods Sweden AB	Swedish Krona
Monde Nissin New Zealand Limited (MNNZ)	New Zealand Dollar
Monde Nissin Holding (Thailand) Limited (MNHTL)	Thai Baht
Monexco International Limited (MIL)	Thai Baht
Monde Nissin (Thailand) Company Limited (MNTH)	Thai Baht
Monde Nissin International Investments Ltd (MNIIL)	United States Dollar

The financial statements of the consolidated subsidiaries and associates with functional currency other than the Philippine peso are translated to Philippine peso as follows:

- Assets and liabilities using the spot rate of exchange prevailing at the financial reporting date;
- Components of equity using historical exchange rates; and
- Income and expenses using the monthly weighted average exchange rate.

The exchange differences arising on the translation are recognized as other comprehensive income (loss). Upon disposal of any of these subsidiaries and associates, the deferred cumulative amount recognized in "Cumulative translation adjustments" relating to that particular subsidiary will be reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.



Employee Benefits

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

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

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to



situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



Earnings (loss) per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company (after adjusting for interest on the convertible note) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Events after Reporting Period

Post year-end events that provide additional information about the Group's financial position at the end of reporting period (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Material Accounting Judgments, Estimates and Assumptions

The preparation of the 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most material effect on the amounts recognized in the consolidated financial statements:

Revenue recognition on sale of goods. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.



a. Existence of a contract

The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

b. Identifying performance obligation

The Group identifies performance obligations by considering whether the promised goods in the contract are distinct goods. A good is distinct when the customer can benefit from the good on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods, no other performance obligations were identified.

c. Recognition of revenue as the Group satisfies the performance obligation

The Group recognizes its revenue for all revenue streams at a point in time, when the customer obtains control of the promised goods or when the goods are sold and delivered.

d. Determining method to estimate variable consideration and assessing the constraint

The Group's contracts with customers include a right of return and sales discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the revenue with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for sales discounts, the Group determined that using the most likely amount method is appropriate, given that these contracts have single volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determination of lease term of contracts with renewal and termination options – Group as a lessee.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group expects to exercise its right to renew the lease of real estate properties where its facilities are located; hence, has included the renewal period as part of the lease term.



Assessing Useful Life of Brand. Brand pertains to the distinctive name of the businesses acquired by the Group to promote its products from those other entities (see Note 13).

Based on the Group's analysis of all the relevant factors on brand, there is no foreseeable limit to the period over which the business is expected to generate net cash inflows for the Group and therefore, these were assessed to have an indefinite life.

Presentation of Day 1 Adjustment on Guaranty Asset. The guaranty asset is a transaction between entities under common control since the parties to the transaction are controlled by the same shareholders. As a result, the Day 1 adjustment is recognized in equity under "Equity Reserve", with the subsequent changes in the fair value recognized in profit or loss (see Notes 10 and 26).

Estimates and Assumptions

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

Impairment of Non-Financial Assets. The Group performs impairment review of non-financial assets with indefinite useful life (goodwill, brand and trademark) on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the VIU of the CGUs to which goodwill is allocated. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset flows. The impairment on the trademark and license is determined by comparing: (a) the carrying amount of the CGU; and (b) the present value of the annual projected cash flows for five years and terminal value computed under the discounted cash flow method. The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections which were based on financial budgets approved by senior management of the Group covering a five-year period. VIU is most sensitive to changes in growth rates and discount rates. These estimates are most relevant to goodwill and other intangible assets with indefinite useful lives recognized by the Group.

With regards to the assessment of VIU, management believes that no reasonably possible change in any of the key assumptions would result to a materially different calculation.

Impairment exists when carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of FVLCD and its VIU.

- a. *Goodwill and Brand.* An impairment was made following a review of the performance of the business of MNUKL, its future expectations and overall economic conditions. The Group determined that the recoverable amount of the Group's intangible assets in MNUKL is based on VIU calculation using cash flow projection from financial budgets approved by management covering a 5-year period:
 - *Revenue growth* – Sales revenue is assumed to increase an average of 4.30% each year from 2024 to 2028, an average of 5.60% each year from 2023 to 2027 and an average of 14.80% each year from 2022 to 2026.



- *Long-term growth rate* – The long-term growth rate used was 2.00% in 2023, 2022 and 2021, and is based on published industry research.
- *Discount rate* – The pre-tax discount rate, which is derived from MNUKL’s weighted average cost of capital (WACC), is 10.10% in 2023, 8.88% in 2022, and 7.34% in 2021, based on the strength of the brand and the risk profile of the industry.

EBITDA was estimated taking into account past experience adjusted by the revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years.

Based on the assumptions above, MNUKL recognized impairment loss on goodwill and brand amounting to ₱6,172.5 million in 2023 and ₱20,544.1 million in 2022. Information on the Group’s goodwill and brand is disclosed in Note 13.

b. *Property, plant and equipment*

- i. *Parent Company.* The Parent Company determined that the actual performance of certain property, plant and equipment in MNC below the estimated or planned outputs is an indicator of impairment resulting to additional impairment loss of ₱30.7 million in 2023, ₱205.9 million in 2022 and ₱52.4 million in 2021.

In 2023, management reassessed the recoverable amount of the Parent Company’s property plant and equipment as a result of significant favorable change in the market which increased the demand for its 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 9.63% based weight of debt and equity for the food industry.

Based on the assumptions above, Parent Company reversed accumulated impairment loss in 2023 amounting to ₱124.1 million. Further details are disclosed in Note 12.

- ii. *MNUKL.* For property, plant and equipment in MNUKL, the recoverable amount of its asset was based on VIU calculation using cash flow projection from financial budgets approved by management covering a 5-year period, which is consistent with the estimated useful life of the property, plant and equipment. The key assumptions employed in the impairment assessment of property, plant and equipment are identical to those used for goodwill and brand in the CGU. The deterioration in the discount rate and projected capacity requirements resulted to additional impairment loss recognized amounting to ₱7,187.9 million in 2023, ₱620.0 million in 2022 and ₱283.7 million in 2021. Further details are disclosed in Note 12.
- iii. *MNTH.* In 2021, management reassessed the recoverable amount of MNTH’s buildings and plant machinery and fixtures as a result of business turnaround of biscuit operations from operating loss to operating profit.



The Group estimated the assets' recoverable amount based on VIU calculation using cash flow projection from financial budgets approved by management covering a 5-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing:

- *Long-term growth rate* – the long-term growth rate used was 1.00% based on published industry research.
- *Discount rate* – the pre-tax discount rate, which is derived from MNTH's WACC, is 8.81% based weight of debt and equity for food industry under emerging market.

As a result in 2021, MNTH reversed previous accumulated impairment loss amounting to ₱113.0 million. Further details are disclosed in Note 12.

Based on these assessments, the Group recognized net impairment loss amounting to ₱7,094.5 million in 2023, ₱825.9 million in 2022 and ₱223.1 million in 2021 (see Notes 12 and 20). Information on the Group's property, plant and equipment is disclosed in Note 12.

- c. *Investments in associates and joint ventures.* The Group assesses impairment of investments in associates and joint ventures whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group considers important, which could trigger an impairment review include the following:
- A downgrade of an associate's or joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
 - Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate or joint venture operates

The Group determined that the negative results of operations and cashflow projections of the associates and joint ventures are impairment indicators of its investment in WHATIF F&I Pte. Ltd., YCE Group Pte Ltd, Honey Droplet Hong Kong and Monde Malee Beverage Corporation (MMBC).

The Group determined that the recoverable amount of its investments in WHATIF F&I Pte. Ltd., YCE Group Pte Ltd, Honey Droplet Hong Kong and MMBC is its FVLCD. The Group determined that the carrying amount of its investments in WHATIF F&I Pte. Ltd., YCE Group Pte Ltd, Honey Droplet Hong Kong and MMBC were no longer recoverable due to the current and forecasted performance of the entities.

Based on the assumptions above, the Group's investment in WHATIF F&I Pte. Ltd., YCE Group Pte Ltd, and Honey Droplet Hong Kong have been fully impaired as at December 31, 2023 and 2022. The Group recognized additional impairment loss amounting to ₱1.1 million in 2022 on its investment in MMBC. Accumulated impairment over these investments amounted to ₱622.3 million as at December 31, 2023 and 2022. Information on the Group's investments in associates and joint ventures and related impairment loss recognized are disclosed in Notes 11 and 20.



Fair Value of Guaranty Asset. The fair value of guaranty asset recognized as of December 31, 2023 is determined using Monte Carlo Simulation as the option pricing model. The inputs to the model such as the forecasted price of the shares serving as collateral over the guaranty, VIU of MNUKL and foreign exchange rates are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The Group's guaranty asset is accounted for as a derivative instrument in accordance with PFRS 9.

See Notes 10 and 26 for further disclosures.

Fair Value of Financial Instruments. The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been SICR since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

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

The Group also considers financial assets that are more than 90 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

Information on the Group's ECL on other financial assets at amortized cost is disclosed in Notes 6 and 9.

Leases – Estimating the incremental borrowing rate (IBR). The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the



lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Information on the Group's lease liabilities is disclosed in Note 25.

Estimation of Pension and Other Benefits Costs. The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include determining the discount rates, future salary increases, mortality rates, and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2023 and 2022, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 22 to the consolidated financial statements.

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 and unrecognized deferred tax assets are disclosed in Note 24.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.



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

The 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 December 31, 2023 and 2022, as set out below:

Subsidiaries	Principal Activity	Country of Incorporation	Percentage of Ownership			
			2023		2022	
			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 of America	–	100.00	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom	–	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	–	6.54	–	6.54
MIL	Manufacture of seasonings	Thailand	–	100.00	–	100.00
MNTH**	Manufacture and distribution of bread and cookies	Thailand	–	56.43	–	56.43
MNIIIL	Investment company	British Virgin Islands	100.00	–	100.00	–
MNHTL**	Investment company	Thailand	–	93.46	–	93.46
MNTH**	Manufacture and distribution of bread and cookies	Thailand	–	43.57	–	43.57
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	100.00	–	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. (AFPI)	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	–	100.00	–

*Dormant

**The Group effectively owns 100%

The Group has direct and indirect ownership interests in associates and joint ventures which are further discussed in Note 11.

a. Subsidiaries

i. MNSPL

In May 2020, the BOD approved the reduction in its share capital in MNSPL by 113,000,000 shares in the amount of ₱2,810.9 million (GBP43.8 million). As a result, the Parent



Company's shares in MNSPL were reduced from 587,250,257 shares to 474,250,257 shares. MNSPL repatriated a portion of its capital to the Parent Company amounting to ₱2,465.7 million (GBP38.8 million) in 2020. The outstanding balance of ₱345.2 million (GBP5.0 million) was repatriated to the Parent Company in September 2021.

On September 20, 2021, the BOD approved to subscribe additional 42,924,533 ordinary shares of MNSPL at an aggregate subscription price of ₱3,121.4 million (GBP45.0 million) payable in several tranches on or before March 31, 2022.

On the following dates, the Parent Company paid for the following:

Payment date	No. of shares	Amount in GBP	Amount in PHP
<i>(In Thousands, Except No. of Shares)</i>			
September 24, 2021	3,924,533	£6,000	₱410,238
October 12, 2021	9,000,000	9,000	624,139
November 15, 2021	6,000,000	6,000	409,318
December 31, 2021	12,000,000	12,000	826,969
February 14, 2022	6,000,000	6,000	421,430
March 14, 2022	6,000,000	6,000	429,259

On August 9, 2022, the BOD approved to subscribe additional 30,000,000 ordinary shares of MNSPL at an aggregate subscription price of ₱2,048.2 million (GBP30.0 million) payable in five equal tranches on or before December 16, 2022. On the following dates, the Parent Company paid for the following:

Payment date	No. of shares	Amount in GBP	Amount in PHP
<i>(In Thousands, Except No. of Shares)</i>			
August 23, 2022	6,000,000	£6,000	₱402,419
September 21, 2022	6,000,000	6,000	404,889
October 19, 2022	6,000,000	6,000	413,430
November 17, 2022	6,000,000	6,000	413,144
December 14, 2022	6,000,000	6,000	414,320

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
<i>(In Thousands, Except No. of shares)</i>				
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	284,475



ii. MNTH

On November 14, 2014, MMYSC subscribed 250,000 shares of the 2,500,000 shares to retain its 10.00% ownership interest in MNTH and MIL subscribed 2,250,000 shares of the 2,500,000 shares to increase its ownership interest from 30.00% to 38.57%. As a result, the Parent Company's direct ownership interest in MNTH decreased from 45.33% in 2013 to 38.86% in 2014 while the Parent Company's indirect ownership interest in MNTH increased from 36.00% in 2013 to 44.57% in 2014. The Parent Company recognized equity reserve from this transaction amounting to ₱99.6 million (see Note 18).

On July 11, 2018, the Parent Company and Monde Asia Pacific Co., Ltd., entered into a Deed of Absolute Sale of Shares (Agreement) wherein Monde Asia Pacific Co., Ltd., agreed to transfer its 12.57% ownership interest in MNTH to the Parent Company in exchange for THB1. As a result of this transaction, the Group owned 100% of the outstanding shares of MNTH. The Parent Company recognized equity reserve from this transaction amounting to ₱15.8 million (see Note 18).

In 2019, the Board of Directors of MNTH approved the increase in the authorized capital of MNTH from THB1,750.0 million (17,500,000 shares) to THB3,100.0 million (31,000,000 shares). MNIL subscribed to the newly issued 13,500,000 shares which resulted to a 43.60% ownership interest in MNTH. Ownership interest of MNSPL was reduced to 56.40%.

In 2022, the Board of Directors of MNTH approved the increase in the authorized capital of MNTH from THB3,100.0 million (31,000,000 shares) to THB3,102.0 million (31,020,000 shares). MNSPL subscribed to the newly issued 20,000 shares which resulted to 56.43% ownership interest in MNTH. Ownership interest of MNIL was reduced to 43.57%.

iii. KBT

In 2017, the Parent Company made additional investments in KBT amounting to ₱28.0 million. As a result of this transaction, the ownership interest of the Parent Company in KBT increased from 91.66% in 2017 to 95.69% in 2018. The Parent Company recognized equity reserve from this transaction amounting to ₱33.4 million (see Note 18).

In November 2023, the Parent Company purchased from the minority shareholders of KBT a total of 99,995 common shares of KBT representing 4.31% of the outstanding capital stock. This increased the Parent Company's ownership interest from 95.69% in 2022 to 100.00% in 2023. This resulted in the reduction of the Group's non-controlling interest related to KBT amounting of ₱42.3 million and increase in equity reserve of ₱10.0 million (see Note 18).

iv. MNAC

On June 10, 2016, the Parent Company and Agricolgy Group Philippines, Inc. (AGPI) entered into an agreement wherein AGPI agreed to subscribe to 73,422 Common Class B shares of MNAC, which has a par value or subscription price of ₱7.3 million. Also, under the agreement, the Parent Company agreed to donate to AGPI ₱7.3 million so that AGPI can pay for the subscription price of the shares. As a result of this transaction, the ownership interest of the Parent Company in MNAC was reduced to 90.91%. The Parent Company recognized its share of the equity reserve from this transaction amounting to ₱7.7 million (see Note 18).



On November 26, 2016, the BOD of MNAC approved the cessation of MNAC's business operations effective January 1, 2017.

v. SFC

In 2019, the Parent Company agreed to sell its 20% ownership interest in SFC to MNSG Holdings Pte. Ltd. in exchange for ₱48.0 million.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the value of the net identifiable assets acquired.

vi. MMYSC

On January 28, 2021, the Parent Company purchased from My Crackers, Inc. (MCI) the latter's 4,500,000 common shares in MMYSC representing 40% of the outstanding capital stock of MMYSC for ₱1,822.5 million. This increased the Parent Company's ownership interest from 60% in 2020 to 100% in 2021. This resulted in the reduction of the Group's non-controlling interest related to MMYSC amounting of ₱1,289.9 million and increase in equity reserve of ₱532.6 million in 2021 (see Note 18).

vii. MNUKL

On August 23, 2022, MNSPL's BOD approved to subscribe additional 30,000,000 ordinary shares of MNUK at an aggregate subscription price of ₱2,023.2 million (GBP30.0 million) payable in five equal tranches up to December 16, 2022. On the following dates, MNSPL paid the following:

<u>Payment date</u>	<u>Amount in GBP</u>
August 30, 2022	£6,000
September 23, 2022	6,000
October 21, 2022	6,000
November 21, 2022	6,000
December 16, 2022	6,000

On the same date, MNSPL's BOD approved the proposed repayment and refinancing through debt-to equity conversion of the loan, including accrued interests, by MNUKL amounting to ₱16,109.2 million (GBP 238.9 million). As a result of this transaction, MNUKL issued additional 238,869,277 ordinary shares of GBP 1 each or a total subscription price of ₱ 16,109.2 million (GBP 238.9 million).

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

<u>Approval date</u>	<u>Payment date</u>	<u>No. of shares</u>	<u>Amount in GBP</u>
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



On November 23, 2023, MNSPL's BOD approved the proposed repayment and refinancing through debt-to equity conversion of the loan, including accrued interests, by MNUKL amounting to ₱9,792.3 million (GBP 138.7 million). As a result of this transaction, MNUKL issued additional 138,694,817 ordinary shares of GBP 1 each or a total subscription price of ₱9,792.3 million (GBP 138.7 million).

b. 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 manufacturers and distributes a variety of meat alternative brands and products to the retail trade and food service customers in the UK, US, Europe and Asia-Pacific.

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.

	2023			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales	₱65,941,954	₱14,237,274	(₱9,761)	₱80,169,467
Costs and expenses	(52,705,540)	(14,786,759)	9,761	(67,482,538)
Depreciation and amortization	(1,969,099)	(802,867)	-	(2,771,966)
Finance income	984,616	33,365	(569,034)	448,947
Finance expense	(267,460)	(982,933)	569,034	(681,359)
Gain on change in FV of guaranty asset	-	1,301,750	-	1,301,750
Foreign exchange gain (loss) - net	60,563	19,843	-	80,406
Impairment loss	11,642,182	(13,360,310)	(11,553,526)	(13,271,654)
Share in profit of associates and joint venture	35,552	-	-	35,552
Other income (expense)	294,086	30,179	-	324,265
Income before income tax	24,016,854	(14,310,458)	(11,553,526)	(1,847,130)
Provision for income tax	2,764,440	(3,984,992)	-	(1,220,552)
Net income	₱21,252,414	(₱10,325,466)	(₱11,553,526)	(₱626,578)
Other information				
Total assets	₱76,183,132	₱21,237,872	(₱13,326,345)	₱84,094,659
Total liabilities	₱17,862,388	₱7,763,027	(₱29,144)	₱25,596,271
Investment in associates and joint venture	₱1,125,054	₱-	₱-	₱1,125,054
Capital expenditures	₱2,610,336	₱1,030,934	₱-	₱3,641,270

	2022			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱58,491,069	₱15,423,228	(₱33,588)	₱73,880,709
Costs and expenses	(48,275,301)	(15,056,614)	40,721	(63,291,194)
Depreciation and amortization	(1,958,196)	(755,466)	-	(2,713,662)
Finance income	2,163,225	5,035	(713,273)	1,454,987
Finance expense	(250,337)	(879,461)	713,273	(416,525)
Foreign exchange gain (loss) - net	402,381	19,736	-	422,117
Impairment loss	(23,787,376)	(21,164,137)	23,577,875	(21,373,638)
Share in profit (loss) of associates and joint venture	(12,608)	-	-	(12,608)
Other income (expense)	171,333	51	(7,133)	164,251
Income before income tax	(13,055,810)	(22,407,628)	23,577,875	(11,885,563)

(Forward)



	2022			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Provision for income tax	2,465,240	(1,336,287)	—	1,128,953
Net income	(P15,521,050)	(P21,071,341)	P23,577,875	(P13,014,516)
Other information				
Total assets	P89,947,658	P34,689,207	(P43,344,492)	P81,292,373
Total liabilities	P14,177,754	P23,683,292	(P8,839,857)	P29,021,189
Investment in associates and joint venture	P1,104,453	P—	P—	P1,104,453
Capital expenditures	P2,059,006	P2,373,224	P—	P4,432,230

	2021			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	P54,039,015	P15,245,173	P—	P69,284,188
Costs and expenses	(43,411,777)	(13,773,475)	—	(57,185,252)
Depreciation and amortization	(1,828,942)	(641,930)	—	(2,470,872)
Finance income	1,338,617	986	(1,256,632)	82,971
Finance expense	(5,350,902)	(1,311,950)	1,256,632	(5,406,220)
Foreign exchange gain (loss) - net	411,859	(1,457)	—	410,402
Impairment loss	60,678	(283,739)	—	(223,061)
Share in profit (loss) of associates and joint venture	36,367	—	—	36,367
Other income (expense)	296,363	—	—	296,363
Income before income tax	5,591,278	(766,392)	—	4,824,886
Provision for income tax	291,025	1,288,736	—	1,579,761
Net income	P5,300,253	(P2,055,128)	P—	P3,245,125
Other information				
Total assets	P69,493,886	P54,170,503	(P23,806,761)	P99,857,628
Total liabilities	P15,139,545	P40,109,264	(P23,806,761)	P31,442,048
Investment in associates and joint venture	P1,094,087	P—	P—	P1,094,087
Capital expenditures	P3,399,408	P1,816,859	P—	P5,216,267

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:

	2023	2022	2021
Domestic	P61,587,481	P55,017,990	P50,356,983
Foreign	18,581,986	18,862,719	18,927,205
	P80,169,467	P73,880,709	P69,284,188

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

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

	2023	2022
Domestic:		
Property, plant and equipment (Note 12)	P17,773,850	P16,475,570
Investments in associates and joint ventures (Note 11)	1,125,054	1,104,453
Intangible assets (Note 13)	616,026	629,633
Other noncurrent assets (Note 14)	707,548	783,299
Total	P20,222,478	P18,992,955



	2023	2022
Foreign:		
Property, plant and equipment (Note 12)	₱7,381,870	₱14,387,937
Intangible assets (Note 13)	8,196,808	13,853,272
Other noncurrent assets (Note 14)	143,400	125,404
	15,722,078	28,366,613
	₱35,944,556	₱47,359,568

5. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱4,003,047	₱3,647,852
Cash equivalents	12,675,841	7,980,775
	₱16,678,888	₱11,628,627

Cash in banks earns 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.

Interest income from cash and cash equivalents amounted to ₱410.1 million in 2023, ₱132.8 million in 2022 and ₱72.2 million in 2021 (see Note 21).

6. Trade and Other Receivables

	2023	2022
Trade receivables:		
Non-related parties	₱6,367,707	₱6,701,031
Related parties (Note 23)	-	33,751
Other receivables	65,963	103,073
	6,433,670	6,837,855
Allowance for ECL	23,532	37,546
	₱6,410,138	₱6,800,309

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

Movements in the allowance for ECL follow:

	2023	2022
Balance at January 1	₱37,546	₱31,372
Provision for ECL (Note 20)	7,750	13,308
Write-off	(22,137)	(6,886)
Currency translation adjustments	373	(248)
Balance at end of period	₱23,532	₱37,546



7. Inventories

	2023	2022
At cost:		
In-transit	₱121,843	₱125,952
Finished goods	112,829	180,689
Packaging and other materials	16,731	19,548
Work in-process	8,333	8,285
	259,736	334,474
At NRV:		
Finished goods	3,555,491	4,151,719
Raw materials	3,039,201	3,788,967
Work in-process	1,508,941	1,637,029
Packaging and other materials	823,158	966,381
	8,926,791	10,544,096
	₱9,186,527	₱10,878,570

The costs of inventories carried at NRV as at December 31 are as follows:

	2023	2022
Finished goods	₱3,748,267	₱4,490,304
Raw materials	3,070,112	3,877,924
Work in-process	1,589,899	1,745,283
Packaging and other materials	907,658	1,011,459
	₱9,315,936	₱11,124,970

The Group assessed that the NRV for some inventories is lower than cost. As a result, the Group recognized provision for inventory losses. Movements in the allowance for inventory obsolescence for raw materials and finished goods are as follows:

	2023	2022
Balance at beginning of year	₱580,874	₱444,020
Provision	445,386	480,008
Write-off	(659,457)	(341,881)
Currency translation adjustments	22,342	(1,273)
Balance at end of year	₱389,145	₱580,874

The cost of inventories recognized under “Cost of goods sold” account amounted to ₱55,441.7 million in 2023, ₱50,920.8 million in 2022 and ₱43,692.8 million in 2021 (see Note 19).

Under the terms of the agreements covering liabilities under trust receipts totaling ₱1,607.3 million, and ₱2,362.3 million as at December 31, 2023 and 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 trusted merchandise or their sales proceeds (see Note 16).



8. Prepayments and Other Current Assets

	2023	2022
Prepayments	₱467,587	₱470,623
Deferred input VAT	319,256	274,977
Input VAT	165,010	189,139
Creditable withholding tax (CWT) and other credits	136,834	314,489
Other current assets	13,938	20,035
	1,102,625	1,269,263
Allowance for non-recoverability of other current assets	(2,951)	(54)
	₱1,099,674	₱1,269,209

Prepayments pertain to prepayments of freight, insurance, and advertising expenses.

Deferred input VAT represents the input VAT related to the unpaid portion of the cost of services.

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under the tax laws and regulations.

Creditable withholding tax represents unapplied certificates which can be used as payment of income tax due in the succeeding years.

9. Current Financial Assets

	2023	2022
Loans receivable:		
Related parties (Note 23)	₱287,571	₱277,566
Others	500,000	500,000
Financial assets at FVTPL	2,042,058	1,756,101
	2,829,629	2,533,667
Allowance for ECL (Note 23)	(115,266)	(115,266)
	₱2,714,363	₱2,418,401
	2023	2022
Current portion	₱2,714,363	₱1,756,101
Noncurrent portion (Note 27)	—	662,300
	₱2,714,363	₱2,418,401

Loans receivable to related parties. On July 3, 2022, MNSPL and MNSG Holdings Pte. Ltd. agreed to extend the maturity of ₱162.3 million (\$3.0 million) loan to MNSG Holdings Pte. Ltd. from July 3, 2022 to July 3, 2024. In 2023 and 2022 this loan is presented under “Current financial assets” and “Noncurrent receivables” account, respectively, in the consolidated statement of financial position (see Note 23).

Interest income from loans receivable amounted to ₱18.0 million in 2023, ₱15.8 million in 2022 and ₱10.8 million in 2021 (see Note 21).

Others. Other loans receivable pertains to interest-bearing loans receivable from SSCC (see Note 27).



Financial assets at FVTPL. Financial assets at FVTPL mainly consist of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. Movements in the fair value of financial assets at FVTPL are as follows:

	2023	2022
Balance at January 1	₱1,756,101	₱1,001
Acquisitions	3,871,363	2,586,197
Disposal	(3,672,926)	(851,995)
Fair value change during the year	92,600	22,380
Foreign exchange loss	(5,080)	(1,482)
Balance at end of period	₱2,042,058	₱1,756,101

10. Noncurrent Financial Assets

Financial Assets at FVOCI

	2023	2022
Cost		
Figaro Coffee Group, Inc. (FCG)	₱820,268	₱-
Wide Faith Investment Holdings Ltd.	235,130	235,130
Terramino Inc.	108,540	-
	1,163,938	235,130
Fair value adjustment		
FCG	(328,107)	-
Wide Faith Investment Holdings Ltd.	(235,130)	(235,130)
	(563,237)	(235,130)
	₱600,701	₱-

a. FCG

On January 25, 2023, the Parent Company's BOD authorized the Parent Company to subscribe for 820,268,295 common shares of FCG ("FCG Shares") out of FCG's unissued authorized capital stock. FCG is a diversified food conglomerate with retail restaurants and branches in the Philippines and abroad, that serve a variety of food offerings and services.

On February 2, 2023, the Parent Company paid an aggregate subscription price of ₱820.3 million for the FCG Shares. As a result, the Parent Company holds 15% of FCG's issued and outstanding capital stock.

In 2023, the Group recognized dividend income from FCG amounting to ₱22.1 million.

b. Wide Faith Investment Holdings Ltd.

As at December 31, 2023 and 2022, unquoted equity securities pertain to investment in Wide Faith Investment Holdings Ltd., which have been written-down to nil as at December 31, 2023 and 2022. Wide Faith Investment Holdings Ltd. is incorporated in the British Virgin Islands which principal activity is investment holding.

c. Terramino Inc.

On March 22, 2023, the Parent Company's BOD approved the Parent Company's subscription for 665,845 Series B Preferred Stock of Terramino, Inc., a Delaware, U.S.-incorporated company engaged in research, development and commercialization of food products made from koji. Said



665,845 preferred shares represents 1.89% of Terramino, Inc.’s outstanding capital stock at a subscription price of up to ₱108.5 million (\$2.0 million).

Guaranty Asset at FVTPL

During the financial year ended December 31, 2023, MNSPL entered into an agreement (“Top-Up Deed”) with MNSG Holdings Pte. Ltd., a Singaporean Company owned by a majority of the ultimate beneficial owners of MNSPL (“MNSG”). Under the Top-Up Deed, MNSG has agreed to provide a guarantee equal to the aggregate collateral value of up to a maximum of 2.156 billion shares of MNC or 12.0% of the current outstanding capital stock of MNC for as long as MNC is still the ultimate controlling shareholder of MNSPL’s wholly-owned subsidiary, MNUKL. Said aggregate collateral value shall be reduced by related transaction costs and said net amount shall cover the net cumulative impairment incurred by MNUKL starting from the calendar year ended December 31, 2023 and every year thereafter up to December 31, 2032. MNSPL has recognized a guaranty asset under the Top-Up Deed and engaged an independent valuation expert to determine the fair value of the guaranty asset at inception and as at December 31, 2023. The initial recognition of the guaranty asset is recognized as an equity transaction under “Equity Reserve”, while subsequent changes in fair value is recognized in profit or loss.

Shown below are the movements in the value of the guaranty asset as at December 31:

	2023
Guaranty asset:	
Initial recognition credited to Equity Reserve	₱9,104,076
Fair value gain on guaranty asset	1,301,750
Cumulative translation adjustment	26,430
	₱10,432,256

Sensitivity analysis

As the fair value calculations of the guaranty asset is dependent on the impairment loss on MNSPL’s investment in MNUK, any increase in the impairment loss on investment in MNUKL would result in an increase in the fair value gain on guaranty asset recognized in profit or loss.

11. Investments in Associates and Joint Venture

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership	Amount	
				2023	2022
Associates					
Monde Land Inc. (MLI)	Buying, leasing and acquiring of real estate	Philippines	40.00	₱955,054	₱934,453
WHATIF F&I Pte. Ltd.*	Research and development	Singapore	21.20	324,211	324,211
Calaca Harvest Terminal, Inc. (CHTI)	Engaged in and carry on a general and commercial business by buying, selling, storage, warehouse and transport of grain and other related commodities	Philippines	20.00	170,000	170,000
YCE Group Pte Ltd*	Manufacturing of ice	Singapore	32.00	78,249	78,249
				1,527,514	1,506,913

(Forward)



Entities	Principal Activity	Country of Incorporation	Percentage of Ownership	Amount	
				2023	2022
Joint Venture					
Honey Droplet Hong Kong**	Purchasing, processing, exporting, and selling honey worldwide (excluding Japan)	Hong Kong	50.00	₱218,748	₱218,748
MMBC	Importation, marketing, promotion, and sale of beverage products	Philippines	48.99	1,141	1,141
				219,889	219,889
Less allowance for impairment loss (Note 3):					
WHATIF F&I Pte. Ltd.				324,211	324,211
YCE				78,249	78,249
MMBC				1,141	1,141
Honey Droplet Hong Kong				218,748	218,748
				622,349	622,349
				₱1,125,054	₱1,104,453

*Previously "NAMZ Pte Ltd". Indirect ownership through MNSPL

**Indirect ownership through MNSPL

Investments in Associates

	2023	2022
Cost:		
Beginning of year	₱1,330,322	₱1,300,322
Additions	–	30,000
End of year	1,330,322	1,330,322
Accumulated share in net earnings:		
Balance at beginning of year	176,591	167,442
Share in net earnings	35,552	34,634
Dividends from MLI	(14,951)	(25,485)
End of year	197,192	176,591
Accumulated impairment loss	(402,460)	(402,460)
	₱1,125,054	₱1,104,453

Summarized consolidated financial information of MLI, a material associate, follows:

	2023	2022
Consolidated Statement of Financial Position		
Current assets	₱318,628	₱250,761
Noncurrent assets	1,241,177	1,291,900
Current liabilities	(64,111)	(92,465)
Noncurrent liabilities	(38,389)	(44,394)
Equity	₱1,457,305	₱1,405,802
Group's share in equity	₱582,922	₱562,321
Goodwill	372,132	372,132
Group's carrying amount of the investment	₱955,054	₱934,453



	2023	2022	2021
Consolidated Statement of Comprehensive Income			
Revenue	₱288,912	₱279,715	₱270,810
Cost of sales	(152,837)	(149,209)	(106,328)
Sales, general and administrative expenses	(27,426)	(24,000)	(23,720)
Other income (expenses)	162	(2,063)	(3,256)
Income before income tax	108,811	104,443	137,506
Provision for income tax	19,930	17,859	32,371
Income after income tax / Total comprehensive income	₱88,881	₱86,584	₱105,135
Group's share of profit for the year	₱35,553	₱34,634	₱42,054

The Group's share in the aggregated summarized financial information for immaterial associates follow:

	2023	2022	2021
Consolidated Statement of Comprehensive Income			
Revenue	₱117,623	₱131,967	₱107,262
Cost of sales	(107,727)	(116,013)	(97,513)
Sales, general and administrative expenses	(3,832)	(57,565)	(31,998)
Other expenses	(21,992)	(33,862)	(23,199)
Loss before income tax / Total comprehensive loss	(₱15,928)	(₱75,473)	(₱45,448)

The Group did not recognize its share in net losses in associates amounting to ₱15.9 million in 2023, ₱75.5 million in 2022 and ₱45.4 million in 2021. The accumulated share in net losses in associates not recognized amounted to ₱184.0 million and ₱168.1 million as at December 31, 2023 and 2022, respectively.

a. MLI

The Group's carrying amount of its investment in MLI is ₱955.1 million and ₱934.5 million as at December 31, 2023 and 2022, respectively. The difference between the carrying amount of the Group's investment in MLI as at December 31, 2023 and 2022 and its share in the total equity of MLI attributable to the equity holders of the Parent is attributable to goodwill.

b. CHTI

In 2021, the Group made additional investment amounting to ₱60.0 million representing 60,000 shares in CHTI to maintain its ownership interest of 20.00%.

In 2022, The Parent Company made an additional investment amounting to ₱30.0 million representing 30,000 shares in CHTI to maintain its ownership interest of 20.00%.

The associates had no contingent liabilities or capital commitments as at December 31, 2023 and 2022. There have been no guarantees provided by the Group to the associate as at December 31, 2023 and 2022.



Investment in Joint Ventures

	2023	2022
Cost:		
Beginning of year	₱399,223	₱379,623
Additions	–	19,600
End of year	399,223	399,223
Accumulated share in net earnings:		
Balance at beginning of year	(179,334)	(132,092)
Share in net losses	–	(47,242)
End of year	(179,334)	(179,334)
Accumulated impairment loss:		
Balance at beginning of year	(219,889)	(218,748)
Impairment loss (Note 20)	–	(1,141)
End of year	(219,889)	(219,889)
	₱–	₱–

The Group's shares in the aggregate summarized financial information of individually-immaterial joint ventures follow:

	2023	2022	2021
Revenue	₱–	₱8,695	₱27,988
Expenses	(1,608)	(37,883)	(33,472)
Other income (expenses)	2,075	(18,047)	(218)
Income (loss) before income tax	467	(47,235)	(5,702)
Provision for (benefit from) income tax	117	7	(15)
Income (loss) after income tax / Total comprehensive income (loss)	₱350	(₱47,242)	(₱5,687)

The Group did not recognize share in net income (losses) in joint ventures amounting to ₱0.4 million and nil in 2022 and 2021, respectively. The accumulated share in net losses in joint ventures not recognized as at December 31, 2023, 2022 and 2021 amounted to ₱85.4 million, ₱85.9 million and ₱85.9 million, respectively. There have been no guarantees provided by the Group to the joint venture company as at December 31, 2023 and 2022.

a. Honey Droplet Hong Kong

The Group has a 50.00% interest in the ownership and voting rights in a joint venture, Honey Droplet Hong Kong. This joint venture is incorporated in Hong Kong and is a strategic venture in purchasing, processing, exporting, and selling honey worldwide (excluding Japan). The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

As of December 31, 2023 and 2022, Honey Droplet Hong Kong has no operations due to factory shut down. The Group determined that non-operation and cashflow projections of Honey Droplet Hong Kong are impairment indicators. As a result, the Group's investment in Honey Droplet Hong Kong is fully impaired as at December 31, 2023 and 2022.



b. MMBC

In 2015, the Group signed a Joint Venture Agreement with Malee Beverage Public Co. Ltd., a leading juice and canned fruit manufacturer in Thailand, to set up MMBC to tap the aggressive growth of the beverage market in the Philippines. MMBC has ₱100.0 million of registered capital, of which the Group and Malee share 48.99% each and the remaining 2.00% are held by individual investors.

In 2022 and 2021, the Group determined that the negative results of operations and cashflow projections MMBC are impairment indicators. In 2023, MMBC ceased its business operations and has no formal plans to resume commercial operations. As a result, the Group's investment in MMBC is fully impaired as at December 31, 2023 and 2022. Impairment loss recognized amounted to ₱1.1 million in 2022 and nil in 2021 (see Note 20).

The joint ventures have no contingent liabilities or capital commitments as at December 31, 2023 and 2022. There have been no guarantees provided or received for any related party receivables and payables.



12. Property, Plant and Equipment

2023													
	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at beginning of year	₱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	-	862	9,661	-	633,579	6,164	43,248	1,091	474,663	2,472,002	-	21,427	3,662,697
Disposals and retirement	-	-	(343,643)	(11,644)	(2,871,290)	(51,641)	(38,530)	(18,578)	35,512	(16,554)	-	(214,114)	(3,530,482)
Reclassifications	-	-	412,113	3,899	1,385,812	74,636	1,954	85,105	(691,995)	(1,271,524)	-	-	-
Foreign currency translation adjustments	9,365	(10)	92,127	3,045	573,964	4,257	219	5,219	12,356	163,376	-	-	863,918
Balance at end of year	469,574	6,460	13,677,344	162,584	36,093,946	535,194	165,815	446,613	1,911,496	5,274,208	2,898,464	641,633	62,283,331
Accumulated Depreciation													
Balance at beginning of year	-	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 19 and 20)	-	317	589,240	5,952	1,736,999	59,442	23,365	89,549	-	-	86,908	84,951	2,676,723
Disposals and retirement	-	-	(322,269)	(10,284)	(2,843,921)	(50,807)	(37,151)	(18,564)	-	-	-	(214,114)	(3,497,110)
Foreign currency translation adjustments	-	(5)	23,365	12,492	179,129	1,262	60	3,970	-	-	-	-	220,273
Balance at end of year	-	4,627	5,963,425	105,366	18,312,909	381,195	62,223	343,673	-	-	385,699	212,151	25,771,268
Accumulated Impairment Loss													
Balance at beginning of year	-	-	984,052	955	2,267,384	-	-	36	571,765	228,117	-	-	4,052,309
Impairment loss (Notes 3 and 20)	-	-	(4,561)	-	6,019,160	22,280	-	1,755	(71,022)	1,126,934	-	-	7,094,546
Disposals and retirement	-	-	-	-	-	-	-	-	(14,431)	-	-	-	(14,431)
Foreign currency translation adjustments	-	-	18,131	-	180,120	-	-	-	-	25,668	-	-	223,919
Balance at end of year	-	-	997,622	955	8,466,664	22,280	-	1,791	486,312	1,380,719	-	-	11,356,343
Net Book Value	₱469,574	₱1,833	₱6,716,297	₱56,263	₱9,314,373	₱131,719	₱103,592	₱101,149	₱1,425,184	₱3,893,489	₱2,512,765	₱429,482	₱25,155,720

2022													
	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at beginning of year	₱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 end of year	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 beginning of year	-	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 19 and 20)	-	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 end of year	-	4,315	5,673,089	97,206	19,240,702	371,298	75,949	268,718	-	-	298,791	341,314	26,371,382

(Forward)



2022

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Accumulated Impairment Loss													
Balance at beginning of year	-	-	932,587	967	1,491,884	-	-	36	571,765	175,390	-	-	3,172,629
Impairment loss (Notes 3 and 20)	-	-	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 end of year	-	-	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



Machineries-under-installation pertain to plant equipment for various product lines that are still under-installation and which are expected to be completed in 2024 to 2025. Additions to machineries under installation include costs for the construction of new production facilities.

Construction-in-progress pertains to the construction of an additional building and building improvements which is expected to be completed in 2024 to 2025. There were no capitalized borrowing costs as the construction in-progress were funded by cash from operations.

In 2023, 2022 and 2021, the Group recognized net provision for impairment loss on property, plant and equipment amounting to ₱7,094.5 million, ₱825.9 million and ₱223.1 million, respectively (see Note 20).

There are no idle property, plant and equipment as at December 31, 2023 and 2022. The Group has no property, plant and equipment used as collateral as at December 31, 2023 and 2022.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱2,055.4 million, ₱1,447.5 million, and ₱1,423.5 million as at 2023, 2022 and 2021, respectively (see Note 27).

13. Intangible Assets

	2023							Total
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	
Cost								
Balance at beginning of year	₱16,542,239	₱17,971,697	₱727,560	₱34,639	₱2,599	₱14,459	₱442,650	₱35,735,843
Additions	–	–	–	31,502	–	–	49,628	81,130
Disposals and retirement	–	–	–	–	–	–	(9,280)	(9,280)
Foreign currency translation adjustments	775,976	838,803	–	–	(6)	–	(358)	1,614,415
Balance at end of year	17,318,215	18,810,500	727,560	66,141	2,593	14,459	482,640	37,422,108
Accumulated Amortization								
Balance at beginning of year	–	42,374	306,182	700	1,739	–	213,636	564,631
Amortization (Notes 19, 20 and 21)	–	–	36,378	7,127	167	–	51,571	95,243
Disposals and retirement	–	–	–	–	–	–	(9,256)	(9,256)
Foreign currency translation adjustments	–	1,988	–	–	(2)	–	(183)	1,803
Balance at end of year	–	44,362	342,560	7,827	1,904	–	255,768	652,421
Accumulated Impairment Loss								
Balance at beginning of year	16,542,239	4,143,587	–	–	–	2,481	–	20,688,307
Impairment loss (Notes 3 and 20)	–	6,172,458	–	–	–	4,650	–	6,177,108
Foreign currency translation adjustments	775,976	315,462	–	–	–	–	–	1,091,438
Balance at end of year	17,318,215	10,631,507	–	–	–	7,131	–	27,956,853
Net Book Value	₱–	₱8,134,631	₱385,000	₱58,314	₱689	₱7,328	₱226,872	₱8,812,834
	2022							
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	Total
Cost								
Balance at beginning of year	₱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 end of year	16,542,239	17,971,697	727,560	34,639	2,599	14,459	442,650	35,735,843
Accumulated Amortization								
Balance at beginning of year	–	43,063	269,804	–	1,469	–	163,232	477,568
Amortization (Notes 19, 20 and 21)	–	–	36,378	700	175	–	48,649	85,902
Foreign currency translation adjustments	–	(689)	–	–	95	–	1,755	1,161
Balance at end of year	–	42,374	306,182	700	1,739	–	213,636	564,631
Accumulated Impairment Loss								
Balance at beginning of year	–	90,142	–	–	–	–	–	90,142
Impairment loss (Notes 3 and 20)	16,500,821	4,043,295	–	–	–	2,481	–	20,546,597
Foreign currency translation adjustments	41,418	10,150	–	–	–	–	–	51,568
Balance at end of year	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



Goodwill and brand were acquired through business combinations. The Group performed its annual impairment test in December 2023 and 2022 (see Note 3).

Distribution rights were from the Parent Company's Distribution, and Marketing and Sales Development Agreement with SSCC wherein SSCC appointed the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years until July 25, 2034. (see Note 27).

14. Other Noncurrent Assets

	2023	2022
Advances to suppliers and contractors	₱630,367	₱619,658
Deferred input VAT for amortization	153,171	244,869
Advances to employees (Note 23)	90,591	69,777
Refundable and other deposits	34,743	29,782
Others	32,667	14,394
	₱941,539	₱978,480

Advances to suppliers and contractors comprise mainly of advance payments for major equipment and construction/improvements of plant sites and office spaces.

Deferred input VAT pertains to input VAT from acquisition of capital goods which are claimed over 5 years.

Advances to employees are long-term advances granted to employees.

Refundable and other deposits are deposits for office and warehouse spaces which are refundable upon the termination of the lease contract.

15. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	2023	2022
Trade payables		
Non-related parties	₱4,911,912	₱6,197,721
Related parties (Note 23)	49,204	14,578
Nontrade payables	4,042,437	2,559,920
Accruals for:		
Advertising and promotions	499,758	769,960
Personnel costs	352,937	266,978
Selling, general and administrative expenses	281,235	321,695
Trade spend	206,821	454,941
Other accruals	198,267	171,196
Provisions	166,265	92,666
Statutory payables	890,434	384,559
Others	85,040	88,386
	₱11,684,310	₱11,322,600



Accounts payable and other current liabilities are noninterest-bearing and are generally settled within 30 to 60 days.

Trade payables pertain to liabilities to suppliers for the purchase of raw materials, finished goods, and other costs directly related to the Group's operations.

Nontrade payables include liabilities related to utilities, advertising, other operating and manufacturing overhead expenses.

Provisions include claims by third parties in the ordinary course of business. As allowed by PAS 37, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Group's position and negotiation strategies with respect to these matters.

Statutory payables comprise mainly of the Group's liabilities to the tax authorities such as withholding taxes payable, final taxes payable, etc.

Trade and other payables from related parties that were eliminated upon consolidation amounted to ₱2,811.4 million in 2023 and ₱2,484.0 million in 2022.

Refund Liabilities

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

	2023	2022
Refund liabilities:		
Arising from rights of return	₱346,835	₱200,440
Arising from volume discount	59,842	—
	₱406,677	₱200,440

16. Acceptance and Trust Receipts Payable

This account represents the Group's peso and US dollar-denominated liabilities incurred in connection with the importations and acquisitions of raw materials from foreign suppliers. These raw materials are insured in compliance with the requirements of the bank. These liabilities are for a period of 1 year with an average annual interest rate of 5.44% in 2023 and 2.82% in 2022.

The Group has outstanding acceptance and trust receipts payable amounting to ₱1,607.3 million, ₱2,362.3 million as at December 31, 2023 and 2022, respectively.

The Group recognized interest expense amounting to ₱99.0 million in 2023, ₱68.0 million in 2022 and ₱37.1 million in 2021 (see Note 21).



17. Loans Payable and Convertible Note

Loans Payable

Description	Maturities	Interest Rates	2023	2022
MFL				
£105.0 million term loan	June 2025 subject to extension of 2 years	Margin and SONIA	₱3,812,556	₱7,081,137
£5.0 million revolving credit facility	September 2023	Margin and SONIA	353,015	–
£4.0 million revolving credit facility	November 2022	Margin and SONIA	282,412	269,758
£3.0 million revolving credit facility	October 2023	Margin and SONIA	211,808	–
£5.0 million credit facility	September 2024	SONIA and 1.20% p.a.	353,016	–
			5,012,807	7,350,895
Unamortized debt issue costs			(78,780)	(97,881)
			₱4,934,027	₱7,253,014
Current portion			₱1,200,251	₱269,758
Non-current portion			3,733,776	6,983,256
			₱4,934,027	₱7,253,014

As at December 31, 2023 and 2022, MFL has outstanding unsecured loans payable amounting to ₱5,012.8 million (£71.0 million) and ₱7,350.9 million (£109.0 million), respectively. The sterling term loan facility amounting to ₱7,413.3 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 June 30, 2022 and each quarter thereafter.
- The Group is required to maintain an interest cover of greater than 3.0 from June 30, 2022 and each quarter thereafter.

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

The facility also includes a revolving credit facility of ₱1,059.0 million (£15.0 million) subject to the same financial covenants above. MFL had drawn down ₱847.2 million (£12.0 million) and ₱269.8 million (£4.0 million) as at December 31, 2023 and December 31, 2022, respectively.

In 2023, MFL obtained and drew an uncommitted short term credit facility with a financial institution amounting to ₱353.0 million (£5.0 million).

Interest expense related to the loans amounted to ₱353.2 million in 2023, ₱53.3 million in 2022 and ₱442.1 million in 2021 (see Note 21).

Convertible Note

On February 5, 2019, the Parent Company and Arran Investment Pte. Ltd., entered into a Subscription Agreement, allowing the Parent Company to issue a Convertible Note with a face amount of ₱9,122.7 million. The note can be converted into 494,516,100 shares, representing 7.00% of the Parent Company's issued and outstanding shares. On April 12, 2019, the Parent Company issued a Convertible Note to Arran, with a principal amount of \$174.8 million, including the redemption features. The note is mandatorily redeemable after five years from its issue date and has an optional redemption feature. The Parent Company also entered into an Investor Rights Agreement that gave certain rights to the Investor pending redemption of the Convertible Note.



The Group classified such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with PAS 32, *Financial Instrument: Presentation*. The Convertible Note was assessed to be a hybrid instrument containing a host financial liability component and derivative components for the equity conversion and redemption options. They were identified as embedded derivatives and were accounted for separately from the host contract on issuance date.

Shown below are the movements in the value of the host liability in 2021:

Host liability:	
Beginning balance	₱7,027,163
Accretion of interest (Note 21)	746,999
Foreign exchange loss (gain)	(73,445)
Amortization of debt issue cost	20,988
Payments of cash variable interest	(113,739)
Redemption	(7,607,966)
	₱-

Cash variable interest equal to dividends received by the Parent Company's shareholder that the Investor would have received if the Convertible Note was converted into shares prior to the declaration of such dividend. Accretion of interest on Convertible Note amounted to ₱747.0 million in 2021 (see Note 21).

On March 1, 2021, the Parent Company's BOD approved amendments to its Articles of Incorporation, removing certain investor rights and entitlements which are further disclosed in Note 18.

The Parent Company redeemed the Convertible Note on June 3, 2021. The Parent Company paid the listing redemption of ₱13,351.9 million, resulting in a loss of ₱1,579.3 million (i.e., difference between the listing redemption amount and the carrying value of the Convertible Note and the related derivative liability).

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

	2023	2022
Loans Payable		
Balance at January 1	₱97,881	₱65,235
Additions during the period	22,471	120,806
Amortization during the period (Note 21)	(45,244)	(86,624)
Foreign currency translation adjustments	3,672	(1,536)
Total	₱78,780	₱97,881

In 2021, amortization of debt issue costs amounted to ₱21.0 million and ₱133.5 million on convertible note and loans payable, respectively (see Note 21).



18. Equity

Capital Stock and Additional Paid-in Capital (APIC)

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

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

The details of the Parent Company's additional paid-in capital as at December 31, 2023, 2022 and 2021 follows:

	2023	2022	2021
Balance at January 1	₱46,515,847	₱46,515,847	₱-
Equity restructuring	(7,153,900)	-	-
Additions			
Issuance of common shares during IPO	-	-	46,800,000
Issuance of common shares to MCI	-	-	1,204,039
Share issuance costs			
Issuance of common shares during IPO	-	-	(1,484,817)
Issuance of common shares to MCI	-	-	(3,375)
Balance at end of period	₱39,361,947	₱46,515,847	₱46,515,847

On January 11, 2021, the Parent Company entered into an agreement with MCI for the subscription of the Parent Company's 614,305,748 common shares at a subscription price of ₱2.96 per share or a total subscription price of ₱1,818.3 million which was fully settled on January 29, 2021.

On April 20, 2021, the SEC favorably considered, subject to certain conditions, the amended registration statement filed by the Parent Company covering the registration of 17,968,611,496 common shares to be listed and traded on the Main Board of the PSE with a par value of ₱0.50 per shares in relation to the Parent Company's initial public offering.

On April 21, 2021, the BOD of the PSE approved, subject to certain conditions, 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 IPO and was listed in the PSE under the stock symbol "Monde". The Parent Company issued 3,600,000,000 common shares for a total consideration of ₱48,600.0 million.

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 December 31, 2023 and 2022, respectively. With respect to the Parent Company's stockholders as at December 31, 2023, the shares were either



held (a) in certificated form or (b) in scripless form held under the account of PCD Nominee Corp. (PCD Nominee) through 142 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).

Amendment of AOI

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 including the amending the authorized capital stock of the Parent Company (without increasing or decreasing the same) such that the authorized number of shares, as amended, shall be:

- a. 20,400,000,000 common shares with a par value of ₱0.50 per share, from the current par value of ₱1.00 per share; and
- b. 3,600,000,000 Preferred Shares classified into:

Class of Preferred Shares	No. of shares	Par value	Amount
Non-voting "A"	400,000,000	₱1.00	₱400,000
Non-voting "B"	800,000,000	1.00	800,000
Voting "C"	2,400,000,000	0.25	600,000
Total	3,600,000,000		₱1,800,000

Said preferred shares' issue value, dividend rate and the terms and conditions of their redemption shall be determined by the BOD at the time of their respective issuances. Furthermore, they shall be cumulative and non-participating as to dividends and non-convertible into common shares. Said preferred shares shall also enjoy preference in assets in the event of liquidation of the Parent Company and in the payment of dividends as against common shares; however, they shall not enjoy any pre-emptive rights to any issue of shares (whether common or preferred).

These amendments on the Parent Company's AOI was approved by the SEC on April 7, 2021.

There have been no issuances of preferred stock as at December 31, 2023 and 2022.

Retained Earnings

Parent Company

On the following dates, the BOD approved the following cash dividends, all of which have been previously appropriated except for 2023 and 2022:

Dividend declaration and stockholders of record date	Dividend per share	Amount
November 29, 2023	₱0.12	₱2,156,233
August 9, 2022	0.14	2,515,606
March 1, 2021	1.19	8,549,324
January 22, 2021	0.23	1,511,100

On April 10, 2024, the BOD approved the declaration of regular cash dividends of ₱0.12 per common share to stockholders of record as of May 10, 2024, payable on or before June 5, 2024.

As at December 31, 2023 and 2022, dividends payable amounted to ₱2,156.2 million and nil, respectively.



The BOD approved the following:

- On March 1, 2021, reversal of the 2020 appropriation for ₱6,800.0 million for dividends, expansions, and other capital requirements.
- On August 9, 2022, reversal of the 2021 appropriation for ₱3,900.0 million for expansions, and other capital requirements.
- On December 19, 2022, appropriation of ₱5,000.0 million for plant expansions and other capital expenditure requirements.
- On March 22, 2023, reversal of the 2022 appropriation amounting to ₱5,000.0 million for expansions and other capital requirements.

MMYSC

The BOD approved the following:

- On December 1, 2021, release of 2020 appropriation of ₱410.9 million for plant capacity expansion.
- On December 1, 2021, appropriation of ₱150.8 million for expansion and other capital requirements which are expected to be completed in 2022.
- On December 6, 2022, release of 2021 appropriation of ₱150.8 million for plant capacity expansion.
- On December 6, 2022, appropriation of ₱167.0 million for expansion and other capital requirements which are expected to be completed in 2023.

MIL

Under Section 1202 of the Thai Civil and Commercial Code, MIL is required to set aside to a statutory reserve of at least 5% of its income each time MIL pays dividend, until the reserve reaches 10% of the registered capital. The statutory reserve can neither be offset against deficit nor used for dividend payment. The statutory reserve of MIL amounted to ₱44.5 million as at December 31, 2023, 2022 and 2021.

The Group's appropriated retained earnings follows:

	2023		2022		2021	
	Expected Completion	Amount	Expected Completion	Amount	Expected Completion	Amount
Expansions and capital expenditures	2024-2025	₱167,000	2023-2024	₱5,167,000	2022-2023	₱4,050,805
Appropriation to comply with financial covenants (Note 17)		—		—		—
Dividends		—		—		—
MIL statutory reserve	Indefinite	44,452	Indefinite	44,452	Indefinite	44,452
		₱211,452		₱5,211,452		₱4,095,257

The Group's appropriation for capital expenditure is expected to be used to build new capacity and capability in the APAC BFB segment. Key projects in the APAC BFB segment will be the completion of a new production facility and other operational efficiency initiatives.



Restriction on Retained Earnings

As at December 31, 2023 and 2022, undistributed retained earnings of subsidiaries amounting to ₱3,965.2 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 December 31, 2023 and 2022, respectively.

Equity Restructuring

On March 29, 2023, the Parent Company's BOD approved the equity restructuring of the Parent Company by offsetting the Deficit as at December 31, 2022 against available additional paid-in capital (APIC) as at December 31, 2022.

On June 9, 2023, SEC then approved the Parent Company's equity restructuring to wipe-out the Deficit as at December 31, 2022 in the amount of ₱7,153.9 million against the APIC of ₱46,515.8 million.

Equity Reserve (see Note 4)

	2023	2022
Initial recognition of guaranty asset at fair value:		
MNSPL (Notes 10 and 26)	₱9,104,076	₱-
Investments:		
MMYSC	(532,573)	(532,573)
MNTH	(115,390)	(115,390)
KBT	43,408	33,361
MNAC	(7,733)	(7,733)
	₱8,491,788	(₱622,335)

Cumulative Translation Adjustments

Cumulative translation adjustments attributable to equity holders of the Parent Company are as follows:

	2023	2022
Foreign investments:		
MNSPL	(₱2,149,989)	(₱2,845,103)
MNIIL	(185,267)	(185,219)
MIL	(50,181)	(49,693)
MNTH	(15,113)	(8,433)
Cross currency swap:		
MNC (Note 26)	(492,938)	(386,532)
	(₱2,893,488)	(₱3,474,980)

Earnings (loss) per Share (EPS)

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

	2023	2022	2021
Net income (loss) attributable to equity holders of the parent:	(₱636,408)	(₱13,020,512)	₱3,115,032
Weighted average number of common shares	17,968,611,496	17,968,611,496	16,366,227,204
Basic EPS	(₱0.04)	(₱0.72)	₱0.19



The Parent Company has no potentially dilutive shares as at December 31, 2023, 2022 and 2021. Thus, the basic and diluted income (loss) per share in 2023, 2022 and 2021 are the same for each of the three years presented.

19. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	2023	2022	2021
APAC BFB			
Philippines	₱61,587,481	₱55,017,990	₱50,356,983
Other Countries	4,354,473	3,473,079	3,682,032
	65,941,954	58,491,069	54,039,015
Meat Alternative			
United Kingdom	11,153,610	11,870,824	11,801,245
United States	858,872	1,318,628	1,328,113
Other Countries	2,215,031	2,200,188	2,115,815
	14,227,513	15,389,640	15,245,173
	₱80,169,467	₱73,880,709	₱69,284,188

All revenues are recognized at a point in time.

Cost of Goods Sold

	2023	2022	2021
Direct materials	₱42,013,958	₱39,364,367	₱32,718,491
Direct labor (Note 21)	3,051,851	2,844,961	3,499,788
Manufacturing overhead:			
Depreciation and amortization (Notes 12 and 13)	2,215,656	2,206,038	2,012,608
Repairs and maintenance	1,543,080	1,533,256	1,714,730
Light and water	1,403,750	1,831,431	1,505,609
Plant utilities and other consumption	1,064,543	1,149,296	828,235
Indirect labor (Note 21)	1,022,838	1,048,336	1,110,354
Steam	615,585	787,575	716,696
Rent (Notes 23 and 25)	29,003	23,416	22,043
Others	1,957,994	1,661,564	1,057,905
Total manufacturing costs	54,918,258	52,450,240	45,186,459
Inventory movements (Note 7):			
Finished goods	368,109	(1,241,491)	(885,698)
Work in-process	155,336	(287,994)	(607,992)
	₱55,441,703	₱50,920,755	₱43,692,769



20. Sales, General and Administrative Expenses

General and Administrative Expenses

	2023	2022	2021
Salaries, wages and employee benefits (Note 21)	₱4,308,889	₱4,388,113	₱3,771,921
Outside services	989,157	767,777	1,338,168
Depreciation and amortization (Notes 12 and 13)	556,310	507,624	458,264
Research and development	285,341	226,759	562,823
Insurance	241,737	255,793	247,730
Repairs and maintenance	198,740	255,190	270,376
Taxes and licenses	172,857	253,293	296,926
Entertainment, amusement and recreation	116,959	93,194	157,689
Inventory loss	112,055	192,012	36,504
Fringe benefit tax	109,564	125,673	222,123
Light, water, and telecommunication	96,710	46,505	93,653
Warehouse and office supplies	65,482	118,383	69,558
Rent (Notes 23 and 25)	63,844	37,833	37,951
Recruitment and training expenses	40,216	23,055	20,849
Bank charges	12,414	10,997	14,788
Donations	11,261	26,839	12,070
Provision for ECL (Notes 6 and 9)	7,750	13,308	–
Others	385,750	245,399	7,967
	₱7,775,036	₱7,587,747	₱7,619,360

Selling and Distribution Expenses

	2023	2022	2021
Transportation and delivery	₱3,190,551	₱3,017,221	₱2,631,676
Advertising and promotions	2,999,834	3,695,859	4,788,138
Merchandising expense	735,248	625,376	528,901
Dealer support	112,132	157,898	395,280
	₱7,037,765	₱7,496,354	₱8,343,995

Impairment Loss

	2023	2022	2021
Property, plant and equipment – net (Notes 3 and 12)	₱7,094,546	₱825,900	₱223,061
Intangible assets (Notes 3 and 13)	6,177,108	20,546,597	–
Investments in associates and joint venture (Notes 3 and 11)	–	1,141	–
	₱13,271,654	₱21,373,638	₱223,061



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

Finance Income

	2023	2022	2021
Cash and cash equivalents (Note 5)	₱410,130	₱132,808	₱72,212
Loans receivable (Note 9)	17,984	15,788	10,759
	₱428,114	₱148,596	₱82,971

Finance Costs

	2023	2022	2021
Interest on loans payable (Note 17)	₱353,188	₱53,274	₱442,102
Interest expense on lease liabilities (Note 25)	183,877	182,919	188,058
Acceptance and trust receipts payable (Note 16)	99,038	68,008	37,140
Amortization of debt issue costs (Note 17):			
Loans payable	45,244	86,624	133,534
Convertible note	-	-	20,988
Accretion of interest on convertible note (Note 17)	-	-	746,999
Others	12	25,700	-
	₱681,359	₱416,525	₱1,568,821

Personnel Costs

	2023	2022	2021
Cost of goods sold:			
Direct labor (Note 19)	₱3,002,431	₱2,806,038	₱3,423,818
Indirect labor (Note 19)	1,022,838	1,048,336	1,110,354
Retirement expense (Notes 19 and 22)	49,420	38,923	75,970
Sales, general and administrative expenses:			
Salaries and wages (Note 20)	3,478,652	3,536,226	2,822,864
Employee benefits (Note 20)	767,005	779,465	845,256
Retirement expense (Notes 20 and 22)	63,232	72,422	103,801
	₱8,383,578	₱8,281,410	₱8,382,063

Depreciation and Amortization Expense

	2023	2022	2021
Property, plant and equipment (Note 12)	₱2,676,723	₱2,627,760	₱2,396,607
Intangible assets (Note 13)	95,243	85,902	74,265
	₱2,771,966	₱2,713,662	₱2,470,872



	2023	2022	2021
Cost of goods sold (Note 19)	₱2,215,656	₱2,206,038	₱2,012,608
Sales, general and administrative expense (Note 20)	556,310	507,624	458,264
	₱2,771,966	₱2,713,662	₱2,470,872

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, reversal of ECL and other miscellaneous items which are recorded under the “Miscellaneous income” account in the consolidated statements of comprehensive income.

22. Pension Plan

The Parent Company and certain subsidiaries maintain noncontributory and defined benefit retirement plans covering substantially all their regular employees. The benefit plan is paid in a lump sum upon retirement or separation. These benefits are funded by the Group. Contributions and costs are determined in accordance with the actuarial study made for the plan. The latest actuarial valuation report is December 31, 2023.

The Group’s plan assets are managed and maintained by a local bank. The Group appointed a local trustee bank as the retirement plan trustee. The trustee bank is responsible for the general administration of the retirement plan and the management of the retirement fund. As the administrator of the retirement plan, the trustee bank is responsible for the ultimate control, disposition, or management of the money received or contributed.



Changes in the net defined benefit liability in 2023 and 2022 follow:

	2023					2023							December 31, 2023
	Recognized in profit or loss				Benefits Paid	Remeasurements in OCI							
January 1, 2023	Current Service Cost	Net Interest Cost	Subtotal			Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	Foreign Currency Translation Adjustments	
Present value of defined benefit obligation	(P1,062,241)	(P74,697)	(P75,489)	(P150,186)	P101,358	(P247,121)	(P79,915)	(P79,133)	P-	(P406,169)	P-	P17	(P1,517,221)
Fair value of plan asset	555,811	-	37,534	37,534	(74,580)	-	-	-	(8,791)	(8,791)	-	-	509,974
Net pension liability	(P506,430)	(P74,697)	(P37,955)	(P112,652)	P26,778	(P247,121)	(P79,915)	(P79,133)	(P8,791)	(P414,960)	P-	P17	(P1,007,247)

	2022					2022							December 31, 2022
	Recognized in profit or loss				Benefits Paid	Remeasurements in OCI							
January 1, 2022	Current Service Cost	Net Interest Cost	Subtotal			Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	Foreign Currency Translation Adjustments	
Present value of defined benefit obligation	(P1,167,502)	(P80,715)	(P58,002)	(P138,717)	P89,161	P203,457	P6,385	(P53,262)	P-	P156,580	P-	(P1,763)	(P1,062,241)
Fair value of plan asset	518,810	-	27,372	27,372	(70,475)	-	-	-	(29,791)	(29,791)	109,895	-	555,811
Net pension liability	(P648,692)	(P80,715)	(P30,630)	(P111,345)	P18,686	P203,457	P6,385	(P53,262)	(P29,791)	P126,789	P109,895	(P1,763)	(P506,430)



The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Group is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Group's discretion.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2023	2022
Debt instruments:		
Fixed rate treasury notes and retail treasury bonds	₱424,624	₱446,683
Corporate bond and fixed-rate notes	67,617	94,034
Investments in UITF	12,550	11,223
Cash and cash equivalents	9	20
Others	5,786	4,585
Liabilities	(612)	(734)
	₱509,974	₱555,811

The plan assets have diverse investments and do not have any concentration risk.

The costs of defined benefit pension plans as well as the present value of the pension obligation are actuarially determined using projected unit credit method. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	2023	2022
Discount rate	2.76-6.17%	2.76-3.38%
Salary increase rate	5.00-6.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2023 and 2022, assuming if all other assumptions were held constant:

	Increase(decrease)	2023	2022
		Effect on Defined Benefit Obligation	
Discount rates	1.00%	(₱135,199)	(₱74,721)
	(1.00%)	159,606	86,342
Future salary increases	1.00%	158,434	87,429
	(1.00%)	(136,714)	(76,883)

The average duration of the defined benefit obligation at the end of the reporting period is 9.20–19.30 years in 2023 and 7.5–17.10 years in 2022.

Shown below is the expected future benefit payment:

Financial Year	2023	2022
Year 1	₱178,320	₱178,656
Years 2–5	387,399	404,695
Years 6–10	921,773	677,290



23. 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 Parent Company has Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The following are the significant transactions with related parties:

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
<i>Associates and joint ventures</i>					
MLI					
Rent expense	2023	₱64,808	₱-	15 days;	Unsecured
	2022	64,603	-	Noninterest-bearing	
	2021	62,987	-		
MMBC					
Miscellaneous income	2023	-	-	30 days;	Unsecured;
	2022	-	33,751	Noninterest-bearing	No impairment
	2021	5,125	33,777		
Trade purchases, net	2023	-	-	30 days;	Unsecured
	2022	17,748	-	Noninterest-bearing	
	2021	57,131	(3,799)		
Honey Droplet Ltd.					
Advances and interest income (Note 9)	2023	-	-	4-6 years;	Unsecured;
	2022	-	-	Interest-bearing	Gross advances
	2021	-	-		amounted to
					₱115.3 million in
					2023 and 2022; fully
					impaired in 2023 and
					2022
CHTI					
Transportation and delivery expense and wheat handling fees	2023	324,596	(49,204)	15 days;	Unsecured
	2022	300,339	(14,578)	Noninterest-bearing	
	2021	258,902	(18,089)		
<i>Common shareholders</i>					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	2023	46,075	-	45 days;	Unsecured
	2022	62,564	-	Noninterest-bearing	
	2021	27,063	-		
MNSG Holdings Pte. Ltd.					
Guaranty asset	2023	10,432,256	10,432,256	Refer to Notes 10 and 26	
	2022	-	-		
	2021	-	-		
Loans receivable	2023	-	172,305	2 years;	Unsecured
	2022	-	162,300	Interest-bearing	
	2021	-	164,936		
Trade and other receivables (Note 6)	2023		-		
	2022		33,751		
	2021		33,777		
Loans receivable (Note 9)	2023		172,305		
	2022		162,300		
	2021		164,936		
Trade payables (Note 15)	2023		(49,204)		
	2022		(14,578)		
	2021		(21,888)		
Advances to employees (Note 14)	2023	20,814	90,591	1-5 years;	Unsecured
	2022	866	69,777	Noninterest-bearing	
	2021	26,387	68,911		



These transactions with related parties will be settled through cash.

Trade and other receivables and payables to related parties that were eliminated upon consolidation amounted to ₱2,811.4 million in 2023 and ₱2,484.0 million in 2022.

MMBC

On May 31, 2016, the Parent Company entered into a Distributorship Agreement with MMBC, wherein MMBC engaged the services of the Parent Company to handle warehousing, selling, billing, delivery and merchandising of MMBC's products. The agreement shall continue in force until cancelled or terminated by either party at any time with or without cause.

Wide Faith Foods Co. Ltd.

On November 17, 2015, the Parent Company entered into a Guarantee Agreement with The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch, to guarantee the ₱141.4 million (\$3.0 million) loan of Wide Faith Foods Co. Ltd.

MNSG Holdings Pte. Ltd.

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 the loan to July 3, 2024, with an interest rate of 4.83% per annum.

Compensation of Key Management Personnel

	2023	2022	2021
Short-term employee benefits	₱1,451,857	₱1,319,181	₱1,208,756
Post-employment benefits	147,541	57,494	56,526
	₱1,599,398	₱1,376,675	₱1,265,282

24. Income Tax

OECD Pillar Two model rules

'Pillar Two legislation' has been enacted, or substantively enacted, in certain jurisdictions (i.e., United Kingdom, Germany, Sweden and Netherlands) where the Group operates effective beginning January 1, 2024. The Group is in-scope of the enacted or substantively enacted legislation as Monde Nissin Corporation, the Parent Company of the Group, has global revenues exceeding €750.0 million (₱45,900.0 million). As a result, the Group has performed an assessment of the potential exposure to 'Pillar Two income taxes'. Under the legislation, a company is liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction and a 15% minimum rate. The assessment of the potential exposure to 'Pillar Two income taxes' is based on the 2021 and 2022 tax filings, country-by-country reporting, and financial statements for the covered entities of the Group. Based on the assessment, the Group does not expect material exposure to 'Pillar Two income taxes'.

The Group has applied the exception in recognizing and disclosing information about deferred tax assets and liabilities related to GMT taxes. As the GMT legislation was not effective as at December 31, 2023, the Group has no related current tax exposure.

Current Income Tax

A reconciliation of the provision for income tax computed at the applicable statutory tax rate of the



Group to provision for income tax as shown in the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Provision for income tax computed at applicable statutory tax rate (17% to 25%)	(₱1,761,405)	(₱7,701,800)	₱1,499,172
Income tax effects of:			
Nondeductible expenses	2,305,545	9,782,829	224,072
Nontaxable income	(1,094,971)	(553,752)	(504,609)
Change in unrecognized DTA	(165,847)	(93,028)	(211,986)
Benefit from OSD	(123,693)	(59,160)	(162,957)
Interest income already subjected to final tax and not subject to tax	(94,580)	(35,281)	(243,718)
Net deferred tax on unremitted interest income	(49,194)	48,542	(239,026)
Nondeductible interest expense	19,392	7,287	4,030
Expired and applied NOLCO	140	104,510	63,772
Difference in tax rate of temporary differences	(211,348)	(311,170)	1,405,963
Impact of CREATE Act	-	-	(212,977)
Others	(44,591)	(60,024)	(41,975)
	(₱1,220,552)	₱1,128,953	₱1,579,761

Deferred Income Tax

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

	2023	2022
Deferred tax assets - net		
Allowance for impairment loss	₱337,806	₱375,806
Pension liability	237,520	118,311
Refund liabilities	101,669	50,110
Accrued expenses	95,474	86,103
Right-of-use assets and lease liabilities	54,251	39,706
Allowance for inventory obsolescence	43,288	53,537
Derivative liability	27,064	-
Unrealized profits from intercompany sales	23,356	24,979
Advances from customers	14,634	14,649
Excess of the tax base over the carrying amounts of non-monetary assets	11,280	8,856
Unamortized past service cost	8,452	10,034
NOLCO	8,420	82,795
Allowance for ECL	4,410	2,220
Unrealized foreign exchange (gain) loss	(23,653)	1,472
Others	(7,006)	(666)
	936,965	867,912



	2023	2022
Deferred tax liabilities - net		
Brand	(₱2,033,658)	(₱3,446,451)
NOLCO	722,985	428,178
Property, plant and equipment	530,984	(1,265,009)
Interest expense	394,536	-
Interest income	(754)	(48,664)
Unrealized foreign exchange gain	-	(10,459)
Others	4,170	22,672
	(381,737)	(4,319,733)
	₱555,228	(₱3,451,821)

The reconciliation of the Group's deferred taxes is as follows:

	2023	2022
Beginning balance	(₱3,451,821)	(₱4,816,951)
Provision for deferred income tax during the period recognized in profit or loss	4,021,724	1,299,539
Provision for (benefit from) deferred income tax during the period recognized in OCI	99,806	(48,321)
Currency translation adjustments	(114,481)	113,912
Deferred tax liabilities, ending	₱555,228	(₱3,451,821)

In 2023, the Group reversed deferred tax liabilities on brands and property, plant and equipment amounting to ₱3,283.0 million as a result of the additional impairment recognized during the year.

The following deferred tax assets were not recognized in the consolidated financial statements since management believes that it will not be utilized in the future:

	2023	2022
Unused NOLCO	₱203,305	₱255,124
Allowance for impairment loss	30,600	29,437
Right-of-use assets and lease liabilities	8,348	6,605
Inventory obsolescence	6,882	7,982
Asset retirement obligation	4,944	4,683
MCIT	4,200	3,219
Unrealized foreign exchange loss	2,085	-
Allowance for ECL	-	5,195
Interest expense	-	282,155
Others	154	-
	₱260,518	₱594,400

As at December 31, 2023 and 2022, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱397.6 million and ₱365.9 million, respectively, was not recognized since the Parent Company controls the dividend policy of its subsidiaries, hence, it is able to control the timing of the reversal of the temporary difference with these subsidiaries and such temporary difference is not seen to reverse in the foreseeable future. Deferred tax assets on cumulative translation adjustments amounted to ₱723.4 million, and ₱772.1 million as at December 31, 2023 and 2022, respectively, were not recognized since it is not probable that taxable profit will be available against which the temporary difference can be utilized.



The balances of unused NOLCO with their corresponding years of expiration, are as follows:

Year Incurred	Expiry Year	NOLCO	MCIT
Philippine Entities			
2020	2025	₱287,542	₱-
2020	2023	-	438
2021	2026	1,123	-
2021	2024	-	1,521
2022	2025	731	804
2023	2026	956	1,875
		290,352	4,638
Expired during the year		-	(438)
Applied during the year		(46,224)	-
		244,128	4,200
Thailand Entities			
2023	2028	42,101	-
MNSPL			
2018	N/A	35,137	-
2019	N/A	197,388	-
2020	N/A	114,752	-
2021	N/A	138,206	-
2022	N/A	128,677	-
2023	N/A	223,288	-
		837,448	-
		₱1,123,677	₱4,200

In 2022, the recognized deferred tax asset on unutilized NOLCO of MNSPL was derecognized due to uncertainty of its recoverability. Subject to qualifying conditions, the unutilized tax losses can be carried forward indefinitely.

In 2023, a deferred tax asset is recognized in respect of interest deductions that have been restricted in MFL and MNUK. The deferred tax was recognized on the basis that it can be offset against the deferred tax liability in respect of the brand intangible.

MMYSC

MMYSC's current provision for income tax is computed based on Optional Standard Deduction (OSD) in accordance with Revenue Regulation (RR) No. 16-2008, *Implementing the Provisions of Section 34(L) of the Tax Code of 1997, As Amended by Section 3 of Republic Act No. 9504, Dealing on the Optional Standard Deduction Allowed to Individuals and Corporations in Computing Their Taxable Income*. The OSD is equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowable deductions.

The OSD results in an effective tax rate of 15% in 2023 and 2022 for the years in which OSD is projected to be utilized. The availment of OSD affected the recognition of deferred tax assets and liabilities on income and expenses that are not considered in the determination of gross income for income tax purposes. MMYSC forecasts that it will continue to avail of the OSD, such that the manner by which it will recover or settle the underlying assets and liabilities, for which the deferred tax assets and liabilities were initially recognized, would not result in any future tax consequence under OSD.



MNUKL

The main rate of UK corporation tax increased from 19% to 25% on April 1, 2023. The increase in rate was substantively enacted on May 24, 2021, and the impact of this rate change has been reflected in the measurement of recognized deferred tax valances at December 31, 2023 and 2022.

MNTH

Under the Investment Promotion Act B.E. 2520, the Thailand BOI granted MNTH promotional privileges subject to certain imposed conditions. Significant tax privileges include the following:

Certificate No.	64-0754-1-00-1-0
Grant date	June 2021
Nature	For manufacturing of dehydrated foods
Significant privileges:	
Exemption from corporate income tax for profit from promoted operations	6 years, capped at THB 469.2 million
Exemption from import duty on approved machinery	Granted
Exemption from import duty on raw materials and significant supplies used in production for export	Granted
Date of first earning operating income	Not yet utilized

25. **Leases**

Parent Company

The Parent Company leases various real estate properties for its plant sites, warehouses, and office spaces. The most significant of these lease agreements is the lease agreement with MLI, for its plant sites in Sta. Rosa Laguna, Cebu, and Davao. The agreements are for periods of 25 to 50 years, renewable for another 25 years. Under the terms of the leases, in the event that the lessor decides to sell the leased property, the Parent Company shall have the first option to buy the said property subject to the constitutional limitations on the ownership of land.

On June 24, 2020, the Parent Company entered into agreements with Science Park of the Philippines for the lease of certain parcels of land in San Fernando, Malvar, Batangas to be used for various operational activities. The lease agreements are valid for 50 years, up to 2095, and are automatically renewable for another 25 years.

The Parent Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to periods following the exercise date of extension options not within the control of lessee that are not included in the lease term amounted to ₱94.5 million as at December 31, 2023 and 2022. The extension options not included are exercisable in 2030.

MMYSC

MMYSC leases real estate properties for a period of 50 years up to 2052 from Monde Rizal, an associate through KBT, renewable for another 25 years. MMYSC also entered into another lease agreement for the lease of real property for a period of 10 years.



On March 1, 2024, MMYSC entered into a lease agreement with TIPCO Estates Corporation for the lease of certain industrial lots inside the TECO Industrial Park located in Mabalacat, Pampanga to be used for various operational activities. The lease agreement is valid for 50 years and is renewable for another 25 years.

MNTH

MNTH entered into several lease agreements in respect of the lease of its office building space and transport service agreements. The terms of the agreements are generally between 1 and 3 years.

There are no new lease contracts that have not yet commenced as at December 31, 2023.

MNUKL

In 2022, new leases entered into by MNUKL included an office in the Netherlands and several replacement motor cars most of which are electric for fossil fuel substitutions.

In 2021, MNUKL has entered into various lease agreements. The most significant agreements pertain to a 6-year lease contract of an office building in United States amounting to P58.3 million (£0.9 million) and a 5-year lease contract of a fleet of forklift trucks at three United Kingdom sites amounting to P40.8 million (£0.6 million). In 2023, the office lease in United States is terminated and the overall fleet of motor vehicles has reduced. The leased car fleet is now comprised mostly of electric or dual fuel vehicles.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2023	2022	2021
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 12)	₱171,859	₱187,508	₱183,783
Interest expense on lease liabilities (Note 21)	183,877	182,919	188,058
Expenses relating to short-term leases (Notes 19 and 20)	81,501	37,833	22,043
Expenses relating to leases of low-value assets (Notes 19 and 20)	11,346	23,416	37,951
	₱448,583	₱431,676	₱431,835

The movements in the Group's lease liabilities are as follows:

	2023	2022
Balance at beginning of year	₱2,810,167	₱2,758,861
Payment of principal portion of lease liabilities	(332,604)	(255,410)
Accretion of interest (Note 21)	183,877	182,919
Additions (Note 12)	21,427	123,797
	2,682,867	2,810,167
Less current portion	89,121	386,671
	₱2,593,746	₱2,423,496

The maturity analysis of lease liabilities is disclosed in Note 26.



26. 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 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, and loan payable, which arise directly from its operations.

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.

The sensitivity analyses in the following sections relate to the position as at December 31, 2023 and 2022. The sensitivity of the relevant statement of other comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at December 31, 2023 and 2022.

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.

Interest Rate Sensitivity. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase (Decrease) in Basis Points	Effect on Income Before Tax
2023	+100	₱50,128
	-100	(50,128)
2022	+100	70,640
	-100	(70,640)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

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.



The table below summarizes the Group's significant foreign currency-denominated financial assets and liabilities (impact of other currencies is not material) as at December 31:

	2023				
	Original Currency				Peso Equivalent
	USD	EUR	JPY	THB	
Financial Assets					
Cash and cash equivalents	\$52,856	€735	¥-	฿1,113,607	₱4,765,957
Financial assets at FVTPL*	10,355	-	-	-	573,513
Trade and other receivables	40,569	1,956	-	156,184	2,618,372
	103,780	2,691	-	1,269,791	7,957,842
Financial Liabilities					
Accounts payable and other current liabilities	17,498	2,821	74,691	265,417	1,598,871
	17,498	2,821	74,691	265,417	1,598,871
Net Financial Assets (Liabilities)	\$86,282	(€130)	(¥74,691)	฿1,004,374	₱6,358,971

*Presented under current financial assets

	2022				
	Original Currency				Peso Equivalent
	USD	EUR	JPY	THB	
Financial Assets					
Cash and cash equivalents	\$85,334	€256	¥-	฿840,857	₱6,129,599
Financial assets at FVTPL*	31,360	-	-	-	1,748,478
Trade and other receivables	8,245	2,025	-	153,444	827,849
	124,939	2,281	-	994,301	8,705,926
Financial Liabilities					
Accounts payable and other current liabilities	24,598	3,346	76,953	265,322	2,030,895
	24,598	3,346	76,953	265,322	2,030,895
Net Financial Assets (Liabilities)	\$100,341	(€1,065)	(¥76,953)	฿728,979	₱6,675,031

*Presented under current financial assets

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are as follows:

Year	Currency			
	USD (\$)	EUR (€)	JPY (¥)	THB (฿)
2023	₱55.39	₱61.31	₱0.39	₱1.61
2022	₱55.76	₱59.55	₱0.42	₱1.61

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. Dollar, European Euro, Japanese Yen, and Thai Baht for the next period, with all other variables held constant, of the Group's income before tax. The reasonably possible change in exchange rate was based on forecasted exchange rate changes within the next two months after the reporting period. The methods and assumptions used remained unchanged over the reporting periods being presented.

	2023		2022	
	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax
U.S. dollar	0.66% (0.66%)	₱31,540 (31,540)	9.32% (9.32%)	₱521,409 (521,409)

(Forward)



	2023		2022	
	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax
European euro	2.95% (2.95%)	(235) 235	3.56% (3.56%)	(2,258) 2,258
Japanese yen	5.91% (5.91%)	(1,734) 1,734	5.14% (5.14%)	(1,651) 1,651
Thailand baht	0.17% (0.17%)	2,750 (2,750)	6.14% (6.14%)	72,210 (72,210)

The Group's exposure to foreign currency changes for all other currencies is not material.

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.

Maximum exposure to credit risk. The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account any collateral and other credit enhancements:

	2023	2022
Financial assets at amortized cost		
Cash and cash equivalents*	₱16,677,637	₱11,627,119
Trade and other receivables	6,410,138	6,800,309
Loans receivable**	672,305	662,300
Advances to employees***	90,591	69,777
Financial assets at FVTPL		
Guaranty asset	10,432,256	—
Others****	2,042,058	1,756,101
Financial assets at FVOCI	600,701	—
Total credit risk exposure	₱36,925,686	₱20,915,606

* Excluding cash on hand amounting to ₱1.3 million in 2023 and ₱1.5 million in 2022.

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

***Recorded under "other noncurrent assets".

****UITF and other derivatives recorded under "current financial assets".

Aging analysis. The aging analysis of financial assets follows:

	2023					ECL	Total
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days		
Financial assets at amortized cost							
Cash and cash equivalents*	₱16,677,637	₱—	₱—	₱—	₱—	₱—	₱16,677,637
Trade and other receivables	5,647,891	691,506	43,389	16,937	10,415	23,532	6,433,670
Loans receivable**	672,305	—	—	—	—	115,266	787,571
Advances to employees***	90,591	—	—	—	—	—	90,591
	23,088,424	691,506	43,389	16,937	10,415	138,798	23,989,469
Financial asset at FVTPL							
Guaranty asset	10,432,256	—	—	—	—	—	10,432,256
Others****	2,042,058	—	—	—	—	—	2,042,058
Financial assets at FVOCI	600,701	—	—	—	—	—	600,701
	13,075,015	—	—	—	—	—	13,075,015
	₱36,163,439	₱691,506	₱43,389	₱16,937	₱10,415	₱138,798	₱37,064,484

* Excluding cash on hand amounting to ₱1.3 million.

**Recorded under "current financial assets".

***Recorded under "other noncurrent assets".

****UITF and other derivatives recorded under "current financial assets".



	2022						Total
	Current	Days Past Due				ECL	
		1-30 Days	31-60 Days	61-90 Days	More than 90 Days		
Financial assets at amortized cost							
Cash and cash equivalents*	₱11,627,119	₱-	₱-	₱-	₱-	₱-	₱11,627,119
Trade and other receivables	5,823,877	849,128	46,089	21,571	59,644	37,546	6,837,855
Loans receivable**	662,300	-	-	-	-	115,266	777,566
Advances to employees***	69,777	-	-	-	-	-	69,777
Financial asset at FVTPL	1,756,101	-	-	-	-	-	1,756,101
	₱19,939,174	₱849,128	₱46,089	₱21,571	₱59,644	₱152,812	₱21,068,418

* Excluding cash on hand amounting to ₱1.5 million.

**Recorded under "noncurrent receivable".

***Recorded under "other noncurrent assets"

Credit risk under general and simplified approach

	2023					Total
	General Approach			Simplified Approach		
	Stage 1	Stage 2	Stage 3			
Financial assets at amortized cost						
Cash and cash equivalents*	₱16,677,637	₱-	₱-	₱-	₱-	₱16,677,637
Trade and other receivables	65,963	-	-	6,367,707	-	6,433,670
Advances to employees**	90,591	-	-	-	-	90,591
Loans receivable***	672,305	-	115,266	-	-	787,571
	17,506,496	-	115,266	6,367,707	-	23,989,469
Financial asset at FVTPL						
Guaranty asset	10,432,256	-	-	-	-	10,432,256
Others****	2,042,058	-	-	-	-	2,042,058
Financial assets at FVOCI	600,701	-	-	-	-	600,701
	₱30,581,511	₱-	₱115,266	₱6,367,707	₱-	₱37,064,484

* Excluding cash on hand amounting to ₱1.5 million.

**Recorded under "current financial assets".

***Recorded under "other noncurrent assets".

****UITF and other derivatives recorded under "current financial assets".

	2022					Total
	General Approach			Simplified Approach		
	Stage 1	Stage 2	Stage 3			
Financial assets at amortized cost						
Cash and cash equivalents*	₱11,627,119	₱-	₱-	₱-	₱-	₱11,627,119
Trade and other receivables	103,073	-	-	6,734,782	-	6,837,855
Loans receivable**	662,300	-	115,266	-	-	777,566
Advances to employees***	69,777	-	-	-	-	69,777
Financial asset at FVTPL	1,756,101	-	-	-	-	1,756,101
	₱14,218,370	₱-	₱115,266	₱6,734,782	₱-	₱21,068,418

* Excluding cash on hand amounting to ₱1.5 million.

**Recorded under "noncurrent receivable".

***Recorded under "other noncurrent assets"

Simplified Approach. Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2023							Total
	Current	Days Past Due						
		<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	
Expected credit loss rate	0.04%	0.11%	1.40%	3.24%	5.32%	8.46%	100.00%	
Estimated total gross carrying amount at default	₱5,581,928	₱691,506	₱43,389	₱16,937	₱8,225	₱7,333	₱18,389	₱6,367,707
Expected credit loss	₱2,141	₱789	₱607	₱548	₱437	₱621	₱18,389	₱23,532

	2022							Total
	Current	Days Past Due						
		<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	
Expected credit loss rate	0.03%	0.10%	0.88%	2.02%	3.25%	33.60%	100.00%	
Estimated total gross carrying amount at default	₱5,721,241	₱849,060	₱45,720	₱21,571	₱6,592	₱84,961	₱5,637	₱6,734,782
Expected credit loss	₱1,508	₱807	₱400	₱435	₱214	₱28,545	₱5,637	₱37,546



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 12% and 7% of the Group's long-term debt will mature in less than one year at December 31, 2023 and 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.

Maturity profile. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments are as follows:

	2023					Total
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	
Financial assets at amortized cost						
Cash and cash equivalents	₱4,003,047	₱12,675,841	₱-	₱-	₱-	₱16,678,888
Trade and other receivables	785,779	5,647,891	-	-	-	6,433,670
Loans receivable	115,266	-	672,305	-	-	787,571
Advances to employees	-	-	-	90,591	-	90,591
	4,904,092	18,323,732	672,305	90,591	-	23,990,720
Financial assets at FVTPL						
Guaranty asset	-	-	-	-	10,432,256	10,432,256
Others	2,042,058	-	-	-	-	2,042,058
Financial assets at FVOCI						
	2,042,058	-	-	-	600,701	600,701
	6,946,150	18,323,732	672,305	90,591	11,032,957	37,065,735
Financial liabilities carried at amortized cost						
Accounts payable and other current liabilities*	2,540,634	8,246,578	6,664	-	-	10,793,876
Dividends payable	-	2,156,233	-	-	-	2,156,233
Loans payable	-	20,747	1,200,249	3,812,558	-	5,033,554
Acceptance and trust receipts payable	-	-	1,607,336	-	-	1,607,336
Lease liabilities	-	62,880	181,920	947,271	6,762,910	7,954,981
	2,540,634	10,486,438	2,996,169	4,759,829	6,762,910	27,545,980
	₱4,405,516	₱7,837,294	(₱2,323,864)	(₱4,669,238)	₱4,270,047	₱9,519,755

* Excluding statutory payables.



	2022					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial assets at amortized cost						
Cash and cash equivalents	₱3,647,852	₱7,980,775	₱-	₱-	₱-	₱11,628,627
Trade and other receivables	1,013,978	5,823,877	-	-	-	6,837,855
Loans receivable	115,266	-	-	662,300	-	777,566
Advances to employees	-	-	-	69,777	-	69,777
Financial assets at FVTPL	1,756,101	-	-	-	-	1,756,101
	6,533,197	13,804,652	-	732,077	-	21,069,926
Financial liabilities carried at amortized cost						
Accounts payable and other current liabilities*	2,663,694	8,185,721	88,626	-	-	10,938,041
Dividends payable	-	-	-	-	-	-
Loans payable	-	-	274,827	7,081,137	-	7,355,964
Acceptance and trust receipts payable	-	-	2,362,301	-	-	2,362,301
Lease liabilities	-	70,553	251,709	984,984	7,044,155	8,351,401
	2,663,694	8,256,274	2,977,463	8,066,121	7,044,155	29,007,707
	₱3,869,503	₱5,548,378	(₱2,977,463)	(₱7,334,044)	(₱7,044,155)	(₱7,937,781)

* Excluding statutory payables.

Changes in Liabilities Arising from Financing Activities

	January 1, 2023	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2023
Loans payable	₱7,253,014	(₱2,705,378)	₱341,147	₱-	₱-	₱45,244	₱4,934,027
Accrued interest payable	21,018	(452,509)	-	-	-	452,238	20,747
Derivative liability	-	20,833	-	-	(20,833)	106,406	106,406
Lease liabilities	2,810,167	(332,604)	-	-	-	205,304	2,682,867
Dividends payable	-	-	-	-	-	2,156,233	2,156,233
Other noncurrent liabilities	36,673	1,884	-	-	-	-	38,557
Total liabilities from financing activities	₱10,120,872	(₱3,467,774)	₱341,147	₱-	(₱20,833)	₱2,965,425	₱9,938,837

*"Others" primarily include amortization of debt issue costs, interest expenses and additions from new leases.

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2022
Loans payable	₱6,998,805	₱278,834	(₱111,249)	₱-	₱-	₱86,624	₱7,253,014
Accrued interest payable	1,081	(127,045)	-	-	-	146,982	21,018
Derivative liability	-	919,859	386,532	-	(1,306,391)	-	-
Lease liabilities	2,758,861	(255,410)	-	-	-	306,716	2,810,167
Dividends payable	-	(2,516,621)	-	-	-	2,516,621	-
Other noncurrent liabilities	20,425	16,248	-	-	-	-	36,673
Total liabilities from financing activities	₱9,779,172	(₱1,684,135)	₱275,283	-	(₱1,306,391)	₱3,056,943	₱10,120,872

*"Others" primarily include amortization of debt issue costs, interest expenses and additions from new leases.

	January 1, 2021	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2021
Loans payable	₱29,546,002	(₱23,115,381)	₱434,650	₱-	₱-	₱133,534	₱6,998,805
Accrued interest payable	166,288	(1,437,102)	-	-	-	1,271,895	1,081
Derivative liability	2,513,886	-	-	-	2,258,075	(4,771,961)	-
Lease liabilities	2,763,032	(276,715)	-	-	-	272,544	2,758,861
Convertible note	7,027,163	(13,351,935)	(73,445)	-	-	6,398,217	-
Dividends payable	-	(10,061,392)	-	-	-	10,061,392	-
Other noncurrent liabilities	22,226	(1,801)	-	-	-	-	20,425
Total liabilities from financing activities	₱42,038,597	(₱48,244,326)	₱361,205	₱-	₱2,258,075	₱13,365,621	₱9,779,172

*"Others" primarily include amortization of debt issue costs, interest expenses and additions from new leases.

Derivative Financial Instruments

The Group engages in derivative transactions such as structured deposit, dual currency investment, structured note, binary note, guaranty asset, cross currency swaps (CCS) and European Knockout Option (EKO) to manage its foreign currency, interest rate and financial 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 (wedding cake deposit and dual currency investment) 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 will be 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 December 31, 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
\$3,100	11/22/23	02/22/24	USD	GBP	1.24	7.50% p.a.
\$10,000	11/22/23	02/22/24	USD	GBP	1.24	7.25% p.a.

Structured Note

The Group invested in a structured note that offers enhanced return when the underlying asset trades at or is 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 ₱71.6 million and ₱14.0 million from fair value changes of structured deposit, dual currency investment, structured note, and binary note in 2023 and 2022, respectively, 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). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling 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 MNSPL, is used to hedge the Parent Company’s exposure to the GBP foreign exchange risk on its investment in MNSPL.

Pertinent details of the cross-currency swap are as follows:

Notional amount	Trade Date	Effective Date	Maturity Date	Swap rate	Fixed rate (Pay leg)	Fixed rate (Receive leg)
₱85,000	03/03/22	03/07/22	03/07/32	₱68.70	6.0%	9.0%

On September 28, 2022, the BOD approved to 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 in 2022:

Derivative gain	₱1,307,038
Cumulative translation adjustment (Note 18)	(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. As a result, the Group recognized the following in 2023:

Derivative gain	₱26,255
Cumulative translation adjustment (Note 18)	(106,406)

Interest Rate Swap

MFL entered into an interest rate swap agreement in March 2019 which commenced in March 2020 to eliminate the cash flow risk around the interest on its loan. In 2022, MFL transitioned its interest rate from LIBOR to SONIA such that the interest rate is based on Margin and SONIA. MFL pays interest at the fixed rate of 0.826% per annum. The quarterly payment starts on June 25, 2020 and ends on March 25, 2024, subject to adjustment in accordance with the Modified Following Business Day Convention.

The Group recognized gain (loss) from interest rate swap netted to “Interest on loans payable”, amounting to (₱4.3 million), ₱143.4 million, and ₱140.5 million in 2023, 2022, and 2021, respectively (Note 17).

Embedded Derivatives

As discussed in Note 17, the Convertible Note issued by the Group in 2019 and subsequently redeemed in 2021 has embedded equity conversion and redemption options which separated from the host contract.



In 2021, the Group recognized the loss on fair value changes on the embedded derivatives amounting to ₱2,239.2 million under the “Derivative gain (loss)” account in the consolidated statement of comprehensive income.

The total derivative gain (loss) presented in the consolidated statement of comprehensive income consists of derivative gain (loss) from CCS, EKO, equity conversion and redemption options, and swaps. The derivative loss from swaps entered and settled during the same year, amounted to ₱5.5 million in 2023, ₱0.6 million in 2022, and ₱18.9 million in 2021.

Guaranty Asset

Details of the guaranty asset can be referred in Note 10.

Capital Management

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 years ended December 31, 2023 and 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.

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

	2023	2022
Total debt	₱25,596,271	₱29,021,189
Total equity attributable to equity holders of the Parent Company	58,388,484	52,128,686
Debt-to-Equity Ratio	0.44:1.00	0.56:1.00

The Group is obligated to perform certain covenants with respect to maintaining specified debt-to-equity, gross leverage and minimum debt service cover ratios, as set in the agreements with creditors (see Note 17).

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

Fair Value of Financial Instruments

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 December 31, 2023 and 2022 due to the short-term nature of these financial instruments.

Noncurrent Receivables and Advances to Employees and Loans Payable. As at December 31, 2023 and 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.



Financial assets at FVTPL. The 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 December 31, 2023 and 2022, the fair values of these financial assets are based on their published net asset value per share. These are presented under “current financial assets” in the consolidated statement of financial position.

Financial Assets at FVOCI. The fair value of financial asset at FVOCI from Wide Faith Investment Holdings Ltd. is derived from the cash flow projection of the investee (income approach), which is nil as at December 31, 2023 and 2022.

The fair value of Figaro Coffee Group, Inc. is based on quoted prices. The fair value of Terramino Inc. approximates its last transaction price.

Interest rate swap. The fair value of the derivative financial instrument is measured using discounted cash flows. The future cash flows are estimated based on observable forward interest rates and discounted at a rate that reflects the credit risk of the Group and counterparties.

Guaranty asset. The fair value of guaranty asset is determined using Monte Carlo Simulation. The inputs to the model are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

As at December 31, 2023 and 2022, the following table presents the level of hierarchy of the Group’s financial instruments as follows:

	2023			2022		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value						
Financial assets at FVTPL	₱–	₱–	₱2,042,058	₱–	₱–	₱1,756,101
Equity securities measured at FVOCI	492,161	–	108,540	–	–	–
Financial assets - interest rate swap	–	32,266	–	–	145,044	–
Guaranty asset	–	–	10,432,256			

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2023 is shown below:

Guaranty Asset

Valuation technique	Unobservable inputs	Increase (Decrease)	Effect on fair value of guaranty asset
Monte Carlo Simulation	VIU	₱3,390,702 (3,113,910)	(₱54,356) 55,167
	Forecasted share price	5% (5%)	292,600 (306,837)
	Foreign exchange rates	0.5% (0.5%)	(29,895) 30,053



Recoverable Amount of Brands and Property, Plant and Equipment

Valuation technique	Unobservable inputs	Increase (Decrease)	Effect on VIU
VIU method	Discount rate	(0.5%)	₱1,522,356
		0.5%	(1,314,762)
	Long-term growth	0.5%	1,107,168
		(0.5%)	(968,772)
	EBITDA margin	0.5%	761,178
		(0.5%)	(830,376)

27. Commitments

SSCC

On July 25, 2014 and August 4, 2014, the Parent Company and SSCC entered into a Distribution, and Marketing and Sales Development Agreement wherein SSCC appoints the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years (until July 25, 2034). Under the Agreement, the Parent Company shall pay SSCC a non-reimbursable and non-recoupable sum of ₱727.6 million payable in 5 equal annual installments starting on August 4, 2014 (see Note 13). The amount is recognized as Distribution Rights and subject to amortization for a period of 20 years up to 2034. The related payable was fully settled in 2018.

On August 4, 2014, the Parent Company and SSCC entered into a Loan Agreement wherein the Parent Company agreed to extend a loan to SSCC in the principal amount of ₱500.0 million with interest rate of 2% per annum. The loan is for a period of 10 years and will mature on August 4, 2024.

As stipulated in Section 6 of the Loan Agreement, the Parent Company has the right to set-off and apply any credit balance of or any amount payable by the Group to SSCC. As a result, the Group presented its receivable from SSCC net of its outstanding payable in its consolidated statement of financial position in accordance with PAS 32. As at December 31, 2023 and 2022, the Group's net receivable from SSCC amounted to ₱500.0 million (see Note 9).

Interest income from advances to SSCC amounted to ₱10.0 million in 2023, 2022 and 2021 (see Note 9).

In March 2024, the Parent Company and SSCC mutually agreed to extend the ₱500.0 million loans with 3.5% interest rate per annum payable in 10 years. It was also agreed to extend an additional ₱100.0 million following the same terms. The formal loan agreement is still currently on process.

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱2,055.4 million, ₱1,447.5 million, and ₱1,423.5 million as at 2023, 2022 and 2021, respectively (see Note 12).



28. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	2023	2022	2021
Cumulative translation adjustments	(₱581,492)	₱691,727	(₱1,583,531)
Additions to ROU assets and lease liabilities	21,427	123,797	132,488
Unpaid capital expenditures	-	-	(90,918)

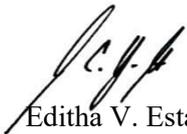


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Monde Nissin Corporation
Felix Reyes St., Barangay Balibago
City of Santa Rosa, Laguna

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Monde Nissin Corporation and Subsidiaries, as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

Tax Identification No. 178-486-845

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10079934, January 5, 2024, Makati City

April 10, 2024

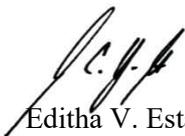


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Monde Nissin Corporation
Felix Reyes St., Barangay Balibago
City of Santa Rosa, Laguna

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Monde Nissin Corporation and Subsidiaries (the Group), as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023, 2022 and 2021 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

Tax Identification No. 178-486-845

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10079934, January 5, 2024, Makati City

April 10, 2024



MONDE NISSIN CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023
(Amounts in Thousands, Except Number of Shares, Par Value per Share
and Unless Otherwise Specified)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021

SUPPLEMENTARY SCHEDULES

Report of Independent Auditor's on Supplementary Schedules

- I. Reconciliation of Retained Earnings Available for Dividend Declaration
- II. Financial Soundness Indicators
- III. Map of the relationships of the Companies within the Group
- IV. Supplementary Schedules Required by Annex 68-J
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are eliminated during consolidation
 - D. Long-term Debt
 - E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
 - F. Guaranties of Securities of Other Issuers
 - G. Capital Stock

Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2023

(Amounts in Thousands)

Monde Nissin Corporation

Felix Reyes St. Brgy. Balibago, City of Santa Rosa, Laguna, Philippines

Unappropriated Retained Earnings, beginning of reporting period		(₱12,886,584)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Equity restructuring	7,153,900	
Reversal of Retained Earnings Appropriations	5,000,000	12,153,900
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declared during the reporting period	2,156,233	
Unrealized foreign exchange and fair value adjustment to financial instruments at fair value through profit or loss (FVTPL)	7,810	2,164,043
Unappropriated Retained Earnings, as adjusted		(2,896,727)
Add: Net Income for the current year		9,145,561
Less: Category C.1: Unrealized income recognized in the profit or loss during the period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	26,848	
Unrealized fair value adjustment (mark-to-market) gains of financial instruments at FVTPL	8,058	34,906
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	13,655	13,655
Adjusted Net income/Loss		6,227,583
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	11,837	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction (right of use of asset and lease liability)	11,117	22,954
Total Retained Earnings, end of the reporting period available for dividend		₱6,204,629

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2023, 2022 and 2021

Financial Ratios	Formula	2023	2022	2021
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.03	2.19	1.37
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Current receivables} + \text{Current financial assets}}{\text{Current liabilities}}$	1.42	1.37	0.90
Solvency ratio	$\frac{\text{Net income attributable to Equity Holders of the Parent Company} + \text{Depreciation and Amortization} + \text{Impairment Loss-Fair Value Gain on Guaranty Asset}}{\text{Total Liabilities}}$	55.1%	38.1%	18.5%
Debt-to-equity ratio	$\frac{\text{Total liabilities (current + noncurrent)}}{\text{Equity attributable to Equity Holders of the Parent Company}}$	0.44	0.56	0.46
Asset-to-equity ratio	$\frac{\text{Total assets (current + noncurrent)}}{\text{Equity attributable to Equity Holders of the Parent Company}}$	1.44	1.56	1.46
Interest rate coverage ratio*	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Finance Costs}}$	17.84	21.75	4.02**
Gross leverage	$\frac{\text{Gross Debt}}{\text{EBITDA}}$	0.37	0.66	0.54
Return on equity	$\frac{\text{Net income attributable to Equity Holders of the Parent Company}}{\text{Equity attributable to Equity Holders of the Parent Company (average)}}$	(1.2%)	(21.6%)	6.7%
Return on assets	$\frac{\text{Net income attributable to Equity Holders of the Parent Company}}{\text{Total assets (average)}}$	(0.8%)	(14.4%)	3.4%
Net Sales growth	$\frac{\text{Current Period Net Sales} - \text{Prior Period Net Sales}}{\text{Prior Period Net Sales}}$	8.5%	6.6%	2.0%
Gross margin	$\frac{\text{Gross Profit}}{\text{Net Sales}}$	30.8%	31.1%	36.9%
Net profit margin	$\frac{\text{Net income}}{\text{Net sales}}$	(0.8%)	(17.6%)	4.7%
Net profit after tax (NPAT) growth	$\frac{\text{Current Period NPAT} - \text{Prior Period NPAT}}{\text{Prior Period NPAT}}$	(95.2%)	(501.0%)	(59.8%)
EBITDA Growth	$\frac{\text{Current Period EBITDA} - \text{Prior Period EBITDA}}{\text{Prior Period EBITDA}}$	21.2%	(15.9%)	(16.9%)
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	16.9%	15.1%	19.2%

Financial Ratios	Formula	2023	2022	2021
Return on Invested Capital	$\frac{\text{EBIT} - \text{Income Tax Expense}}{\text{Working Capital} + \text{Property Plant and Equipment}}$	(1.4%)	(36.6%)	15.8%

**Based on loan covenant's formula applicable for the period*

***2021 was calculated using EBIT/Interest Expense*

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2023
(Amounts in thousands)

Financial Assets	Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Assets at FVTPL*				
Guaranty Asset	N/A	P10,432,256	P10,432,256	P–
UITF	Sun Life Investment Management	724,538	724,538	20,904
Derivative	Rabobank	558,200	558,200	45,269
Derivative	UBS AG	449,381	449,381	12,049
Derivative	JP Morgan Chase Bank	305,810	305,810	2,582
UITF	N.A. Metropolitan Bank & Trust Co.	2,007	2,007	7
UITF	Banco de Oro Universal Bank	1,063	1,063	45
UITF	Bank of the Philippine Islands Asset Management and Trust Corporation	1,059	1,059	45
Derivative	HSBC	–	–	11,699
Financial Assets at Amortized Cost				
Cash in banks and cash equivalents	N/A	16,677,637	16,677,637	410,130
Trade and other receivables	N/A	6,410,138	6,410,138	–
Loans receivable	N/A	672,305	672,305	17,984
Advances to employees	N/A	90,591	90,591	–

Financial Assets	Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Assets at FVOCI				
Quoted equity securities	FCG	₱492,161	₱492,161	Nil
Unquoted equity securities	Terramino Inc.	108,540	108,540	Nil
Unquoted equity securities	Wide Faith Investment Holdings Ltd.	Nil	Nil	Nil
		₱36,925,686	₱36,925,686	₱520,714

**Presented under current financial assets*

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
MNSG Holdings Pte. Ltd.	₱162,300	₱–	(₱–)	₱–	₱172,305	₱–	₱172,305*
Various employees	69,777	82,759	(61,945)	–	–	90,591	90,591
	<u>₱232,077</u>	<u>₱82,759</u>	<u>(₱61,945)</u>	<u>₱–</u>	<u>₱172,305</u>	<u>₱90,591</u>	<u>₱262,896</u>

*with cumulative translation adjustment

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in thousands)

Receivable to Name of Subsidiary / Counterparty	Balance at Beginning of Period	Additions	Collections	Write-off	Balance at End of Period		
					Current	Noncurrent	Total
MNC	₱2,170,806	₱16,509,093	(₱16,328,853)	₱-	₱2,351,046	₱-	₱2,351,046
MNTH	68,249	433,441	(315,038)	-	186,652	-	186,652
MIL	6,365	121,461	(112,418)	-	15,408	-	15,408
MMYSC	188,632	946,164	(979,698)	-	155,098	-	155,098
MNSPL	33,651	126,724	(101,975)	-	58,400	-	58,400
SMFC	16,303	216,094	(187,538)	-	44,859	-	44,859
	₱2,484,006	₱18,352,977	(₱18,025,520)	₱-	₱2,811,463	₱-	₱2,811,463

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in thousands)

Name of Issuer and Type of Obligation	Amount Shown as Current	Amount Shown as Long-term	Total
MFL			
£105.0 million term loan	₪–	₪3,733,776	₪3,733,776
£12.0 million revolving credit facility	847,235	–	847,235
£5.0 million credit facility	353,016	–	353,016
	₪1,200,251	₪3,733,776	₪4,934,027

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023

Name of Related Party	Balance at beginning of the Period	Balance at End of the Period
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- NONE TO REPORT -

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for Which This Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for Which this Statement is Filed	Nature of Guarantee
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- NONE TO REPORT -

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common Shares at ₱0.50 par value	20,400,000,000	17,968,611,496	–	–	10,757,176,598	–
Preferred "A" Shares at ₱1.00 par value	400,000,000	–	–	–	–	–
Preferred "B" Shares at ₱1.00 par value	800,000,000	–	–	–	–	–
Preferred "C" Shares at ₱0.25 par value	2,400,000,000	–	–	–	–	–

ANNEX B

2023 Parent Company Audited Financial
Statements and Supplementary Schedules
(with BIR ITR Filing Reference)



Monde Nissin

MONDE NISSIN CORPORATION
Felix Reyes Street,
Barangay Balibago
City of Santa Rosa, Laguna
4026 Philippines

Tel.: (+632) 7759.7500
Fax: (+632) 8810.9207
www.mondenissin.com

THE SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village, Barangay Bel-Air
Makati City, 1209 Philippines

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **MONDE NISSIN CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Henry Soesanto
Acting Chairman of the Board

Henry Soesanto
Chief Executive Officer

Jesse Teo
Chief Financial Officer

Enrico Peñas
Head of Finance Shared Services

Signed this 10th day April of 2024



MONDE NISSIN CORPORATION
Felix Reyes Street,
Barangay Balibago
City of Santa Rosa, Laguna
4026 Philippines

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REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) s.s.

SUBSCRIBED AND SWORN TO before me this **APR 12 2024** at the place stated above, affiant(s) exhibiting to me their respective competent evidence of identity, as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
Henry Soesanto	Indonesian Passport No. C1226256	July 16, 2019 Valid until July 16, 2024	KBRI Manila
Jesse C. Teo	Philippine Passport No. P0044240B	December 27, 2018 Valid until December 26, 2028	DFA NCR West
Enrico Manuel Peñas	Philippine Passport No. P7677114A	June 26, 2018 Valid until June 25, 2028	DFA NCR West

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Page No. 4
Book No. II
Series of 2024.

ATTY. GARNY-LUISA S. ALEGRE
Notary Public for Makati City
Appointment No. M-218 until December 31, 2024
Roll of Attorneys No. 53666
PTR No. 10074759MN-1-02-2024/Makati City
IBP No. 331754/12-19-2023
MCLE Compliance No. VII-002539 valid until April 14, 2025
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, 1226 Metro Manila, Philippines



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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





MONDE NISSIN CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱12,345,583	₱7,031,860
Trade and other receivables (Notes 5 and 20)	4,816,580	4,428,241
Notes receivable - current (Notes 8, 20 and 23)	500,000	172,133
Inventories (Notes 6 and 16)	3,989,300	5,561,580
Financial assets at fair value through profit or loss (Note 9)	1,674,328	1,756,101
Prepayments and other current assets (Note 7)	408,561	254,572
Total Current Assets	23,734,352	19,204,487
Noncurrent Assets		
Investments in subsidiaries, associate, and joint venture (Note 10)	29,661,898	25,622,183
Property, plant and equipment (Note 11)	14,636,349	13,143,003
Notes receivable – noncurrent, net (Notes 8, 20, and 23)	360,003	862,408
Deferred tax assets - net (Note 21)	822,527	711,723
Financial assets at fair value through other comprehensive income (Note 9)	600,701	–
Intangible assets (Note 12)	613,516	626,500
Other noncurrent assets	682,772	752,784
Total Noncurrent Assets	47,377,766	41,718,601
	₱71,112,118	₱60,923,088
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 20 and 22)	₱9,600,141	₱8,121,704
Dividends payable (Note 15)	2,156,233	–
Acceptance and trust receipts payable (Notes 6 and 14)	1,607,336	2,362,301
Refund liabilities (Note 13)	406,677	200,440
Current portion of lease liabilities (Note 22)	10,347	82,846
Income tax payable	380,665	122,709
Total Current Liabilities	14,161,399	10,890,000
Noncurrent Liabilities		
Lease liabilities (Note 22)	1,475,430	1,485,986
Pension liability (Note 19)	863,655	417,248
Derivative liability (Note 24)	106,406	–
Total Noncurrent Liabilities	2,445,491	1,903,234
Total Liabilities	16,606,890	12,793,234
Equity		
Capital stock (Note 15)	8,984,306	8,984,306
Additional paid-in capital (Note 15)	39,361,947	46,515,847
Retained earnings (Deficit) (Note 15):		
Appropriated	–	5,000,000
Unappropriated	6,989,328	(12,153,900)
Remeasurement losses on pension liability (Note 19)	(502,246)	(216,399)
Fair value reserve of financial assets at FVOCI (Note 9)	(328,107)	–
Total Equity	54,505,228	48,129,854
	₱71,112,118	₱60,923,088

See accompanying Notes to Parent Company Financial Statements.





MONDE NISSIN CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31	
	2023	2022
NET SALES (Note 20)	₱62,802,708	₱56,257,603
COST OF GOODS SOLD (Notes 6 and 16)	46,109,264	42,028,704
GROSS PROFIT	16,693,444	14,228,899
SALES, GENERAL AND ADMINISTRATIVE EXPENSES		
Selling and distribution expenses (Note 17)	4,995,811	4,564,758
General and administrative expenses (Note 17)	3,808,951	3,795,491
Impairment loss - net (Notes 10, 11, 12 and 17)	155,952	19,021,359
	8,960,714	27,381,608
	7,732,730	(13,152,709)
OTHER INCOME		
Dividend income (Note 9 and 10)	3,034,329	1,423,155
Other income (Note 18)	448,802	809,951
	3,483,131	2,233,106
INCOME (LOSS) BEFORE FINANCE INCOME (EXPENSES)	11,215,861	(10,919,603)
FINANCE INCOME (EXPENSES)		
Finance income (Note 18)	371,834	149,067
Finance costs (Note 18)	(207,633)	(162,790)
Derivative gain (loss) (Note 24)	(85,573)	919,859
	78,628	906,136
INCOME (LOSS) BEFORE INCOME TAX	11,294,489	(10,013,467)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)		
Current	2,164,450	1,972,077
Deferred	(15,522)	(83,410)
	2,148,928	1,888,667
NET INCOME (LOSS)	9,145,561	(11,902,134)
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:		
Remeasurement income (loss) on defined benefit plans (Note 19)	(381,129)	103,964
Loss on financial assets at FVOCI (Note 9)	(328,107)	-
Income tax effect	95,282	(45,232)
Other comprehensive income (loss), net of tax	(613,954)	58,732
TOTAL COMPREHENSIVE INCOME (LOSS)	8,531,607	(₱11,843,402)
EARNINGS (LOSS) PER SHARE (EPS) (Note 15)		
Income (loss) attributable to equity holders	₱0.51	(₱0.66)

See accompanying Notes to Parent Company Financial Statements.



MONDE NISSIN CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands)

	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Deficit) (Note 15)		Remeasurement Losses on Pension Liability (Note 19)	Fair Value Reserve of Financial Assets at FVOCI (Note 9)	Total
			Appropriated	Unappropriated			
Balance as at January 1, 2023	₱8,984,306	₱46,515,847	₱5,000,000	(₱12,153,900)	(₱216,399)	₱-	₱48,129,854
Net income	-	-	-	9,145,561	-	-	9,145,561
Other comprehensive income, net of tax	-	-	-	-	(285,847)	(328,107)	(613,954)
Total comprehensive income (loss)	-	-	-	9,145,561	(285,847)	(328,107)	8,531,607
Equity restructuring (Note 15)	-	(7,153,900)	-	7,153,900	-	-	-
Release of appropriation (Note 15)	-	-	(5,000,000)	5,000,000	-	-	-
Dividends (Note 15)	-	-	-	(2,156,233)	-	-	(2,156,233)
Balance as at December 31, 2023	₱8,984,306	₱39,361,947	₱-	₱6,989,328	(₱502,246)	(₱328,107)	₱54,505,228
Balance as at January 1, 2022	₱8,984,306	₱46,515,847	₱3,900,000	₱3,363,840	(₱275,131)	₱-	₱62,488,862
Net loss	-	-	-	(11,902,134)	-	-	(11,902,134)
Other comprehensive loss, net of tax	-	-	-	-	58,732	-	58,732
Total comprehensive income (loss)	-	-	-	(11,902,134)	58,732	-	(11,843,402)
Issuance of shares (Note 15)	-	-	5,000,000	(5,000,000)	-	-	-
Release of appropriation (Note 15)	-	-	(3,900,000)	3,900,000	-	-	-
Dividends (Note 15)	-	-	-	(2,515,606)	-	-	(2,515,606)
Balance as at December 31, 2022	₱8,984,306	₱46,515,847	₱5,000,000	(₱12,153,900)	(₱216,399)	₱-	₱48,129,854

See accompanying Notes to Parent Company Financial Statements.



MONDE NISSIN CORPORATION**PARENT COMPANY STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱11,294,489	(₱10,013,467)
Adjustments to reconcile income before income tax to net cash flows:		
Dividend income (Note 9)	(3,034,329)	(1,423,155)
Depreciation and amortization (Notes 11, 12, 16, 17 and 18)	1,221,585	1,171,444
Finance income (Note 18)	(371,834)	(163,024)
Finance costs (Note 18)	207,633	162,790
Impairment (reversal of) loss (Notes 10, 11, 12 and 17)	(93,305)	19,021,359
Fair value gain on financial assets at FVTPL (Note 18)	(88,597)	(8,423)
Derivative (gain) loss - net (Note 9)	85,573	(919,859)
Movement in pension liability (Notes 16, 17 and 19)	65,278	23,993
Unrealized foreign exchange gain (loss) - net	(33,905)	17,370
Gain on sale of property and equipment - net (Note 11)	(2,256)	(15,218)
Amortization of debt issue costs (Notes 18 and 24)	—	(14,943)
Working capital adjustments:		
Decrease (increase) in:		
Inventories	1,572,280	(1,595,348)
Trade and other receivables	(179,665)	(455,504)
Prepayments and other current assets	(153,989)	597,880
Increase (decrease) in:		
Accounts payable and other current liabilities	1,763,928	697,711
Acceptance and trust receipts payable	(723,774)	(1,429,685)
Refund liabilities	206,237	(103,438)
Net cash generated from operations	11,735,349	5,550,483
Income tax paid	(1,906,494)	(1,849,368)
Interest received	332,698	133,933
Net cash flows from operating activities	10,161,553	3,835,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment in subsidiaries, associate, and joint venture (Note 10)	(4,324,190)	(2,948,489)
Property and equipment (Note 11)	(2,562,710)	(1,550,802)
Financial assets at FVOCI (Note 9)	(928,808)	—
Financial assets at FVTPL (Note 24)	(544,700)	(2,586,197)
Intangible assets (Notes 12, 16, 17 and 18)	(72,619)	(52,753)
Increase (decrease in) noncurrent receivables	2,405	(362,408)
Proceeds from:		
Dividends (Notes 9 and 10)	3,034,329	1,423,155
Termination of financial assets at FVTPL (Note 24)	709,990	843,608
Sale of property and equipment (Note 11)	28,943	26,327
Increase in other noncurrent assets	71,197	214,914
Net cash flows used in investing activities	(4,586,163)	(4,992,645)

(Forward)



	Years Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments of):		
Lease liabilities (Note 22)	(P176,897)	(P112,681)
Finance costs	(113,791)	(67,538)
Derivatives	20,833	919,859
Cash dividends (Note 15)	—	(2,515,606)
Loans	—	(5,000)
Net cash flows used in financing activities	(269,855)	(1,780,966)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,305,535	(2,938,563)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	8,188	14,810
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,031,860	9,955,613
CASH AND CASH EQUIVALENTS AT END OF YEAR	P12,345,583	P7,031,860

See accompanying Notes to Parent Company Financial Statements.



MONDE NISSIN CORPORATION

NOTES TO PARENT COMPANY 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.

On March 1, 2021, at least a majority of the members of 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) amend authorized number of shares to 20,400,000,000 common shares with a par value of ₱0.50 per share from the current par value of ₱1.00 per share. These amendments in the Parent Company's AOI were 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 principal place of business is at Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna.

The parent company financial statements were reviewed and recommended for approval by the Audit Committee on April 10, 2024. On the same date, the BOD also approved and authorized the issuance of the parent company financial statements.

2. Basis of Preparation and Summary of Material Accounting Policy Information

Basis of Preparation

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).



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

The Parent Company prepares and issues consolidated financial statements for the same period as the parent company financial statements and are presented in accordance with PFRSs. The consolidated financial statements of the Parent Company are filed and may be obtained from the SEC.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.

In 2023, the Parent Company adopted the 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 Parent Company applied the materiality guidance in its 2023 accounting policy disclosures.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement. Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

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

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





an instrument level. Financial assets with cashflows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured as FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with the recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVTPL

The financial assets of the Parent Company as at December 31, 2023 and 2022 consist of financial assets at amortized cost, financial assets at FVTPL and financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)

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

The Parent Company's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, noncurrent receivables and advances to employees recorded under "other noncurrent assets" in the parent company statement of financial position.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right has been established, except when the Parent Company benefits from such proceeds as recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably its non-listed equity investments under this category.

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

For trade receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a





provision matrix based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date, and default date. The Parent Company considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records, which are administrative in nature, which may extend the definition of default. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. Trade receivables are written off when there is no reasonable expectation of recovery.

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

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been SICR since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

Determining the stage for impairment

At each reporting date, the Parent Company assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment

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

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.





- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

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

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

Subsequent Measurement. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

This category applies to the Parent Company's derivative liabilities.

Financial liabilities at amortized cost (loans and borrowings)

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Parent Company's accounts payable and other current liabilities (excluding statutory payables), acceptance and trust receipts payable, loans payable and lease liabilities.



Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with movements in the value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

Derivative Financial Instruments and Hedge Accounting

The Parent Company engages in derivative transactions such as structured deposit, dual currency investment, cross currency swaps (CCS) and European Knockout Option (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 and dual currency investment) are recognized in the consolidated statements of income.

The Parent Company applies hedge accounting for transactions that meet specified criteria. At inception of the hedge accounting relationship, the Parent Company formally designates and documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity hedged item.

Hedges of a net investment. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income (OCI), while any gains or losses relating to the ineffective portion are recognized in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials and packaging materials - purchase cost on a first-in, first-out basis;
- In-transit - purchase cost;
- Finished goods and work-in-process - cost of direct materials, labor, and a proportion of manufacturing overhead costs based on normal operating capacity on a first-in, first-out basis.



NRV for finished goods, work-in-process, and in-transit inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion, and the estimated costs necessary to make the sale. NRV for raw materials and packaging materials is the current replacement cost.

Investments in Subsidiaries, Associate, and Joint Venture

Investments in subsidiaries, associate, and joint venture are accounted for in the parent company financial statements at cost, less any impairment in value.

A subsidiary is an entity which the Parent Company controls (i.e., when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee). Generally, there is a presumption that a majority of voting rights results in control.

An associate is an entity over which the Parent Company has significant influence (i.e., when the Parent Company has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Parent Company recognizes dividends from a subsidiary, an associate, or a joint venture in the parent company's financial statements when its right to receive the dividend is established. An assessment of the carrying value of the Parent Company's investment is performed when there is an indication that the investment has been impaired.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and any accumulated impairment losses. The initial cost of property, plant and equipment, consists of its purchase price including import duties and other costs directly attributable in bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing the part of such property, plant and equipment when the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Parent Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	10 - 25 years
Right-of-use (ROU) assets	20 - 25 years or term of lease, whichever is shorter
Leasehold improvements	20 years or term of the lease, whichever is shorter
Plant machinery and fixtures	5 - 15 years
Office furniture and equipment	5 years
Transportation equipment	5 years
Computer and communications equipment	3 years



The useful life of each of the Parent Company's property, plant, and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property, plant, and equipment's residual values, useful lives, and depreciation method are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Machineries under installation and construction in-progress represent properties under construction and are stated at cost net of accumulated impairment losses, if any. These include the cost of construction and other direct costs. Machineries under installation and construction in-progress are not depreciated until such time that the relevant assets are completed and put into operational use.

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

Fully depreciated property, plant, and equipment are retained in the accounts until these are no longer in use.

The Parent Company classifies ROU assets as part of property, plant, and equipment. The Parent Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and the estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. ROU assets are subject to impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

Intangible assets with finite lives are amortized using the straight-line method over the following useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired:

Distribution rights	20 years
Software	5 - 10 years
License	10 years
Trademark	Indefinite

The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the



amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

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

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Nonfinancial Assets

The Parent Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. The Parent Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Parent Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Any impairment loss is recognized in profit or loss in the expense category consistent with the function of the impaired asset.

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



Intangible assets with indefinite useful lives are tested for impairment annually as at December 31, at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has assessed and concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sale of Goods and Scrap Items. Revenue from the sale of goods and scrap items is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Parent Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Parent Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.



Variable Consideration. If the consideration in a contract includes a variable amount, the Parent Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of the Parent Company's goods provide customers with a right of return within a specified period. The rights of return give rise to variable consideration.

- *Rights of Return.* The Parent Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Parent Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset is also recognized for the right to recover the goods from the customer.
- *Sales discount.* The Parent Company's contracts with customers generally provide customers with discounts (presented as deduction from "Sales"). The Parent Company uses most likely amount method to estimate the amount of expected future rebates for distribution discounts. A refund liability is recognized for the expected future sales discount (i.e., the amount not included in the transaction price).
- *Consideration payable to customers.* Consideration payable to a customer includes cash amounts that the Parent Company pays, or expects to pay, to the customers (e.g. slotting fees, electronic data interchange subscription, dealer support). The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for distinct goods or services that the customer transfers to the Parent Company.

Refund liabilities. A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Parent Company's refund liabilities arise from its customers' right of return and sales discount. The liability is measured at the amount the Parent Company ultimately expects it will have to return to the customer. The Parent Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in a decrease in equity, other than those relating to distributions to equity participants. Cost of goods sold, sales, general and administrative expenses, and finance costs are recognized in profit or loss in the period these are incurred.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the end of the reporting period. All exchange rate differences, including those arising from the translation or settlement and restatement of monetary items at rates different from those at which they were initially recorded, are recognized in profit or loss in the year such differences arise. Nonmonetary items denominated in foreign



currencies are measured on a historical cost basis and translated using the exchange rate at the date of transaction.

Employee Benefits

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs, which include current service costs, past service costs, and gains or losses on non-routine settlements, are recognized as an expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as an expense or income profit or loss.

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

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

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

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



Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets (DTA) are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

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

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

The Parent Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Input Value-added Tax (VAT). Input VAT represents VAT imposed on the Parent Company by its suppliers and contractors for the acquisition of goods, services, and capital assets required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset against the Parent Company's current output VAT liabilities. Input VAT is stated at its recoverable amount.

Deferred input VAT represents the input VAT related to the unpaid portion of the cost of services and unamortized input VAT related to acquisitions of capital goods.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the parent company statement of financial position.

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible note) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.



Segment Reporting

The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as interest expenses. When the Parent Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Events after the Reporting Period

Post-year-end events that provide additional information about the Parent Company's financial position at the end of the reporting period (adjusting events), if any, are reflected in the parent company financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. **Material Accounting Judgments, Estimates, and Assumptions**

The preparation of the Parent Company's 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.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements:

Revenue recognition on sale of goods. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for the sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining the method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Parent Company satisfies the performance obligation.

a. Existence of a contract

The Parent Company enters into a contract with the customer through an approved purchase order, which constitutes a valid contract as specific details such as the quantity, price, contract terms, and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.



b. Identifying performance obligation

The Parent Company identifies performance obligations by considering whether the promised goods in the contract are distinct. A good is distinct when the customer can benefit from the good on its own or together with other resources that are readily available to the customer, and the Parent Company's promise to transfer the good to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods, no other performance obligations were identified.

c. Recognition of revenue as the Parent Company satisfies the performance obligation

The Parent Company recognizes its revenue for all revenue streams at a point in time, when the customer obtains control of the promised goods or when the goods are sold and delivered.

d. Determining method to estimate variable consideration and assessing the constraint

The Parent Company's contracts with customers include a right of return and sales discounts that give rise to variable consideration. In estimating the variable consideration, the Parent Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Parent Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the revenue with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for sales discounts, the Parent Company determined that using the most likely amount method is appropriate, given that these contracts have single volume threshold.

Before including any amount of variable consideration in the transaction price, the Parent Company considers whether the amount of variable consideration is constrained. The Parent Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determination of lease term of contracts with renewal and termination options - Company as a lessee. The Parent Company has several lease contracts that include extension and termination options. The Parent Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Parent Company expects to exercise its right to renew the lease of real estate properties where its facilities are located; hence, has included the renewal period as part of the lease term.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below. The Parent Company based its estimates and assumptions on parameters available when the parent company financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to



market changes or circumstances arising beyond the Parent Company's control. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments. The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Parent statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

See Note 9 for further disclosures.

Assessment of Impairment of Non-Financial Assets (Property, plant and equipment, Investment in subsidiaries and joint venture and other noncurrent assets). The Parent Company assesses the impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Parent Company consider important, which could trigger an impairment review include the following:

- Significant underperformance 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. Property, plant and equipment

The Parent Company assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Parent Company determined that the actual performance of certain property, plant and equipment in MNC below the estimated or planned outputs is an indicator of impairment resulting impairment loss in prior years.

In 2023, management reassessed the recoverable amount of the Parent Company's property plant and equipment as a result of significant favorable change in the market which increased the demand for its 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 9-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 the Parent Company's weighted average cost of capital (WACC), is 9.63% based on the weight of debt and equity for the food industry.



Based on the assumptions above, the Parent Company reversed accumulated impairment loss in 2023 amounting to ₱124.1 million. Information about the impairment test on the Company's property, plant and equipment is disclosed in Note 11.

b. Investment in Subsidiaries and Joint Venture

The Parent Company assesses impairment of investments in subsidiaries, associate and joint venture whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Parent Company considers important, which could trigger an impairment review include the following:

- A downgrade of a subsidiary's, associate's or joint venture's credit rating or a decline in the fair value of the subsidiary, associate or joint venture in consideration of other available information
- Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate or joint venture operates

The Parent Company determined the recoverable amount of its investments based on adjusted net asset method.

- i. Monde Nissin Singapore Pte Ltd (MNSPL) - The increase of pre-tax WACC rate from 8.88% in 2022 to 10.10% in 2023 and the modest financial projection of Monde Nissin (UK) Limited (MNUKL), a subsidiary of MNSPL, reduced the VIU of MNUKL. This resulted to reduction in the equity value of MNSPL and Parent Company's recognition of impairment loss on investment in MNSPL amounting to ₱244.6 million in 2023 and ₱18,874.8 million in 2022 (see Note 10).
- ii. Monde Nu Agri Corporation (MNAC) and Monde Malee Beverage Corporation (MMBC) – The Parent Company determined that the negative results of operations and cashflow projections are impairment indicators of its investment in MNAC and MMBC. The Parent Company determined that the recoverable amount of its investments in MNAC and MMBC were no longer recoverable due to the current and forecasted performance of the entities. Based on the assumptions above, the Parent Company's investment in MNAC has been fully impaired as at December 31, 2023 and 2022. The Group recognized additional impairment loss on its investment in MMBC amounting to nil in 2023 and ₱54.1 million in 2022 (see Note 10). The Company's investment in MMBC and MNAC has been fully impaired as at December 31, 2023 and 2022.

c. Trademark

The Parent Company performed its annual impairment test on its trademark with indefinite useful life as of reporting date. The recoverable amount of trademark was determined using the relief from royalty method. This method considers royalty savings from the ownership of trademark using cash flow projections approved by management covering a 5-year period:

- *Growth rates* - Growth rate used in the projected future cash flows is at a cumulative rate of 13.00% from 2024 to 2028.



- *Discount rate* - The pre-tax discount rate of 9.63% in 2023 was estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.
- *Royalty savings rate* - Royalty savings rate of 0.60% in 2023 was estimated based on publicly available information for similar industry.

Information on the Parent Company's impairment loss on trademark is presented in Note 12.

Estimation of Pension and Other Benefits Costs. The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include determining the discount rates, future salary increases, mortality rates, and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 19.

4. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱778,899	₱571,189
Cash equivalents	11,566,684	6,460,671
	₱12,345,583	₱7,031,860

Cash in banks earns 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.

Interest income from cash and cash equivalents amounted to ₱317.8 million in 2023 and ₱105.4 million in 2022 (see Note 18).



5. Trade and Other Receivables

	2023	2022
Trade receivables:		
Non-related parties	₱4,338,735	₱4,127,753
Related parties (Note 20)	401,844	296,093
Other receivables		
Non-related parties	52,322	17,464
Related parties (Note 20)	26,601	16,450
	4,819,502	4,457,760
Less allowance for ECL	2,922	29,519
	₱4,816,580	₱4,428,241

Trade receivables are noninterest-bearing and are generally on 30-60 days' terms.

As at December 31, 2023 and 2022, movements in the allowance for ECL follow:

	2023	2022
Balance at beginning of year	₱29,519	₱2,173
Provision for (reversal of) ECL (Note 17)	(4,635)	28,159
Write-off	(21,962)	(813)
Balance at end of year	₱2,922	₱29,519

6. Inventories

	2023	2022
At NRV:		
Raw materials	₱1,692,655	₱2,589,908
Finished goods	1,286,084	1,640,772
Work in-process	597,813	765,518
Packaging and other materials	363,846	535,139
	3,940,398	5,531,337
At cost:		
In-transit	48,902	30,243
	₱3,989,300	₱5,561,580

The cost of inventories sold that are recognized under the "Cost of goods sold" account amounted to ₱46,109.3 million in 2023 and ₱42,028.7 million in 2022 (see Note 16).

The cost of inventories carried at NRV are as follows:

	2023	2022
Raw materials	₱1,721,530	₱2,705,122
Finished goods	1,315,355	1,672,770
Work in-process	609,026	873,471
Packaging and other materials	381,931	515,963
	₱4,027,842	₱5,767,326



Movements in the allowance for inventory obsolescence for finished goods are as follows:

	2023	2022
Balance at beginning of year	P235,989	P246,312
Provision	87,444	87,977
Write-off	(235,989)	(98,300)
Balance at end of year	P87,444	P235,989

Under the terms of the agreements covering liabilities under trust receipts totaling to P1,607.3 million and P2,362.3 million as at December 31, 2023 and 2022, respectively, certain inventories which approximate the trust receipts payable, have been released to the Parent Company under trust receipt agreement with the banks. The Parent Company is accountable to these banks for the trusted merchandise or their sales proceeds (see Note 14).

7. Prepayments and Other Current Assets

	2023	2022
Deferred input VAT	P240,950	P179,314
Prepayments	167,611	75,258
	P408,561	P254,572

Deferred input VAT represents the input VAT related to the unpaid portion of the cost of services.

Prepayments mainly pertain to prepayments of insurance and advertising expenses.

8. Notes Receivable

	2023	2022
Non-related parties (Note 23)	P500,000	P500,000
Related parties (Note 20)	475,269	649,807
Allowance for ECL (Note 20)	(115,266)	(115,266)
Related parties, net of allowance	360,003	534,541
	P860,003	P1,034,541
	2023	2022
Current (Notes 20 and 23)	P500,000	P172,133
Noncurrent (Notes 20 and 23)	475,269	977,674
Allowance for ECL (Note 20)	(115,266)	(115,266)
Noncurrent, net of allowance	360,003	862,408
	P860,003	P1,034,541

Interest income from notes receivable amounted to P27.2 million in 2023 and P27.4 million in 2022 (see Notes 18, 20 and 23).



9. Financial Assets

Financial Assets at FVTPL

Financial assets at FVTPL mainly consist of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. Movements in the fair value of financial assets at FVTPL are as follows:

	2023	2022
Balance at January 1	₱1,756,101	₱1,001
Disposal	(709,990)	(838,038)
Acquisitions	544,700	2,586,197
Fair value change during the year (Note 18)	88,597	8,423
Foreign exchange loss	(5,080)	(1,482)
Balance at end of period	₱1,674,328	₱1,756,101

Financial Assets at FVOCI

	2023	2022
Cost		
Figaro Coffee Group, Inc. (FCG)	₱820,268	₱-
Terramino Inc.	108,540	-
	928,808	-
Fair value reserve		
FCG	(328,107)	-
	(328,107)	-
	₱600,701	₱-

FCG

On January 25, 2023, the Parent Company's BOD authorized the Parent Company to subscribe for 820,268,295 common shares of FCG ("FCG Shares") out of FCG's unissued authorized capital stock. FCG is a diversified food conglomerate with retail restaurants and branches in the Philippines and abroad, that serve a variety of food offerings and services.

On February 2, 2023, the Parent Company paid an aggregate subscription price of ₱820.3 million for the FCG Shares. As a result, the Parent Company currently holds 15% of FCG's issued and outstanding capital stock.

In 2023, the Parent Company recognized dividend income from FCG amounting to ₱22.1 million.

Terramino Inc.

On March 22, 2023, the Parent Company's BOD approved the Parent Company's subscription for 665,845 Series B Preferred Stock of Terramino, Inc., a Delaware, U.S.-incorporated company engaged in research, development and commercialization of food products made from koji. Said 665,845 preferred shares represents 1.89% of Terramino, Inc.'s outstanding capital stock at a subscription price of up to ₱108.5 million (\$2.0 million).



10. Investments in Subsidiaries, Associate, and Joint Venture

	2023	2022
Investments in subsidiaries:		
Monde Nissin Singapore Pte Ltd (MNSPL)	₱43,297,943	₱39,045,911
Monde M.Y. San Corporation (MMYSC)	2,264,180	2,264,180
Monde Nissin International Investments Ltd. (MNIIL)	1,518,300	1,518,300
KBT International Holdings, Inc. (KBT)	800,627	768,336
SFC	730,254	730,254
MNAC	186,000	186,000
Investments in associate -		
Calaca Harvest Terminal, Inc. (CHTI)	170,000	170,000
Investment in a joint venture -		
MMBC	166,600	166,600
	₱49,133,904	₱44,849,581
Less allowance for impairment:		
MNSPL	₱19,119,406	₱18,874,798
MNAC	186,000	186,000
MMBC	166,600	166,600
	19,472,006	19,227,398
	₱29,661,898	₱25,622,183



The Parent Company's percentage ownership and key information on the foregoing investments in subsidiaries, associates and joint venture are as follows:

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership				
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Subsidiaries							
MNSPL	Investment/sales	Singapore	100.00	–	100.00	–	–
MNUKL	Investment holding	United Kingdom	–	100.00	–	–	100.00
Marlow Foods Limited (MFL)	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 of America	–	100.00	–	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom	–	100.00	–	–	100.00
Quorn Foods Italy SRL**	Sales, and Marketing	Italy	–	100.00	–	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	–	100.00	–	–	100.00
Monde Nissin New Zealand Limited (MNNZ)	Distribution of food related goods	New Zealand	–	100.00	–	–	100.00
Monde Nissin Holding (Thailand) Limited (MNHFL)***	Investment company	Thailand	–	6.54	–	–	6.54
Monexco International Ltd. (MIL)	Manufacture of seasonings	Thailand	–	100.00	–	–	100.00
Monde Nissin (Thailand) Company Limited (MNTH)***	Manufacture and distribution of bread and cookies	Thailand	–	56.43	–	–	56.43
MNIIL	Investment company	British Virgin Islands	100.00	–	100.00	–	–
MNEIL***	Investment company	Thailand	–	93.46	–	–	93.46
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	43.57	–	–	43.57
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	100.00	–	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. (AFPI)	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	–	100.00	–	–

(Forward)



Entities	Principal Activity	Country of Incorporation	Percentage of Ownership				
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Associate and Joint Venture							
CHTI	Engaged in and carry on a general and commercial business by buying, selling, storage, warehouse and transport of grain and other related commodities	Philippines	20.00	–	20.00	–	–
MMBC	Importation, marketing, promotion, and sale of beverage products	Philippines	48.99	–	48.99	–	–

**Dormant*

***Dissolved in 2021*

****The Group effectively owns 100%*



MNSPL

On September 20, 2021, the BOD approved to subscribe additional 42,924,533 ordinary shares of MNSPL at an aggregate subscription price of ₱3,121.4 million (GBP45.0 million) payable in several tranches on or before March 31, 2022. On the following dates, the Parent Company paid for the following:

<u>Payment date</u>	<u>No. of shares</u>	<u>Amount in GBP</u>	<u>Amount in PHP</u>
<i>(In Thousands, Except No. of Shares)</i>			
September 24, 2021	3,924,533	£6,000	₱410,238
October 12, 2021	9,000,000	9,000	624,139
November 15, 2021	6,000,000	6,000	409,318
December 31, 2021	12,000,000	12,000	826,969
February 14, 2022	6,000,000	6,000	421,430
March 14, 2022	6,000,000	6,000	429,259

On August 9, 2022, the BOD approved to subscribe additional 30,000,000 ordinary shares of MNSPL at an aggregate subscription price of ₱2,048.2 million (GBP30.0 million) payable in five equal tranches on or before December 16, 2022. On the following dates, the Parent Company paid for the following:

<u>Payment date</u>	<u>No. of shares</u>	<u>Amount in GBP</u>	<u>Amount in PHP</u>
<i>(In Thousands, Except No. of Shares)</i>			
August 23, 2022	6,000,000	£6,000	₱402,418
September 21, 2022	6,000,000	6,000	404,889
October 19, 2022	6,000,000	6,000	413,430
November 17, 2022	6,000,000	6,000	413,144
December 14, 2022	6,000,000	6,000	414,320

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

<u>Approval date</u>	<u>Payment date</u>	<u>No. of shares</u>	<u>Amount in GBP</u>	<u>Amount in PHP</u>
<i>(In Thousands, Except No. of shares)</i>				
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	284,475

The Parent Company determined the recoverable amount of its investment in MNSPL based on adjusted net asset method.

MMYSC

The Parent Company received cash dividends from MMYSC amounting to ₱3,012.2 million in 2023 and ₱1,400.6 million in 2022.



On January 28, 2021, the Parent Company purchased from My Crackers, Inc. (MCI) the latter's 4,500,000 common shares in MMYSC representing 40% of the outstanding capital stock of MMYSC for ₱1,822.5 million. This increased the Parent Company's ownership interest from 60% in 2020 to 100% in 2021.

KBT

In November 2023, the Parent Company purchased from minority shareholders of KBT a total of 99,995 common shares of KBT amounting to ₱32,292 million. This represents 4.31% of the outstanding capital stock which increased the Parent Company's ownership interest from 95.69% in 2022 to 100.00% in 2023.

SFC

In 2022, the Parent Company determined that improved economic performance and cashflow projections are indicators that impairment loss recognized in prior periods for its investment in SFC may no longer exist.

The Parent Company estimated the recoverable amount of its investment in SFC based on VIU calculation using cash flow projection from financial budgets approved by management covering a 9-year period. The Parent Company applied 9.63% pre-tax discount rate on the cash flow projections. The following assumptions were also used in computing the VIU:

- *Growth rate estimates* – growth rates include long-term and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Growth rate used in the projected future cash flows is at an average of 25.00% from 2024 to 2032.
- *Discount rates* – discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

VIU is most sensitive to changes in discount rate and growth rate. Based on the assumptions above, the Parent Company recognized reversal of impairment loss amounting to nil in 2023 and ₱115.9 million in 2022.

MNAC

On November 26, 2016, the BOD of MNAC approved the cessation of business operation of MNAC effective January 1, 2017. As a result, the Parent Company's investment in MNAC is fully impaired as at December 31, 2023 and 2022.

CHTI

CHTI is a company engaged in general and commercial business by buying, selling, storage, warehouse and transport of grain and other related commodities. The Parent Company entered into a Joint Venture Agreement with CHTI in 2018 with a 20% share.

In 2021, the Parent Company made an additional investment amounting to ₱60.0 million representing 60,000 shares in CHTI to maintain its ownership interest of 20%.

In 2022, the Parent Company made an additional investment amounting to ₱30.0 million representing 30,000 shares in CHTI to maintain its ownership interest of 20%.

MMBC

In 2023, MMBC ceased its business operations and has no formal plans to resume commercial operations. As a result, the Group's investment in MMBC is fully impaired as at December 31, 2023 and 2022.



11. Property, Plant and Equipment

	2023											Total
	Buildings	Building Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land (Note 22)	ROU Building (Note 22)	
Cost												
Balance at beginning of year	P5,932,800	P1,324,584	P84,796	P15,219,044	P131,485	P81,117	P179,863	P1,722,924	P325,501	P1,122,111	P104,070	P27,228,295
Additions	—	—	—	551,089	1,722	26,933	600	873,339	1,109,036	—	—	2,562,710
Disposals and retirement	(371,145)	(62,330)	(11,644)	(2,741,999)	(16,866)	(36,566)	(13,476)	(3,951)	(10,480)	—	(104,070)	(3,172,577)
Reclassifications	232,193	40,801	1,673	855,928	6,675	—	18,740	(587,281)	(268,729)	—	—	—
Balance at end of year	5,893,848	1,303,055	74,825	13,584,053	123,016	71,484	185,727	2,005,031	1,155,328	2,122,111	—	26,518,478
Accumulated Depreciation												
Balance at beginning of year	1,189,944	387,289	64,629	9,395,219	98,436	52,165	145,155	—	—	163,849	85,380	12,582,066
Depreciation (Notes 16, 17 and 18)	247,045	58,879	1,928	710,268	12,031	12,302	24,743	—	—	50,096	18,690	1,135,982
Disposals and retirement (259,756)	(259,756)	(55,216)	(10,284)	(2,736,806)	(16,630)	(35,185)	(13,462)	—	—	—	(104,070)	(3,231,409)
Balance at end of year	2,177,233	390,952	56,273	7,368,681	93,837	29,282	156,436	—	—	213,945	—	10,486,639
Accumulated Impairment												
Balance at beginning of year	4,042	145,248	—	615,303	—	—	—	571,764	166,869	—	—	1,503,226
Reversal of impairment loss (Note 17)	—	(7,322)	—	(3,766)	—	—	—	(71,022)	(11,195)	—	—	(93,305)
Disposals and retirement	—	—	—	—	—	—	—	(14,431)	—	—	—	(14,431)
Balance at the end of year	4,042	137,926	—	611,537	—	—	—	486,311	155,674	—	—	1,395,490
Net Book Value	P3,712,573	P774,177	P18,552	P5,603,835	P29,179	P42,202	P29,291	P1,518,720	P999,654	P1,908,166	P—	P14,636,349
	2022											
	Buildings	Building Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Communications Equipment	Machineries Under Installation	Construction In-progress	ROU Land (Note 22)	ROU Building (Note 22)	Total
Cost												
Balance at beginning of year	P5,846,320	P1,298,322	P99,984	P14,721,473	P115,022	P80,091	P182,574	P1,173,485	P179,515	P2,130,567	P115,416	P25,942,769
Additions	535	13,545	—	27,745	934	19,377	5,582	1,080,781	311,385	—	—	1,459,884
Disposals	(25,608)	(41,109)	(15,188)	(35,342)	(55)	(18,351)	(18,903)	—	—	(8,456)	(11,346)	(174,358)
Reclassifications	111,553	53,826	—	505,168	15,584	—	10,610	(331,342)	(165,399)	—	—	—
Balance at end of year	5,932,800	1,324,584	84,796	15,219,044	131,485	81,117	179,863	1,722,924	325,501	2,122,111	104,070	27,228,295
Accumulated Depreciation												
Balance at beginning of year	1,959,573	350,941	71,902	8,770,119	85,929	57,677	133,921	—	—	122,748	74,299	11,627,109
Depreciation (Notes 16, 17 and 18)	251,284	53,517	2,848	659,824	12,562	11,668	30,139	—	—	49,557	22,427	1,093,526
Disposals and retirement (20,913)	(20,913)	(17,169)	(10,121)	(34,724)	(55)	(16,880)	(18,905)	—	—	(8,456)	(11,346)	(138,559)
Balance at end of year	2,189,944	387,289	64,629	9,395,219	98,436	52,165	145,155	—	—	163,849	85,380	12,582,066
Accumulated Impairment												
Balance at beginning of year	4,042	128,834	12	450,505	—	—	—	571,764	166,869	—	—	1,322,026
Impairment loss (Note 17)	—	41,082	—	164,798	—	—	—	—	—	—	—	205,880
Disposals and retirement	—	(24,668)	(12)	—	—	—	—	—	—	—	—	(24,680)
Balance at the end of year	4,042	145,248	—	615,303	—	—	—	571,764	166,869	—	—	1,503,226
Net Book Value	P3,738,814	P792,047	P20,167	P5,208,522	P33,049	P28,952	P34,708	P1,151,160	P158,632	P1,958,262	P18,690	P13,143,003



Machineries-under-installation pertain to plant equipment for various product lines that are still under installation and which are expected to be completed in 2024 to 2025. Additions to machineries-under-installation include costs for the construction of a new production and research and development facilities.

Construction-in-progress pertains to the construction of building improvements, which is expected to be completed in 2024 to 2025. There were no capitalized borrowing costs as the construction-in-progress were funded by cash from operations.

The (reversal of) recognized impairment loss amounting to (₱93.3 million) in 2023 and ₱205.9 million in 2022 is based on VIU calculation. The VIU of these assets is ₱110.3 million in 2023 and nil in 2022 since these assets pertain to discontinued product lines and machines that did not pass trial run. Management assessed that any scrap value (FVLCD) is not material.

The Parent Company has capital commitments for acquisitions of plant machineries, equipment and building expansions amounting to ₱1,426.0 million and ₱868.0 million as at December 31, 2023 and 2022, respectively.

12. Intangible Assets

	2023				Total
	Distribution Rights (Note 23)	Software	Intellectual Property License	Trademark* (Note 20)	
Cost					
Balance at beginning of year	₱727,560	₱317,615	₱34,639	₱14,459	₱1,094,273
Additions	–	45,790	31,502	–	77,292
Disposals	–	(9,620)	–	–	(9,620)
Balance at end of year	727,560	353,785	66,141	14,459	1,161,945
Accumulated Amortization					
Balance at beginning of year	306,181	158,411	700	–	465,292
Amortization (Notes 16, 17 and 18)	36,378	42,098	7,127	–	85,603
Disposals	–	(9,596)	–	–	(9,596)
Balance at end of year	342,559	190,913	7,827	–	541,299
Accumulated impairment					
Balance at beginning of year	–	–	–	2,481	2,481
Impairment loss (Note 17)	–	–	–	4,649	4,649
Balance at end of year	–	–	–	7,130	7,130
Net Book Value	₱385,001	₱162,872	₱58,314	₱7,329	₱613,516

*Indefinite useful life



2022					
	Distribution Rights (Note 23)	Software	Intellectual Property License	Trademark* (Note 20)	Total
Cost					
Balance at beginning of year	₱727,560	₱265,734	₱34,639	₱14,459	₱1,042,392
Additions	—	52,754	—	—	52,754
Disposals	—	(873)	—	—	(873)
Balance at end of year	727,560	317,615	34,639	14,459	1,094,273
Accumulated amortization					
Balance at beginning of year	269,803	118,443	—	—	388,246
Amortization (Notes 16, 17 and 18)	36,378	40,840	700	—	77,918
Disposals	—	(872)	—	—	(872)
Balance at end of year	306,181	158,411	700	—	465,292
Accumulated impairment					
Balance at beginning of year	—	—	—	—	—
Impairment loss (Note 17)	—	—	—	2,481	2,481
Balance at end of year	—	—	—	2,481	2,481
Net Book Value	₱421,379	₱159,204	₱33,939	₱11,978	₱626,500

*Indefinite useful life

Distribution rights were from the Parent Company's Distribution, and Marketing and Sales Development Agreement with SSCC wherein SSCC appointed the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years until July 25, 2034 (see Note 23).

13. Accounts Payable and Other Current Liabilities and Refund Liabilities

	2023	2022
Trade payables to:		
Non-related parties	₱2,593,822	₱3,221,151
Related parties (Note 20)	1,922,262	2,186,708
Nontrade payables to:		
Non-related parties	3,342,248	2,059,665
Related parties (Note 20)	481,058	—
Statutory payables	636,659	193,008
Accruals for:		
Personnel costs	263,824	237,307
Advertising and promotions	133,732	108,614
Selling, general and administrative expenses	75,098	14,324
Provisions	89,474	39,384
Contract liability	58,534	58,596
Others	3,430	2,947
	₱9,600,141	₱8,121,704

Accounts payable and other current liabilities are noninterest-bearing and are generally settled within 30 to 60 days.

Trade payables pertain to liabilities to suppliers for the purchase of raw materials, finished goods, and other costs directly related to the operations of the Parent Company and are generally settled within 30 to 60 days.



Non-trade payable includes liabilities related to utilities, advertising, other operating and manufacturing overhead expenses. Non-trade payable to related party in 2023 pertains to purchase of machinery and equipment (see Note 20).

Statutory payables comprise mainly of the Parent Company's liabilities to the tax authority.

Provisions pertain to claims by third parties in the ordinary course of business. As allowed by PAS 37, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Parent Company's position and negotiation strategies with respect to these matters.

Refund Liabilities

As at December 31, 2023 and 2022, the Parent Company's refund liabilities amounted to ₱406.7 million and ₱200.4 million, respectively.

14. Acceptance and Trust Receipts Payable

This account represents the Parent Company's peso and US dollar-denominated liabilities incurred in connection with the importations and acquisitions of raw materials from foreign suppliers. These raw materials are insured in compliance with the requirements of the bank. These liabilities are for a period of 1 year, with an average annual interest rate of 5.50% in 2023 and 2.82% in 2022.

The Parent Company has outstanding acceptance and trust receipts payable amounting to ₱1,607.3 million and ₱2,362.3 million as at December 31, 2023 and 2022, respectively. Interest expense recognized amounting to ₱99.0 million in 2023 and ₱68.0 million in 2022 (see Note 18).

15. Equity

Capital Stock and Additional Paid-in Capital (APIC)

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

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

The details of the Parent Company's additional paid-in capital as at December 31, 2023, 2022 and 2021 follows:

	2023	2022	2021
Balance at January 1	₱46,515,847	₱46,515,847	₱-
Equity restructuring	(7,153,900)	-	-
Additions			
Issuance of common shares during IPO	-	-	46,800,000
Issuance of common shares to MCI	-	-	1,204,039
Share issuance costs			
Issuance of common shares during IPO	-	-	(1,484,817)
Issuance of common shares to MCI	-	-	(3,375)
Balance at end of period	₱39,361,947	₱46,515,847	₱46,515,847

On January 11, 2021, the Parent Company entered into an agreement with MCI for the subscription of the Parent Company's 614,305,748 common shares at a subscription price of ₱2.96 per share or a total subscription price of ₱1,818.3 million which was fully settled on January 29, 2021.



On April 20, 2021, the SEC favorably considered, subject to certain conditions, the amended registration statement filed by the Parent Company covering the registration of 17,968,611,496 common shares to be listed and traded on the Main Board of the PSE with a par value of ₱0.50 per shares in relation to the Parent Company's initial public offering.

On April 21, 2021, the BOD of the PSE approved, subject to certain conditions, 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 IPO and was listed in the PSE under the stock symbol "Monde". The Parent Company issued 3,600,000,000 common shares for a total consideration of ₱48,600.0 million.

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 December 31, 2023 and 2022, respectively. With respect to the Parent Company's stockholders as at December 31, 2023, the shares were either held (a) in certificated form or (b) in scripless form held under the account of PCD Nominee Corp. (PCD Nominee) through 142 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).

Amendment of AOI

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 including the amending the authorized capital stock of the Parent Company (without increasing or decreasing the same) such that the authorized number of shares, as amended, shall be:

- a. 20,400,000,000 common shares with a par value of ₱0.50 per share, from the current par value of ₱1.00 per share; and
- b. 3,600,000,000 Preferred Shares classified into:

<u>Class of Preferred Shares</u>	<u>No. of shares</u>	<u>Par value</u>	<u>Amount</u>
Non-voting "A"	400,000,000	₱1.00	₱400,000
Non-voting "B"	800,000,000	1.00	800,000
Voting "C"	2,400,000,000	0.25	600,000
<u>Total</u>	<u>3,600,000,000</u>		<u>₱1,800,000</u>

Said preferred shares' issue value, dividend rate and the terms and conditions of their redemption shall be determined by the BOD at the time of their respective issuances. Furthermore, they shall be cumulative and non-participating as to dividends and non-convertible into common shares. Said preferred shares shall also enjoy preference in assets in the event of liquidation of the Parent Company and in the payment of dividends as against common shares; however, they shall not enjoy any pre-emptive rights to any issue of shares (whether common or preferred).

These amendments on the Parent Company's AOI were approved by the SEC on April 7, 2021.



There have been no issuances of preferred stock as at December 31, 2023 and 2022.

Retained Earnings

Parent Company

On the following dates, the BOD approved the following cash dividends, all of which have been previously appropriated except for 2023 and 2022:

<u>Dividend declaration and stockholders of record date</u>	<u>Dividend per share</u>	<u>Amount</u>
November 29, 2023	₱0.12	₱2,156,233
August 9, 2022	0.14	2,515,606
March 1, 2021	1.19	8,549,324
January 22, 2021	0.23	1,511,100

On April 10, 2024, the BOD approved the declaration of regular cash dividends of ₱0.12 per common share to stockholders of record as of May 10, 2024, payable on or before June 5, 2024.

As at December 31, 2023 and 2022, dividends payable amounted to ₱2,156.2 million and nil, respectively.

The BOD approved the following:

- On March 1, 2021, reversal of the 2020 appropriation for ₱6,800.0 million for dividends, expansions, and other capital requirements.
- On August 9, 2022, reversal of the 2021 appropriation for ₱3,900.0 million for expansions, and other capital requirements.
- On December 19, 2022, appropriation of ₱5,000.0 million for plant expansions and other capital expenditure requirements.
- On March 22, 2023, reversal of the 2022 appropriation amounting to ₱5,000.0 million for expansions and other capital requirements.

As at December 31, 2023 and 2022, the Parent Company's appropriated retained earnings are nil and ₱5,000.0 million, respectively.

The Parent Company's appropriation for capital expenditure is expected to be used to build new capacity and capability from 2023 to 2024. Key projects will be the completion of a new production facility and other operational efficiency initiatives.

Equity Restructuring

On March 29, 2023, the Parent Company's BOD approved the equity restructuring of the Parent Company by offsetting the Deficit as at December 31, 2022 against available additional paid-in capital (APIC) as at December 31, 2022.

On June 9, 2023, SEC approved the Parent Company's equity restructuring to wipe-out the deficit as at December 31, 2022 in the amount of ₱7,153.9 million against the APIC of ₱46,515.8 million.



Earnings per Share

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

	2023	2022
<i>(In Thousands, Except Number of Shares and Per Share Data)</i>		
Net income (loss) attributable to equity holders of the parent:	₱9,145,561	(₱11,902,134)
Weighted average number of common shares	17,968,611,496	17,968,611,496
Basic EPS	₱0.51	(₱0.66)

The Parent Company has no potentially dilutive shares as at December 31, 2023 and 2022. Thus, the basic and diluted income (loss) per share in 2023 and 2022 are the same for each of the years presented.

16. Cost of Goods Sold

	2023	2022
Direct materials (Note 20)	₱40,682,542	₱37,507,614
Direct labor (Note 18)	1,674,251	1,541,868
Manufacturing overhead:		
Depreciation and amortization (Notes 11 and 18)	866,356	840,775
Repairs and maintenance	504,568	632,540
Steam	480,975	612,414
Light and water	449,934	724,960
Plant utilities and other consumption	299,230	313,241
Taxes and licenses	153,633	169,749
Indirect labor (Note 18)	58,954	43,665
Others	416,428	336,165
Total manufacturing costs	45,586,871	42,722,991
Inventory movements (Note 6):		
Finished goods	354,688	(578,098)
Work in-process	167,705	(116,189)
	₱46,109,264	₱42,028,704

17. Sales, General and Administrative Expenses

a. Selling and distribution expenses

	2023	2022
Transportation and delivery	₱2,562,670	₱2,342,878
Advertising and promotional expense	1,699,896	1,596,535
Merchandising expense	₱733,245	₱625,345
	₱4,995,811	₱4,564,758



b. General and administrative expenses

	2023	2022
Salaries, wages and employee benefits (Note 18)	₱1,761,366	₱1,639,291
Logistics warehouse handling costs	358,762	448,310
Depreciation and amortization (Notes 11, 12 and 18)	355,229	330,669
Outside services	323,693	235,252
Research and development	172,630	158,946
Repairs and maintenance	139,515	190,728
Membership and subscription	113,332	27,508
Taxes and licenses	108,486	88,315
Travel expense	70,136	39,984
Fringe benefit tax	65,924	90,615
Light and water	35,188	26,752
Telecommunication	29,810	32,062
Entertainment, amusement and recreation	24,181	13,196
Training expense	21,649	9,737
Insurance	13,567	13,890
Donations	10,821	26,761
Office supplies	10,800	10,507
Inventory loss	5,129	185,066
Rent (Notes 20 and 22)	3,656	6,797
Provision for (reversal of) ECL (Note 5)	(4,635)	28,159
Others	189,712	192,946
	₱3,808,951	₱3,795,491

c. Impairment (reversal of) loss

	2023	2022
Investments in subsidiaries, associate, and joint venture (Note 10)	₱244,608	₱18,812,998
Intangible assets (Note 12)	4,649	2,481
Property, plant and equipment (Note 11)	(93,305)	205,880
	₱155,952	₱19,021,359

18. Finance Costs and Other Income and Expenses

a. Finance costs

	2023	2022
Acceptance and trust receipts payable (Note 14)	₱99,036	₱68,007
Lease liabilities (Note 22)	₱93,842	₱95,281
Loans payable	14,741	136
Amortization of debt issue cost (Note 24)	-	(14,943)
Others	14	14,309
	₱207,633	₱162,790



b. Finance income

	2023	2022
Cash and cash equivalents (Note 4)	₱317,768	₱105,440
Notes receivable (Notes 8, 20 and 23)	27,169	27,379
Guarantee fee (Note 20)	26,897	16,248
	₱371,834	₱149,067

c. Other income

	2023	2022
Promotional fees	₱154,548	₱113,889
Fair value gain on financial assets at FVTPL	88,597	22,380
Foreign exchange gain – net	86,296	542,751
Rental income	83,410	81,995
Service fees	33,718	33,718
Miscellaneous income (Note 20)	2,233	15,218
	₱448,802	₱809,951

d. Personnel costs

	2023	2022
Cost of goods sold:		
Direct labor (Note 16)	₱1,641,702	₱1,520,844
Indirect labor (Note 16)	58,954	43,665
Retirement expense (Notes 16 and 19)	32,549	21,024
Sales, general and administrative expenses:		
Salaries and wages (Note 17)	1,559,058	1,436,707
Employee benefits (Note 17)	83,564	75,970
Retirement expense (Notes 17 and 19)	59,606	70,663
Other employee benefits (Note 17)	59,138	55,951
	₱3,494,571	₱3,224,824

e. Depreciation and amortization expense

	2023	2022
Property, plant and equipment (Notes 11, 16 and 17)	₱1,135,982	₱1,093,526
Intangible assets (Notes 12, 16 and 17)	85,603	77,918
	₱1,221,585	₱1,171,444
	2023	2022
Cost of goods sold (Note 16)	₱866,356	₱840,775
Sales, general and administrative expenses (Note 17)	355,229	330,669
	₱1,221,585	₱1,171,444



19. Pension Liability

The Parent Company provides retirement benefits in accordance with Republic Act 7641, *Retirement Pay Law*. The benefit plan is noncontributory and is paid in a lump sum upon retirement or separation. These benefits are funded by the Parent Company. Contributions and costs are determined in accordance with the actuarial study made for the plan. The latest actuarial valuation report is December 31, 2023.

The Parent Company appointed a local trustee bank as the retirement plan trustee. The trustee bank is responsible for the general administration of the retirement Plan and the management of the retirement fund. As the administrator of the retirement plan, the trustee bank is responsible for the ultimate control, disposition, or management of the money received or contributed.



Changes in the net defined benefit liability in 2023 and 2022 follow:

	2023				2023							December 31, 2023
	Net Benefit Cost in Profit or Loss				Remeasurements in OCI							
	January 1, 2023	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	
Present value of defined benefit obligation	(P863,805)	(P58,278)	(P61,367)	(P120,645)	P71,420	(P225,553)	(P76,318)	(P73,872)	P-	(P375,743)	P25,704	(P1,263,069)
Fair value of plan asset	446,557	-	29,663	29,663	(71,420)	-	-	-	(5,386)	(5,386)	-	399,414
Net pension liability	(P417,248)	(P58,278)	(32,704)	(P90,982)	P-	(P225,553)	(P76,318)	(P73,872)	(P5,386)	(P381,129)	P25,704	(P863,655)

	2022				2022							December 31, 2022
	Net Benefit Cost in Profit or Loss				Remeasurements in OCI							
	January 1, 2022	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	
Present value of defined benefit obligation	(P953,767)	(P66,261)	(P48,356)	(P114,617)	P76,239	P162,011	P3,899	(P37,570)	P-	P128,340	P-	(P863,805)
Fair value of plan asset	456,548	-	22,930	22,930	(60,660)	-	-	-	(24,376)	(24,376)	52,115	446,557
Net pension liability	(P497,219)	(P66,261)	(P25,426)	(P91,687)	P15,579	P162,011	P3,899	(P37,570)	(P24,376)	P103,964	P52,115	(P417,248)



The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Parent Company's discretion.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2023	2022
Debt instruments:		
Fixed rate treasury notes and retail treasury bonds	₱330,301	₱356,390
Corporate bond and fixed-rate notes	53,416	78,964
Investments in UITF	11,535	7,989
Cash and cash equivalents	3	9
Others	4,679	3,801
Liabilities	(520)	(596)
	₱399,414	₱446,557

The plan assets have diverse investments and do not have any concentration risk.

The costs of the defined benefit pension plan and the present value of the pension obligation are actuarially determined using the projected unit credit method. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	2023	2022
Discount rate	6.14%	7.22%
Salary increase rate	6.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2023 and 2022, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on Defined Benefit Obligation	2023	2022
Discount rates	1.00%	(₱116,656)		(₱60,236)
	(1.00%)	137,590		69,117
Future salary increases	(1.00%)	136,388		69,971
	1.00%	(117,823)		(61,977)

The average duration of the defined benefit obligation at the end of the reporting period is 10.1 years in 2023 and 7.5 years in 2022.



Shown below is the expected future benefit payment:

Financial Year	2023	2022
Year 1	₱124,327	₱130,060
Year 2	96,367	88,295
Year 3	93,623	102,599
Year 4	70,589	104,308
Year 5	79,000	80,548
Years 6–10	823,500	603,862

20. 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 Parent Company has Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

As at December 31, 2023, and 2022, the Parent Company has the following significant transactions with its related parties and the outstanding balances:

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
Subsidiaries					
MMYSC					
(a) Trade sales	2023	₱796,144	₱141,702	60 days;	Unsecured;
	2022	934,606	172,435	noninterest-bearing	no impairment
(b) Charges (expenses)	2023	105	(27)	On-demand, noninterest-bearing	Unsecured
	2022	212	(9)		
(c) Trade purchases, net	2023	10,867,628	(1,545,840)	45 days;	Unsecured
	2022	10,232,593	(1,588,063)	noninterest-bearing	
(d) Purchase of machinery and equipment	2023	776	—	45 days;	Unsecured
	2022	—	—	noninterest-bearing	
(e) Miscellaneous income	2023	44,227	13,199	30 days; noninterest-bearing	Unsecured;
	2022	24,994	8,382		no impairment
MIL					
(a) Notes receivable - noncurrent	2023	17,169	360,003	Payable quarterly until	Unsecured
	2022	14,311	362,408	June 30, 2025; interest-bearing	
(b) Notes receivable - current	2023	—	—	Payable quarterly until	Unsecured
	2022	168,450	172,133	July 14, 2023; interest-bearing	
(c) Trade sales	2023	33,642	14,879	60 days from Bill of lading	Unsecured;
	2022	31,439	4,505	date; noninterest-bearing	no impairment
(d) Trade purchases	2023	2,894,985	(247,380)	45 days from Bill of lading	Unsecured;
	2022	2,542,987	(459,975)	date; noninterest-bearing	no impairment
(e) Miscellaneous income	2023	462	460	30 days; noninterest-bearing	Unsecured;
	2022	462	458		no impairment

(Forward)



Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
(f) Purchase of machinery and equipment	2023	₱14,047	₱-	45 days from Bill of lading date; noninterest-bearing	Unsecured; no impairment
	2022	-	-		
MNTH					
(a) Trade purchases, net	2023	164,607	(23,926)	60 days from Bill of lading date; noninterest-bearing	Unsecured
	2022	137,831	(17,707)		
(b) Purchase of machinery and equipment	2023	481,058	(481,058)	60 days from Bill of lading date; noninterest-bearing	Unsecured
	2022	-	-		
(b) Trade sales	2023	333,982	135,954	150 days from Bill of lading date; noninterest-bearing	Unsecured; no impairment
	2022	205,989	24,451		
(c) Miscellaneous income	2023	39,956	39,868	30 days; noninterest-bearing	Unsecured; no impairment
	2022	28,392	28,167		
(d) Charges (expense)	2023	1,732	-	30 days; noninterest-bearing	Unsecured
	2022	-	-		
MNUKL					
(a) Trade purchases, net	2023	-	-	60 days from Bill of lading date; noninterest-bearing	Unsecured
	2022	10,158	(2,230)		
(b) Miscellaneous income	2023	7,133	7,098	30 days; noninterest-bearing	Unsecured
	2022	7,133	7,074		
(c) Guarantee fee	2023	26,897	26,601	Payable annually on or before January 31, 2023; interest-bearing	Unsecured
	2022	16,248	16,450		
MNSPL					
(a) Trade sales	2023	5,269	3,825	30 days; noninterest-bearing	Unsecured; no impairment
	2022	2,329	567		
(b) Professional fees	2023	34,836	(5,768)	30 days; noninterest-bearing	Unsecured; no impairment
	2022	47,907	(17,664)		
SFC					
(a) Trade purchases, net	2023	608,237	(50,117)	30 days; noninterest-bearing	Unsecured
	2022	619,706	(86,482)		
(b) Rent income	2023	83,410	23,751	5 days; noninterest-bearing	Unsecured; no impairment
(c) Trade sales	2023	99,402	17,986	30 days; noninterest-bearing	Unsecured; no impairment
	2022	108,793	16,303		
(d) Miscellaneous income	2023	11,149	3,122	30 days; noninterest-bearing	Unsecured; no impairment
	2022	11,151	-		
(e) Loans payable	2023	322,487	-	3 years; interest-bearing	Unsecured; no impairment
	2022	-	-		
(f) Interest expense	2023	14,741	-	3 years; interest-bearing	Unsecured; no impairment
	2022	-	-		
Associate					
CHTI					
(a) Transportation and delivery expense	2023	324,596	(49,204)	15 days; noninterest-bearing	Unsecured
	2022	300,339	(14,578)		
Associates and joint ventures					
MMBC					
(a) Miscellaneous income	2023	-	-	30 days; noninterest-bearing	Unsecured; no impairment
	2022	-	33,751		
(b) Trade purchases, net	2023	-	-	30 days; noninterest-bearing	Unsecured
	2022	17,748	-		
Monde Land, Inc.*					
(a) Rent expense	2023	64,808	-	15 days; noninterest-bearing	Unsecured
	2022	64,603	-		
Honey Droplet Limited**					
(a) Noncurrent receivables (Note 8)	2023	-	-	4-6 years; interest-bearing	Unsecured; gross advances amounted to ₱115.3 million in 2023 and 2022; fully impaired in 2023 and 2022
	2022	-	-		

(Forward)



Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
YCE Group Pte Ltd.***					
(a) Noncurrent receivables (Note 8)	2023	₱-	₱-	Interest-bearing	Unsecured; fully impaired in 2023
	2022	-	-		
Common shareholders					
PT. Nissin Biscuit Indonesia****					
(a) Trade purchases, net	2023	46,075	-	45 days;	Unsecured
	2022	62,564	-	noninterest-bearing	
Totals					
Trade and other receivables (Note 5)	2023		₱428,445		
	2022		312,543		
Notes receivable (Note 5)	2023		-		
	2022		172,133		
Noncurrent receivables (net of impairment amounting to ₱115.3 million (Note 8))	2023		360,003		
	2022		362,408		
Trade payables (Note 13)	2023		(1,922,262)		
	2022		(2,186,708)		
Non-trade payables (Note 13)	2023		(481,058)		
	2022		-		

* Monde Land, Inc. is 40% owned by KBT, a subsidiary.

** Honey Droplet Limited is 50% owned by MNSPL, a subsidiary.

*** YCE Group Pte Ltd. is 32% owned by MNSPL, a subsidiary.

****PT Nissin Biscuit Indonesia has common individual shareholder

These transactions with related parties will be settled through cash.

MNSPL

On September 20, 2021, the BOD approved to subscribe additional 42,924,533 ordinary shares of MNSPL at an aggregate subscription price of ₱3,121.4 million (GBP45.0 million) payable in several tranches on or before March 31, 2022. As at December 31, 2023 and 2022, the Parent Company's subscription payable amounted to ₱284.5 million and nil, respectively (see Notes 10 and 13).

MMYSC

The Parent Company and MMYSC entered into a Distribution Agreement wherein MMYSC engaged the services of the Parent Company to handle the warehousing, selling, billing, delivery, and merchandising of all products of MMYSC in the Philippines. This agreement shall be in force and will govern all transactions and relations between both parties until cancelled or terminated.

MIL

On July 1, 2021, the Parent Company and MIL agreed to enter short-term promissory note for the payment of advances to MIL amounting to ₱317.2 million. MIL shall pay quarterly interest on the outstanding principal at a rate of 4.16% per annum. On July 1, 2022 the Parent Company and MIL agreed to extend the maturity of the promissory note to June 30, 2025 with interest at 3.83% per annum.

On July 15, 2022, the Parent Company and MIL agreed to enter short-term promissory note for the payment of advances to MIL amounting to ₱167.3 million. MIL shall pay quarterly interest on the outstanding principal at a rate of 3.83% per annum.

Interest income from notes receivable and noncurrent receivable from MIL amounted to ₱17.2 million in 2023 and ₱17.4 million in 2022 (see Notes 5 and 18).

MFL

On March 24, 2022, the Parent Company (Guarantor) entered into a Guarantee Agreement with Citicorp International Limited, as agent for and on behalf of certain financial institutions (Finance Parties), to guarantee the ₱7,059.4 million (£103 million) loan of Parent Company's wholly



owned, UK-based indirect subsidiary Marlow Foods Ltd. (Borrower). The Guarantor undertakes with each Finance Party that whenever the Borrower does not pay any amount when due or in connection with any finance document, the Guarantor shall promptly on demand pay the amounts as if it was the principal obligor.

On December 7, 2022, the Parent Company and MFL entered into Guarantee Fee Agreement to compensate the Parent Company for providing the Guarantee. MFL shall pay yearly guarantee fee for the outstanding commitment at a rate of 4% per annum.

Interest income recognized by the Parent Company from Guarantee Fee Agreement amounted to ₱26.9 million in 2023 and ₱16.2 million in 2022 (see Notes 5 and 18).

SFC

On October 1, 2020, the Parent Company entered into a Supply Agreement with SFC for an initial term effective up to December 31, 2025, wherein SFC will manufacture and deliver fresh breads, similar fresh confectionery products, other bread-related products and by-products to the Parent Company. The Supply Agreement will automatically renew unless either of the parties gives a written notice of its intention not to renew within 3 months prior to its effective termination date.

On January 26, 2023, the Parent Company entered into a 3-year Promissory Note agreement with SFC amounting to ₱267.7 million (\$4.9 million) with maturity date at January 26, 2026. The Parent Company shall pay interest on the outstanding principal amount at a rate per annum equal to 1 month Secured Overnight Financing Rate (SOFR) plus 1.70%. Interest and principal payment shall be made in United States Dollar (USD). The loans payable was paid in full on October 16, 2023.

On February 9, 2023, the Parent Company entered into a 3-year Promissory Note agreement with SFC amounting to ₱54.8 million (\$1.0 million) with maturity date at February 9, 2026. The Parent Company shall pay interest on the outstanding principal amount at a rate per annum equal to 1M Secured Overnight Financing Rate (SOFR) plus 1.70%. Interest and principal payment shall be made in United States Dollar (USD). The loans payable was paid in full on October 16, 2023.

MMBC

On May 31, 2016, the Parent Company entered into a Distributorship Agreement with MMBC, wherein MMBC engaged the services of the Parent Company to handle warehousing, selling, billing, delivery, and merchandising of MMBC's products. The agreement shall continue in force until cancelled or terminated by either party at any time with or without cause.

YCE

In 2021, the Parent Company recognized interest income amounting to ₱0.8 million and partially reversed provision for ECL amounting to ₱77.4 million as a result of settlement of advances to YCE. The remaining provision of ₱0.9 million is subsequently written off (see Note 8).

Miscellaneous Income

Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of investees' share in common expenses, rental income, reversal of ECL (see Notes 5 and 8), market valuation gain on financial instruments at FVTPL, gain on sale of property and equipment - net, and other miscellaneous items which are recorded under the "Other Income (expenses)" account in the parent company statements of comprehensive income.



Compensation of Key Management Personnel

	2023	2022
Short-term employee benefits	₱990,369	₱891,267
Post-employment benefits	138,271	60,161
	₱1,128,640	₱951,428

21. Income Tax

Current Income Tax

The Parent Company's provision for income tax in 2023 and 2022 consists of the following:

	2023	2022
Current:		
RCIT	₱2,164,450	₱1,972,077
Deferred:		
Deferred tax expense	(15,522)	(83,410)
	₱2,148,928	₱1,888,667

A reconciliation of provision for income tax computed at the applicable statutory tax rates of 25% in 2023 and in 2022 to provision for income tax as shown in the statements of comprehensive income follows:

	2023	2022
Provision for income tax at statutory tax rate	₱2,823,622	(₱2,503,367)
Income tax effects of:		
Nontaxable dividend income	(758,582)	(355,789)
Interest income already subjected to final tax	(79,100)	(26,702)
Nondeductible expenses	77,324	85,266
Movement in unrecognized DTA	62,375	4,699,549
Nondeductible interest expense	19,384	6,422
Others	3,905	(16,712)
	₱2,148,928	₱1,888,667

Deferred Income Tax

The components of the Parent Company's net deferred tax assets (liabilities) are as follows:

	2023	2022
Deferred tax assets:		
Allowance for impairment of property, plant and equipment	₱337,806	₱375,806
Pension liability	215,914	104,312
Refund liabilities	101,669	50,110
Accrued expenses	98,425	86,103
Right-of-use assets and lease liabilities	38,036	26,919
Allowance for inventory obsolescence	15,027	50,784
Contract liability	14,634	14,649
Unamortized past service cost	3,583	4,241
Allowance for ECL	730	2,185

(Forward)



	2023	2022
Unrealized foreign exchange loss	₱649	₱20,029
Others	27,063	162
	853,536	735,300
Deferred tax liabilities:		
Unrealized foreign exchange gain	(24,005)	(19,259)
Unrealized mark-to-market – UITF gain	(7,004)	(4,318)
Recognized deferred tax assets – net	₱822,527	₱711,723

The following deferred tax assets were not recognized in the parent company financial statements since management believes that it will not be utilized in the future:

	2023	2022
Allowance for impairment loss on investments	₱4,868,002	₱4,806,850
Advances from customers	28,817	28,817
Allowance for inventory obsolescence	13,656	8,213
Allowance for impairment loss on trademark	1,783	620
Allowance for ECL	–	5,195
	₱4,912,258	₱4,849,695

22. Leases

The Parent Company leases various real estate properties for its plant sites, warehouses, and office spaces. The most significant of these lease agreements is the lease agreement with Monde Land, Inc., a related party, for its plant sites in Sta. Rosa Laguna, Cebu, and Davao. The agreements are for periods of 25 to 50 years, renewable for another 25 years. Under the terms of the leases, in the event that the lessor decides to sell the leased property, the Parent Company shall have the first option to buy the said property subject to the constitutional limitations on the ownership of land.

On June 24, 2020, the Parent Company entered into agreements with Science Park of the Philippines for the lease of certain parcels of land in San Fernando, Malvar, Batangas to be used for various operational activities. The lease agreements are valid for 50 years up to 2095, and are automatically renewable for another 25 years.

The Parent Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company’s business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

The undiscounted potential future rental payments relating to periods following the exercise date of extension options not within the control of lessee that are not included in the lease term amounted to ₱94.5 million as at December 31, 2023 and 2022. The extension options not included are exercisable in 2030.



The following are the amounts recognized in the parent company statement of comprehensive income:

	2023	2022
Interest expense on lease liabilities (Note 18)	₱93,842	₱95,281
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 11)	68,786	71,984
Expenses relating to leases of low-value assets (Note 17)	3,656	6,797
	₱166,284	₱174,062

The movements in the Parent Company's lease liabilities are as follows:

	2023	2022
Balance at beginning of year	₱1,568,832	₱1,586,232
Payment of principal portion of lease liabilities	(176,897)	(112,681)
Accretion of interest (Note 18)	93,842	95,281
	₱1,485,777	₱1,568,832
Current	₱10,347	₱82,846
Noncurrent	1,475,430	1,485,986
	₱1,485,777	₱1,568,832

The maturity analysis of lease liabilities is disclosed in Note 24.

23. Commitments

Sandpiper Spices and Condiments Corporation (SSCC)

On July 25, 2014, and August 4, 2014, the Parent Company and SSCC entered into a Distribution, and Marketing and Sales Development Agreement wherein SSCC appoints the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years (until July 25, 2034). Under the Agreement, the Parent Company shall pay SSCC a non-reimbursable and non-recoupable sum of ₱727.6 million payable in 5 equal annual installments starting on August 4, 2014. The amount is recognized as Distribution Rights and subject to amortization for a period of 20 years up to 2034. The related payable was fully settled in 2018 (see Note 12).

On August 4, 2014, the Parent Company and SSCC entered into a Loan Agreement wherein the Parent Company agreed to extend a loan to SSCC in the principal amount of ₱500.0 million with interest rate of 2% per annum. The loan is for a period of 10 years and will mature on August 4, 2024.

As stipulated in Section 6 of the Loan Agreement, the Parent Company has the right to set-off and apply any credit balance of or any amount payable by the Group to SSCC. As a result, the Parent Company presented its receivable from SSCC net of its outstanding payable in its parent company statement of financial position in accordance with PAS 32, *Financial Instrument: Presentation*. As at December 31, 2023 and 2022, the Parent Company's net receivable from SSCC amounted to ₱500.0 million (see Note 8).

Interest income from advances to SSCC amounted to ₱10.0 million in 2023 and 2022 (see Note 8).



In March 2024, the Parent Company and SSCC mutually agreed to extend the ₱500.0 million loans with 3.5% interest rate per annum payable in 10 years. It was also agreed to extend an additional ₱100.0 million following the same terms. The formal loan agreement is still currently on process.

Guarantees

Wide Faith Foods Co. Ltd. On November 17, 2015, the Parent Company entered into a Guarantee Agreement with The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch, to guarantee the ₱141.4 million (\$3.0 million) loan of Wide Faith Foods Co. Ltd.

Marlow Foods Ltd. On March 24, 2022, the Parent Company (Guarantor) entered into a Guarantee Agreement with Citicorp International Limited, as agent for and on behalf of certain financial institutions (Finance Parties), to guarantee the ₱7,059.4 million (£103 million) loan of Parent Company's wholly owned, UK-based indirect subsidiary Marlow Foods Ltd. (Borrower). The Guarantor undertakes with each Finance Party that whenever the Borrower does not pay any amount when due or in connection with any finance document, the Guarantor shall promptly on demand pay the amounts as if it was the principal obligor.

24. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, noncurrent receivables and advances to employees. The primary purpose of these financial instruments is to fund the Parent Company's operations. The Parent Company has various other financial instruments such as accounts payable and other current liabilities, acceptance and trust receipts payable, and loan payable, which arise directly from its operations.

The main risks arising from the Parent Company's financial instruments are market risk, credit risk, and liquidity risk. The BOD reviews and agrees on 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.

The sensitivity analyses in the following sections relate to the position as at December 31, 2023 and 2022. The sensitivity of the relevant statement of other comprehensive income items is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at December 31, 2023 and 2022.

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 Parent Company's exposure to the risk of changes in market interest rates relates primarily to the Parent Company's long-term debt obligations with floating interest rates. The Parent Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.



Interest Rate Sensitivity. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Parent Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase (Decrease) in Basis Effect on Income	
	Points	Before Tax
2023	+100	₱50,128
	-100	(50,128)
2022	+100	70,640
	-100	(70,640)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Parent Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Parent Company's operating activities (when revenue or expense is denominated in foreign currency).

The Parent Company's significant foreign currency-denominated financial assets and liabilities are as follows (impact of other currencies is not material):

	2023				
	Original Currency				
	USD	EUR	JPY	SGD	Peso Equivalent
Financial Assets					
Cash and cash equivalents	\$48,017	€-	¥-	\$-	₱2,659,422
Trade and other receivables	3,733	-	-	-	206,752
Financial assets at FVTPL	30,174	-	-	-	1,671,187
Notes receivable	6,500	-	-	-	360,003
	88,424	-	-	-	4,897,364
Financial Liabilities					
Accounts payable and other current liabilities	13,468	379	65,100	68	797,584
Net Financial Assets (Liabilities)	\$74,956	(€379)	(¥65,100)	(\$68)	₱4,099,780
	2022				
	Original Currency				
	USD	EUR	JPY	SGD	Peso Equivalent
Financial Assets					
Cash and cash equivalents	\$61,847	€-	¥-	\$-	₱3,448,279
Trade and other receivables	1,168	-	-	-	65,122
Financial assets at FVTPL	31,360	-	-	-	1,748,477
Notes receivable	9,525	-	-	-	531,066
	103,900	-	-	-	5,792,944
Financial Liabilities					
Accounts payable and other current liabilities	20,880	379	65,100	921	1,252,203
Net Financial Assets (Liabilities)	\$83,020	(€379)	(¥65,100)	(\$921)	₱4,540,741

In translating the foreign-currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are as follows:

Year	USD (\$)	JPY (¥)	EUR (€)	SGD (\$)
2023	₱55.39	₱0.40	₱61.31	₱42.00
2022	₱55.76	₱0.42	₱59.55	₱41.58



The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso exchange rate for the next period, with all other variables held constant, of the Parent Company's income before tax. The reasonably possible change in the exchange rate was based on forecasted exchange rate changes within the next two months after the reporting period. The methods and assumptions used remained unchanged over the reporting periods being presented.

	2023		2022	
	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Tax
U.S. dollar	(0.66%) 0.66%	(27,399) 27,399	9.33% (9.33%)	431,865 (431,865)
SGD	1.02% (1.02%)	(29) 29	10.72% (10.72%)	(4,105) 4,105
JPY	(5.91%) 5.91%	1,511 (1,511)	(5.42%) 5.42%	(1,473) 1,473
EUR	2.95% (2.95%)	(685) 685	(3.55%) 3.55%	(801) 801

The Company's exposure to foreign currency changes for all other currencies is not material.

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 Parent Company 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 Parent Company trades only with recognized third parties, there is no requirement for collateral.

Maximum exposure to credit risk. The table below shows the maximum exposure to credit risk for the Parent Company's financial assets, without taking into account any collateral and other credit enhancements:

	2023	2022
Financial assets at amortized cost		
Cash and cash equivalents*	₱12,344,893	₱7,030,915
Trade and other receivables	4,816,580	4,428,241
Notes receivable - current	500,000	172,133
Noncurrent receivables	360,003	862,408
Advances to employees**	90,591	69,777
Financial assets at FVTPL	1,674,328	1,756,101
Total credit risk exposure	₱19,786,395	₱14,319,575

*Excluding cash on hand amounting to ₱690 in 2023 and ₱945 in 2022.

**Recorded under "Other noncurrent assets" account.



Aging analysis. The aging analysis of financial assets follows:

	2023						Total
	Current	Days Past Due				ECL	
		1-30 Days	31-60 Days	61-90 Days	More than 90 Days		
Financial assets at amortized cost							
Cash and cash equivalents*	₱12,344,893	₱-	₱-	₱-	₱-	₱-	₱12,344,893
Trade and other receivables	4,536,976	270,732	-	2,971	5,901	2,922	4,819,502
Notes receivable - current	500,000	-	-	-	-	-	500,000
Noncurrent receivables	360,003	-	-	-	-	115,266	475,269
Advances to employees**	90,591	-	-	-	-	-	90,591
	17,832,463	270,732	-	2,971	5,901	118,188	18,230,255
Financial assets at FVTPL	1,674,328	-	-	-	-	-	1,674,328
	₱19,506,791	₱270,732	₱-	₱2,971	₱5,901	₱118,188	₱19,904,583

* Excluding cash on hand amounting to ₱690.

** Recorded under "Other noncurrent assets" account.

	2022						Total
	Current	Days Past Due				ECL	
		1-30 Days	31-60 Days	61-90 Days	More than 90 Days		
Financial assets at amortized cost							
Cash and cash equivalents*	₱7,030,915	₱-	₱-	₱-	₱-	₱-	₱7,030,915
Trade and other receivables	4,013,611	395,805	38	18	18,769	29,519	4,457,760
Notes receivable - current	172,133	-	-	-	-	-	172,133
Noncurrent receivables	862,408	-	-	-	-	115,266	977,674
Advances to employees**	69,777	-	-	-	-	-	69,777
	12,148,844	395,805	38	18	18,769	144,785	12,708,259
Financial assets at FVTPL	1,756,101	-	-	-	-	-	1,756,101
	₱13,904,945	₱395,805	₱38	₱18	₱18,769	₱144,785	₱14,464,360

* Excluding cash on hand amounting to ₱945.

** Recorded under "Other noncurrent assets" account.

Credit risk under general and simplified approach

	2023				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Financial assets at amortized cost					
Cash and cash equivalents*	₱12,344,893	₱-	₱-	₱-	₱12,344,893
Trade and other receivables	78,923	-	-	4,740,579	4,819,502
Notes receivable - current	500,000	-	-	-	500,000
Noncurrent receivables	360,003	-	115,266	-	475,269
Advances to employees**	90,591	-	-	-	90,591
	13,374,410	-	115,266	4,740,579	18,230,255
Financial assets at FVTPL	1,674,328	-	-	-	1,674,328
	₱15,048,738	₱-	₱115,266	₱4,740,579	₱19,904,583

* Excluding cash on hand amounting to ₱690.

** Recorded under "Other noncurrent assets" account.

	2022				
	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Financial assets at amortized cost					
Cash and cash equivalents*	₱7,030,915	₱-	₱-	₱-	₱7,030,915
Trade and other receivables	33,914	-	-	4,423,846	4,457,760
Notes receivable - current	172,133	-	-	-	172,133
Noncurrent receivables	862,408	-	115,266	-	977,674
Advances to employees**	69,777	-	-	-	69,777
	8,169,147	-	115,266	4,423,846	12,708,259
Financial assets at FVTPL	1,756,101	-	-	-	1,756,101
	₱9,925,248	₱-	₱115,266	₱4,423,846	₱14,464,360

* Excluding cash on hand amounting to ₱945.

** Recorded under "Other noncurrent assets" account.



Simplified Approach. Set out below is the information about the credit risk exposure on the Parent Company's trade receivables using simplified approach (provision matrix):

	2023							Total
	Days Past Due							
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	
ECL rate	0.05%	0.29%	1.40%	3.24%	5.32%	7.68%	100.00%	
Estimated total gross carrying amount at default	₱4,468,837	₱271,742	₱-	₱-	₱-	₱-	₱-	₱4,740,579
ECL	₱2,133	₱789	₱-	₱-	₱-	₱-	₱-	₱2,922

	2022							Total
	Days Past Due							
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	
ECL rate	0.04%	0.21%	0.88%	2.02%	3.25%	4.18%	100.00%	
Estimated total gross carrying amount at default	₱3,985,290	₱393,330	₱-	₱-	₱-	₱18,809	₱26,417	₱4,423,846
ECL	₱1,508	₱807	₱-	₱-	₱-	₱787	₱26,417	₱29,519

Liquidity Risk

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

The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. The Parent Company's policy is that not more than 50% of borrowings should mature in the next 12-month period. Approximately 1% of the Parent Company's debt will mature in less than one year at December 31, 2023 (5% in 2022) based on the carrying value of debt reflected in the financial statements. The Parent Company assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Parent Company 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 Parent Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Parent Company'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.

Maturity profile. The table below summarizes the maturity profile of the Parent Company's financial assets and liabilities based on undiscounted payments are as follows:

	2023					Total
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	
Financial assets at amortized cost						
Cash and cash equivalents	₱778,899	₱11,566,684	₱-	₱-	₱-	₱12,345,583
Trade and other receivables	282,526	4,536,976	-	-	-	4,819,502
Notes receivable – current	500,000	-	-	-	-	500,000
Noncurrent receivables	-	-	-	475,269	-	475,269
Advances to employees**	-	-	-	90,591	-	90,591
	1,561,425	16,103,660	-	565,860	-	18,230,945
Financial assets at FVTPL	1,674,328	-	-	-	-	1,674,328
	3,235,753	16,103,660	-	565,860	-	19,905,273

(Forward)



2023						
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial liabilities carried at amortized cost						
Accounts payable and other current liabilities*	₱6,511,994	₱1,248	₱1,969,181	₱-	₱-	₱8,482,423
Acceptance and trust receipts payable	-	-	1,607,336	-	-	1,607,336
Lease liabilities	-	28,653	62,364	395,692	5,209,414	5,696,123
	6,511,994	29,901	3,638,881	395,692	5,209,414	15,785,882
	(₱3,276,241)	₱16,073,759	(₱3,638,881)	₱170,168	(₱5,209,414)	₱4,119,391

* Excluding statutory payables and subscription payable under "Nontrade payables" account.
 ** Recorded under "Other noncurrent assets" account.

2022						
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial assets at amortized cost						
Cash and cash equivalents	₱571,189	₱6,460,671	₱-	₱-	₱-	₱7,031,860
Trade and other receivables	444,149	4,013,611	-	-	-	4,457,760
Notes receivable – current	-	172,133	-	-	-	172,133
Noncurrent receivables	-	-	-	977,674	-	977,674
Advances to employees**	-	-	-	69,777	-	69,777
	1,015,338	10,646,415	-	1,047,451	-	12,709,204
Financial assets at FVTPL	1,756,101	-	-	-	-	1,756,101
	2,771,439	10,646,415	-	1,047,451	-	14,465,305

Financial liabilities carried at amortized cost						
Accounts payable and other current liabilities*	6,726,687	3,428	1,198,581	-	-	7,928,696
Acceptance and trust receipts payable	-	-	2,362,301	-	-	2,362,301
Lease liabilities	-	34,381	142,515	381,859	5,314,263	5,873,018
	6,726,687	37,809	3,703,397	381,859	5,314,263	16,164,015
	(₱3,955,248)	₱10,608,606	(₱3,703,397)	₱665,592	(₱5,314,263)	(₱1,698,710)

* Excluding statutory payables under "Nontrade payables" account.
 ** Recorded under "Other noncurrent assets" account.

Changes in Liabilities Arising from Financing Activities

	January 1, 2023	Cash Flows	Foreign Exchange Movement	Fair value changes	Others	December 31, 2023
Current and non-current portion of loans payable*	₱-	₱-	₱-	₱-	₱-	₱-
Accrued interest payable	-	(113,791)	-	-	113,791	-
Derivative liability	-	20,833	-	(20,833)	106,406	106,406
Lease liabilities	1,568,832	(176,897)	-	-	93,842	1,485,777
Dividends payable	-	-	-	-	2,156,233	2,156,233
Total liabilities from financing activities	₱1,568,832	(₱269,855)	₱-	(₱20,833)	₱2,470,272	₱3,748,416

**"Others" primarily include interest expenses

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Fair value changes	Others	December 31, 2022
Current and non-current portion of loans payable*	₱19,943	(₱5,000)	₱-	₱-	(₱14,943)	₱-
Accrued interest payable	29	(67,538)	-	-	67,509	-
Derivative liability	-	919,859	-	(919,859)	-	-
Lease liabilities	1,586,232	(112,681)	-	-	95,281	1,568,832
Dividends payable	-	(2,515,606)	-	-	2,515,606	-
Total liabilities from financing activities	₱1,606,204	(₱1,780,966)	₱-	(₱919,859)	₱2,663,453	₱1,568,832

**"Others" primarily include amortization of debt issue costs and interest expenses and disposal of lease liabilities

Derivative Financial Instruments

The Parent Company engages in derivative transactions such as structured deposit, dual currency investment, cross currency swaps (CCS) and European Knockout Option (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 cake deposit and dual currency investment) are recognized in the consolidated statements of income.



Structured Deposit

The Parent Company invested in a principal protected structure with a potential enhanced return greater than the prevailing money market rate. The structured deposit will be 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 December 31, 2023.

Dual Currency Investment

The Parent Company 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	Conversion Rate	Interest Rate of Investment Currency
\$3,100	11/22/23	02/22/24	1.24	7.50% p.a.
\$10,000	11/22/23	02/22/24	1.24	7.25% p.a.

Structured Note

The Parent Company invested in a structured note that offers enhanced return when the underlying asset trades at or is 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 Parent Company 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 Parent Company recognized market valuation gain of ₱71.6 million and ₱14.0 million from fair value changes of structured deposit and dual currency investment in 2023 and 2022, respectively, under the “Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)” account in the consolidated statement of comprehensive income.

Cross Currency Swap 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). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling 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



MNSPL, is used to hedge the Parent Company’s exposure to the GBP foreign exchange risk on its investment in MNSPL.

Pertinent details of the cross-currency swap are as follows:

Notional amount	Trade Date	Effective Date	Maturity Date	Swap rate	Fixed rate (Pay leg)	Fixed rate (Receive leg)
£85,000	3/3/22	3/7/22	3/7/32	₱68.70	6.0%	9.0%

On September 28, 2022, the BOD approved to fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling.

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.

The Parent Company recognized derivative gain (loss) of (₱85.6) million in 2023 and ₱919.9 million in 2022 from the maturity of CCS.

Embedded Derivatives

The total derivative gain (loss) presented in the parent company statement of comprehensive income consists of derivative gain from CCS, EKO, equity conversion and redemption options, and swaps. The derivative loss from swaps entered and settled during the same year, amounted to ₱5.4 million in 2023 and ₱0.6 million in 2022.

Capital Management

For the purpose of the Parent’s capital management, capital includes issued capital and all other equity reserves. The primary objective of the Parent Company’s capital management is to maximize the shareholder value. The Parent Company 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 Parent Company 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 years ended December 31, 2023 and 2022. The Parent Company was able to raise funds through an IPO last June 1, 2021.

The Parent Company monitors capital based on 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 Parent Company. Equity comprises all components of equity.

The Parent Company’s debt-to-equity ratios are as follows:

	2023	2022
Total debt	₱16,606,890	₱12,793,234
Equity	54,505,228	48,129,854
Debt-to-Equity Ratio	0.30:1.00	0.27:1.00



The Parent Company is obligated to perform certain covenants with respect to maintaining specified debt-to-equity, gross leverage and minimum debt service cover ratios, as set in the agreements with creditors. As at December 31, 2023, the Parent Company is in compliance with these covenants. The related loan was fully settled upon maturity in December 2022.

Fair Value of Financial Instruments

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 December 31, 2023, and 2022 due to the short-term nature of these financial instruments.

Noncurrent receivables and loans payable. As at December 31, 2023 and 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.

Financial assets at FVTPL. The 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 December 31, 2023 and 2022, the fair values of these financial assets are based on their published net asset value per share.

As at December 31, the following table presents the level of hierarchy of the Parent Company's financial instruments as follows:

	2023			2022		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value						
Financial assets at FVTPL	P-	P-	₱1,674,328	P-	P-	₱1,756,101

Financial Assets at FVOCI. The fair value of financial asset at FVOCI from Wide Faith Investment Holdings Ltd. is derived from the cash flow projection of the investee (income approach), which is nil as at December 31, 2023 and 2022.

The fair value of Figaro Coffee Group, Inc. is based on quoted prices. The fair value of Terramino Inc. approximates its last transaction price.

25. Supplemental Disclosure to Cash Flow Statements

The Parent Company's material non-cash activities are as follows:

	2023	2022
Unpaid capital expenditures	(₱481,058)	P-
Subscription payable	(284,475)	(19,600)



26. Segment Information

For management purposes, the Parent Company 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 manufacturers and distributes a variety of meat alternative brands and products to the retail trade and food service customers in the UK, US, Europe and Asia-Pacific.

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

The Chief Executive Officer 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 parent company financial statements.

Financial information about the business segments follows:

	2023			
	APAC BFB	Meat Alternative	Reconciliation	Parent Company Financial Statements
Net sales - third parties	₱65,941,954	₱14,237,274	(₱17,376,520)	₱62,802,708
Costs and expenses	(52,705,540)	(14,786,759)	13,487,954	(54,004,345)
Depreciation and amortization	(1,969,099)	(802,867)	1,550,381	(1,221,585)
Finance income	984,616	33,365	(731,720)	286,261
Finance expense	(267,460)	(982,933)	1,042,760	(207,633)
Gain (Loss) on Change in FV of Guaranty Asset	-	1,301,750	(1,301,750)	-
Foreign exchange gain (loss) – net	60,563	19,843	5,890	86,296
Impairment loss	11,642,182	(13,360,310)	1,874,080	155,952
Share in profit (loss) of associates and joint venture	35,552	-	(35,552)	-
Other income (expense)	294,086	30,179	3,072,570	3,396,835
Income before income tax	24,016,854	(14,310,458)	1,588,093	11,294,489
Provision for income tax	2,764,440	(3,984,992)	3,369,480	2,148,928
Net income	₱21,252,414	(₱10,325,466)	(₱1,781,387)	₱9,145,561
Other information				
Total assets	₱76,183,132	₱21,237,872	(₱26,308,886)	₱71,112,118
Total liabilities	₱17,862,388	₱7,763,027	(₱9,018,525)	₱16,606,890
Investment in associates and joint venture	₱1,125,054	₱-	₱28,536,844	₱29,661,898
Capital expenditures	₱2,610,336	₱1,030,934	(₱1,078,560)	₱2,562,710

	2022			
	APAC BFB	Meat Alternative	Reconciliation	Parent Company Financial Statements
Net sales - third parties	₱58,491,069	₱15,423,228	(₱17,656,694)	₱56,257,603
Costs and expenses	(48,275,301)	(15,056,614)	14,114,406	(49,217,509)
Depreciation and amortization	(₱1,958,196)	(₱755,466)	₱1,542,218	(₱1,171,444)
Finance income	2,163,225	5,035	(1,099,334)	1,068,926
Finance expense	(250,337)	(879,461)	967,008	(162,790)
Foreign exchange gain (loss) – net	402,381	19,736	120,634	542,751
Impairment loss	(23,815,201)	(21,164,137)	25,957,979	(19,021,359)
Share in profit (loss) of associates and joint venture	15,217	-	(15,217)	-
Other income (expense)	171,333	51	1,518,971	1,690,355
Income before income tax	(13,055,810)	(22,407,628)	25,449,971	(10,013,467)
Provision for income tax	2,465,240	(1,336,287)	759,714	1,888,667
Net income	(₱15,521,050)	(₱21,071,341)	₱24,690,257	(₱11,902,134)
Other information				
Total assets	₱89,947,658	₱34,689,207	(₱63,713,777)	₱60,923,088
Total liabilities	₱14,177,754	₱23,683,292	(₱25,067,812)	₱12,793,234

(Forward)



	2022			Parent Company
	APAC BFB	Meat Alternative	Reconciliation	Financial Statements
Investment in associates and joint venture	₱1,104,453	₱-	₱24,517,730	₱25,622,183
Capital expenditures	₱2,059,006	₱2,373,224	(₱2,881,428)	₱1,550,802

27. Supplementary Information Required under RR 15-2010

The Parent Company reported and/or paid the following types of taxes in 2023:

a. VAT

Output VAT. Sales and output VAT declared in the Parent Company's VAT returns follow:

	Net Sales/ Receipts	Output VAT
Taxable sales and others:		
Local sales, net of sales returns	₱65,333,606	₱7,840,033
Scrap sales	171,230	20,548
Miscellaneous income	148,357	17,803
	65,653,193	7,878,384
Zero-rated sales	420,444	-
Exempt sales	1,002,467	-
	₱67,076,104	₱7,878,384

Zero-rated sales of goods consist of actual export sales and sales to entities under Subic Bay Metropolitan Authority (SBMA) whose exemptions are provided under special laws or international agreements to which the Philippines is a signatory.

VAT-exempt sales pertain to sales of swine and poultry feeds whose exemptions are provided under Section 109(1)(B) of the National Internal Revenue Code, as amended.

Input VAT. The details of the Parent Company's input VAT follow:

	Purchases	Input VAT
Balance at beginning of year		₱-
Input tax carryover from previous period subject to amortization		243,776
Current year's purchases/payments for:		
Importation of goods other than capital goods	13,895,400	1,623,845
Domestic purchases of goods other than capital goods	25,320,693	3,038,483
Domestic purchase of services	9,501,617	1,140,194
Capital goods subject to amortization		
Domestic purchase of capital goods	298,105	35,772
Importation of capital goods	660,266	81,259
Services rendered by nonresidents	415,508	49,861
Purchases not qualified for input tax	1,574,521	-
Total	51,666,110	6,213,190

(Forward)



	Purchases	Input VAT
Input VAT on the purchase of capital goods deferred for the next succeeding period:		
Domestic purchase of capital goods		(P67,604)
Importation of capital goods		(81,151)
Application against output VAT		(6,067,149)
Unapplied tax credits		2,714
Balance at end of year		P-

b. Information on the Parent Company's importations

	Import of Goods	Import of Capital Goods
Cost of importation, at net	P13,882,057	P657,110
Custom duties	11,801	3,102
Import processing fee	1,541	55
	P13,895,399	P660,267

c. Taxes and licenses

Municipal licenses/business permit	P155,050
Real property taxes	97,717
Documentary stamp taxes	8,112
Others	1,240
	P262,119

d. Documentary stamp taxes (DST)

	Amount	DST thereon
Original issue of all debt instruments	P322,487	P2,419
Leases and other hiring agreement	81,995	164
	404,482	2,583
DST remitted by other party, charged to MNC	-	5,529
	P404,482	P8,112

e. Withholding taxes

Final withholding taxes	P99,152
Expanded withholding taxes	539,278
Taxes on compensation and benefits	445,663
Fringe benefits	96,722
	P1,180,815

f. Tax assessment and cases

The Parent Company has an ongoing audit with the Bureau of Internal Revenue as at December 31, 2023 covering fiscal years 2019-2022. The said BIR audit was closed and terminated on March 22, 2024.



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
Monde Nissin Corporation
Felix Reyes St., Barangay Balibago
City of Santa Rosa, Laguna

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Monde Nissin Corporation (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the parent company financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic parent company financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

Tax Identification No. 178-486-845

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10079934, January 5, 2024, Makati City

April 10, 2024



Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2023

(Amounts in Thousands)

Monde Nissin Corporation

Felix Reyes St. Brgy. Balibago, City of Santa Rosa, Laguna, Philippines

Unappropriated Retained Earnings, beginning of reporting period		(₱12,886,584)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Equity restructuring	7,153,900	
Reversal of Retained Earnings Appropriations	5,000,000	12,153,900
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declared during the reporting period	2,156,233	
Unrealized foreign exchange and fair value adjustment of financial instruments at fair value through profit or loss (FVTPL)	7,810	2,164,043
Unappropriated Retained Earnings, as adjusted		(2,896,727)
Add: Net Income for the current year		9,145,561
Less: Category C.1: Unrealized income recognized in the profit or loss during the period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	26,848	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	8,058	34,906
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	13,655	13,655
Adjusted Net income/Loss		6,227,583
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	11,837	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction (right of use of asset and lease liability)	11,117	22,954
Total Retained Earnings, end of the reporting period available for dividend		₱6,204,629

ANNEX C

2023 Sustainability Report



Monde Nissin



MAKING BETTER POSSIBLE

2023 SUSTAINABILITY REPORT

About the Cover

GRI 2-1



Monde Nissin Corporation
(Monde Nissin or the Company)

celebrates a year of progress in 2023 as we continue our journey of **Making Better Possible**® towards our corporate aspiration to improve the wellbeing of people and the planet and create sustainable solutions for food security. In 2022, we began Making Better Possible® by actively engaging our stakeholders with greater transparency and holistic reporting of the Company's economic, environmental, and social impacts. We kept that momentum going in 2023 as we continued to accomplish Monde Nissin's mission of sustainable development through our strategies, management approaches, and operations.

Monde Nissin's 2023 Sustainability Report (SR) chronicles our progress based on the North Star Targets that we defined in 2021. It highlights the significant contributions of every Monde Nissin community member who strived to make our products and operations better for the benefit of people and the planet.

About the Report

GRI 2-1, 2-2, 2-3, 3-1

The theme of this year's SR centers on how far the Company has come along this journey two years from our first SR, sharing the positive results we've made on our North Star Targets.

Frameworks Used: This report is aligned with internationally recognized sustainability reporting frameworks, such as the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards, and the Sustainability Reporting Guidelines for Publicly-Listed Companies of the Philippines' Securities and Exchange Commission (SEC). Monde Nissin also aligns our priority goals with the United Nations Sustainable Development Goals (UN SDGs).

Scope and Boundary: This report covers the operations of Monde Nissin Corporation and our UK-based indirect subsidiary Monde Nissin (UK) Ltd. (MNUK) for the period January 1 to December 31, 2023. MNUK and MNUK's subsidiaries are together referred to as *Quorn Foods*. Information in the report, such as business, financial, and sustainability-related matters, has been specified to cover only the following entities:

- ▶ Business and financial information found in the Chief Executive Officer's (CEO) Letter to Stakeholders and the General Disclosures portion of the report Annex cover Monde Nissin and all subsidiaries. The information on activity metrics covers Monde Nissin and Quorn Foods.
- ▶ Economic information covers Monde Nissin and Quorn Foods.
- ▶ Environmental information covers Monde Nissin's plant sites in Laguna, Cebu, Davao, Pampanga, and Batangas, all in the Philippines, as well as MNUK's subsidiary Marlow Foods Ltd.'s (MFL's) UK locations in Belasis, Stokesley, and Methwold.
- ▶ Social information covers Monde Nissin and Quorn Foods. The information on occupational health and safety (OHS), only covers Monde Nissin and MFL's Belasis, Stokesley, and Methwold sites.

- ▶ Monde Nissin contributes information on Corporate Governance (CG). Topics on anti-corruption, data privacy, and customer privacy cover Monde Nissin and Quorn Foods.

Materiality: Material topics were updated through stakeholder engagement and materiality assessment, which were recently conducted for the reporting period. More information on our material topics and materiality process can be found on page 16-17.

A digital copy of this 2023 SR (as an Annex to Monde Nissin's Annual Report on Form SEC 17-A) is available in Monde Nissin's page at the Philippine Stock Exchange, Inc.'s (PSE's) EDGE portal at <https://edge.pse.com.ph> and at Monde Nissin's website at <https://mondenissin.com>.

For feedback, questions, or suggestions, you may contact **Monde Nissin's Investor Relations Department** at investor.relations@mondenissin.com.

Report Disclaimer

The contents of this communication should not be construed as investment advice or as a recommendation or solicitation for any investment by or in Monde Nissin Corporation. Any forward-looking statements that may be contained herein are based on current expectations and assumptions regarding anticipated developments and other factors affecting Monde Nissin Corporation and its subsidiaries. They are not historical facts, nor are they guarantees of future performance. Monde Nissin Corporation and its subsidiaries disclaim any liability whatsoever for any loss arising from any reliance, in full or in part, on the contents of this SR.

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EXECUTIVE MESSAGES

GRI 2-22

THE CEO'S LETTER TO STAKEHOLDERS



To our valued stakeholders,

Monde Nissin has learned much about the value of agility in 2023. Quick responses to the challenging external operating environment for both our Asia Pacific Branded Food and Beverage (APAC BFB) and Meat Alternative businesses allowed for strong business performance. Altogether, Monde Nissin and our subsidiaries reached an all-time high with a record net revenue of Php 80.2 billion in 2023, an increase of 8.4% versus 2022. This was achieved through initiatives that supported and strengthened our leading market position, along with other programs that helped us achieve a strong operational and financial performance for the year 2023.

Our APAC BFB business benefited from robust consumer demand, resulting in a full-year net sales growth of 12.6% year-on-year, aided by both volume and pricing actions across all our categories. Our Meat Alternative business, the producers of the revolutionary Quorn mycoprotein products, achieved 32.3% market share for the full year of 2023 despite challenges in the retail segment, while food service performed better.

We remain confident in the value our alternative protein can bring to society, given its sustainable production process and positive health benefits. We also recognize the headwinds facing the meat alternatives category from the inflationary environment in the UK. We undertook an operational restructuring in the first half of 2023 to address challenges of the Meat Alternative business while protecting our growth drivers. In addition, the Meat Alternative business received in the fourth quarter of 2023 a significant risk reduction measure consisting of financial support offered by Monde Nissin's controlling family shareholders to meaningfully protect the valuation of the Meat Alternative business for the next ten years.



We have also made progress in our sustainability journey, which our Chief Sustainability Officer will share in greater detail later in this report. Here, I would like to commend the efforts of our employees in innovating towards sustainability. In 2023, our teams went above and beyond what was asked of them, contributing not just to the goals of the workplace but also to the adoption of sustainable practices in their daily lives. It is an inspiration for everyone at the Company to witness this level of commitment and participation in practicing sustainability. Not only do employees diligently work on company initiatives but many individuals proactively come up with process improvements to reduce workplace waste, promote personal sustainability practices, volunteer time to help the community, and form support groups for employee wellbeing.

These initiatives demonstrate one of our core values which we have steadfastly kept in mind: "Continuous Learning with a Growth Mindset," which means that everything that must be learned can be learned, and everything that must be improved can be improved.

At Monde Nissin, we encourage everyone to never settle for the status quo.

With this mindset, the Company continues to push forward. This past year we launched a comprehensive employee engagement program called "Tulong Sulong" which gives each employee "KaSulong" the opportunity to help advance our sustainability pillars. Our employees are the most important part of achieving our commitment to becoming a sustainable business in tangible terms.



This is a manifestation of our aspiration to improve the wellbeing of people and the planet which drives our holistic support to stakeholders through developing better and healthier products for our consumers, extending financial value to our shareholders, working with local communities for them to realize paths towards societal and economic development, and promoting a productive mindset with our employees.

I would like to thank you, our stakeholders, for the support you have given us all this time. May we continue this journey of constant improvement together. I am confident that the Company will uphold our value of ethical and sustainable innovation for the betterment of people and the planet.

HENRY SOESANTO
Chief Executive Officer

HOW WE'VE BEEN MAKING BETTER POSSIBLE

Dear stakeholders,

2023 marks the second year of publishing our yearly Making Better Possible® Sustainability Report, another year of measuring our progress in pursuing our corporate aspiration. This corporate aspiration, **“To improve the wellbeing of people and the planet and create sustainable solutions for food security,”** is the statement that guides our initiatives in becoming a better business.

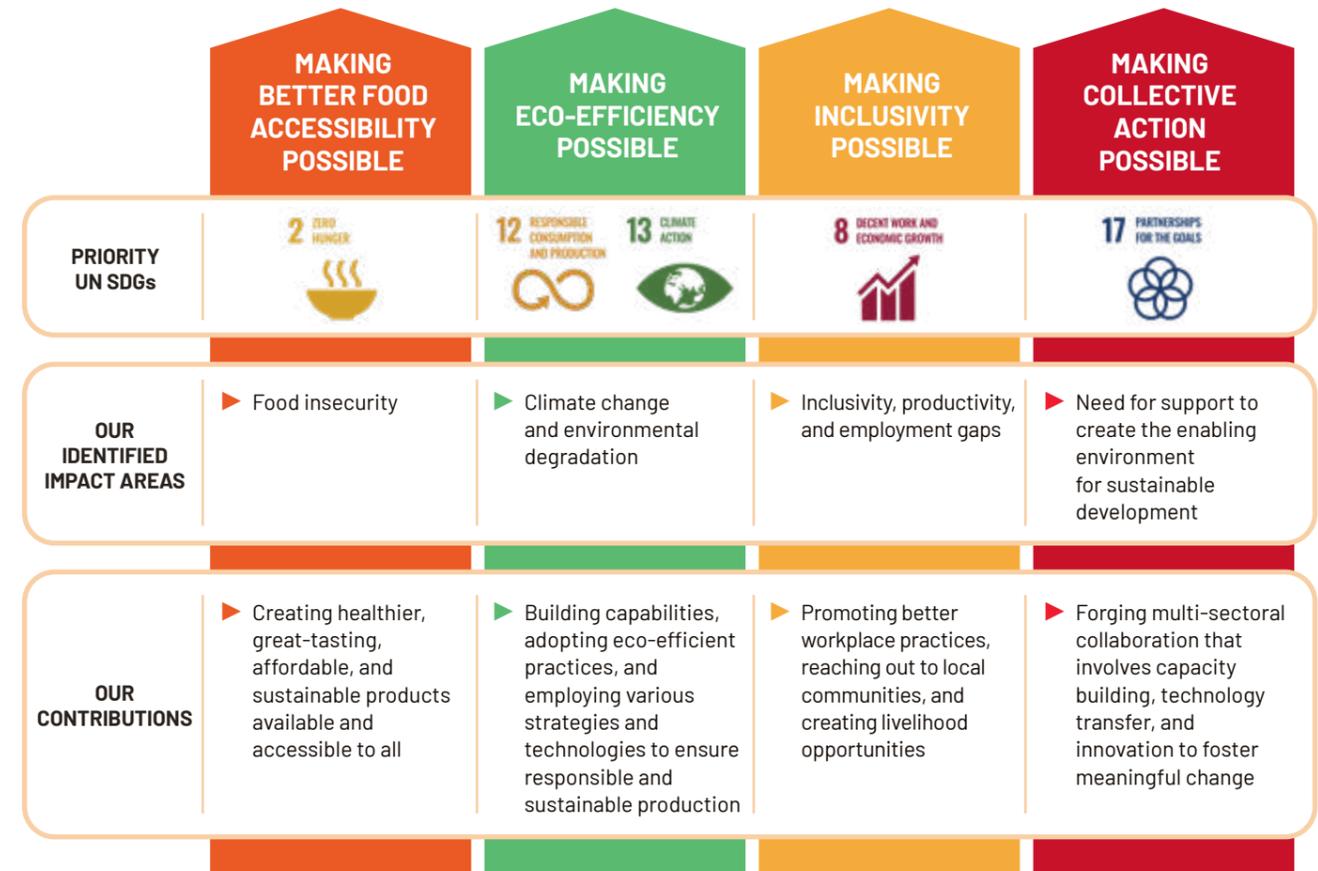
Looking back to 2021, we developed our sustainability framework and set 2021 as our baseline year for measuring our progress vis-à-vis our North Star Targets, aware of the action that needs to be taken if we want our corporate aspiration to become reality.

By 2022, we had developed, executed, and reported on a series of sustainability programs with the goal of making our operations more sustainable and continuing to build awareness among our employees and leadership. After all, the Company’s sustainability initiatives are only as effective as the minds and hands behind them. The call to take part in Monde Nissin’s sustainability journey has been warmly received by our employees, who, inspired by environmental and social causes, have helped make progress possible.

Our efforts to concretize and operationalize sustainability at the Company continued to bear fruit in 2023. Through the collective action of the various Monde Nissin teams and business units, we improved our performance in relation to our North Star Targets. More than just metrics, these numbers represent how the Company improved internally in order to better serve the needs of society.



The pillars of our sustainability framework identify particular areas that Monde Nissin can have the most impact on. In 2023, with a mindset of constant improvement and intentionality, we continued to drive positive impacts in these areas:



Broadening Consumer Choices for Better and Healthier Food

As a leader in the food and beverage industry in the Philippines, we recognize our capacity to contribute to food security by growing our portfolio of better and healthier food so consumers have more choices. Under our strategic pillar, Making Better Food Accessibility Possible, Monde Nissin maintained the majority revenue share of our fortified products at 71% in 2023. Consumers can continue to enjoy fortified Lucky Me! and bakery products that are sources of vitamin A, vitamin C, iron, and protein.

At the same time, we encourage consumers’ informed decision-making when it comes to choosing what to eat. Our Lucky Me! products now have front-of-pack labeling that notifies consumers about vitamin and mineral fortifications, and calorie amounts that the product was made with. We aim to make food not only affordable and accessible but also ensure that nutritional information is easily recognizable.

Empowering Eco-efficient Operations

When we make our products, we also pay close attention to the impacts our manufacturing process has on the planet. Monde Nissin continuously instills an eco-efficient mindset across our plant sites, where our Product Supply (PS) teams are constantly coming up with ways to improve process reliability while considering environmental impacts. Employee empowerment and capability building have become crucial in enabling organization-wide changes in how we produce our products sustainably.

In 2023, we tapped into the capabilities of our plant site teams to better manage our operations through regular leadership alignments and daily directional setting on the shop floor. This approach ensures that everyone is aligned with our environmental compliance and sustainability goals and that each individual retains ownership over ideas on how the Company can achieve them. Monde Nissin's eco-efficiency strategy, which covers the areas of electricity, water, steam, and waste, is the result of various suggestions across our plant sites. We have supplemented these emissions and consumption reduction initiatives with the adoption of renewable energy at nearly all of our plant sites and through our water recovery, recycling, and loss elimination initiatives, achieving 38% and 28% reductions in our GHG intensity and water intensity, respectively, as compared to that of 2021.

Securing Sustainable Livelihoods

We have been welcoming more employees and leaders from diverse backgrounds, thanks to our expansion project in Davao and the growing number of women in company leadership roles. The number of women on our Board of Directors—the Company's top governance and policy-making body—increased from 5 to 6 out of 9 in 2023. Notably, all our Independent Directors are women. This continued success in promoting diversity in the workplace, starting at the very top—i.e., at the Board level—was again recognized by no less than the Philippines' Securities and Exchange Commission for the second straight year through the awarding to Monde Nissin of the SEC's Gender and Development Award in the third quarter of 2023.

Monde Nissin also supports local community livelihoods through the Community Development Network (CDN). Through the CDN, distributors and Independent Brand Experts who sell Monde Nissin products are able to supplement their earnings. The CDN grew in 2023 to include more than 1,200 Independent Brand Experts.

Partners in Progress

Progress on our targets would not have been possible if not for our greatest resource—our dedicated workforce. Monde Nissin views our employees as agents of positive change, where every individual is capable of furthering our corporate aspiration as supported by the Company through professional development opportunities and engaging sustainability platforms.

Tulong Sulong is our most comprehensive employee engagement program, helping Monde Nissin achieve the Company's aspiration for collective progress and action. Each employee KaSulong acts as a spark that ignites the possibility of a better future for communities, uplifting lives beyond the business. By empowering employees through an organized volunteering platform, we provide them more opportunities to apply sustainable solutions outside of the workplace and their households. For example, Monde Nissin KaSulong can be found aiding in the rehabilitation of local ecosystems and serving host communities.

In 2023, we processed the results of a survey designed to gauge employees' perceptions of the Monde Nissin's sustainability practices. Based on the results of the survey, the majority of our employees agreed that the Company is a beneficial contributor to society; they also fully affirmed the Company's responsibilities to the environment and to society in relation to the way we conduct business. As we continue enhancing our sustainability practices, we hope that these responses will continue to be motivators for increased participation in our programs.

Our partnerships and collective efforts go beyond our sites in the Philippines. Quorn Foods is our partner in achieving our corporate aspiration through the UK-based subsidiary's contribution to sustainable, meat-free food. Together, we expand the positive impacts of our shared goals in social responsibility and environmentally conscious operations to a global reach.



A Future of Possibilities

Monde Nissin's progress in 2023 is a compelling affirmation of what can happen when everyone works together towards becoming better.

We remain convinced more than ever that achieving our North Star Targets will be possible through informed and empowered collaboration with our employees and other like-minded stakeholders and organizations. At the same time, we remain cognizant of the weight of responsibility that comes with sustainable development.

As such, we at Monde Nissin face the future with an attitude of humility, accountability, optimism, and gratefulness. We know that there is still much to learn and improve on within the organization, so we remain open to new perspectives and ideas. In rising above setbacks and challenges, we remain optimistic so we can continue to inspire innovation and create meaningful and lasting change.

We are thankful for the efforts of our employees and the support of our stakeholders—our consumers, shareholders, host communities, and business partners. Lastly, we know that our stakeholders are counting on us to carry through with our corporate aspiration and embrace this responsibility with determination.

Thank you, stakeholders, for the support that you have given the business in 2023. We hope that this SR will serve to tell you the story of our sustainability journey so far and inspire you to continue to join us as we take strides in Making Better Possible.

MARIVIC NG CAJUCUM-UY

Chief Sustainability Officer

OUR CORPORATE ASPIRATION

We aspire to improve the wellbeing of people and the planet, and create sustainable solutions for food security.



Our commitment to sustainability is a key aspect of Monde Nissin's corporate aspiration. It outlines our core contribution to society—our products—and the social and environmental good we aim to create through them.

Monde Nissin brings this shared vision to life through the Making Better Possible® campaign, while Quorn Foods executes it through the Net Positive strategy. Our businesses, even those operating from different shores and contexts, all contribute to a similar sustainability goal. We all commit to managing our environmental impacts, advancing social development, and offering consumers better food to bolster food security.



SUSTAINABILITY AT MONDE NISSIN

GRI 2-25, 3-3

Driven by a sense of purpose, Monde Nissin's sustainability journey begins with our clear, concise, and compelling corporate aspiration and continues to unfold through strategic activities that address sustainable development issues such as food insecurity and climate change.



OUR JOURNEY SO FAR

GRI 2-29, 3-1

Over the years, the Company has made significant progress in laying the foundations of our sustainability strategy and eventual programs that were driven by our ability to innovate. We went from a general purpose of uplifting lives to formulating a statement, also known as our corporate aspiration, that would encapsulate the greater meaning behind our business: our care for people and the planet.

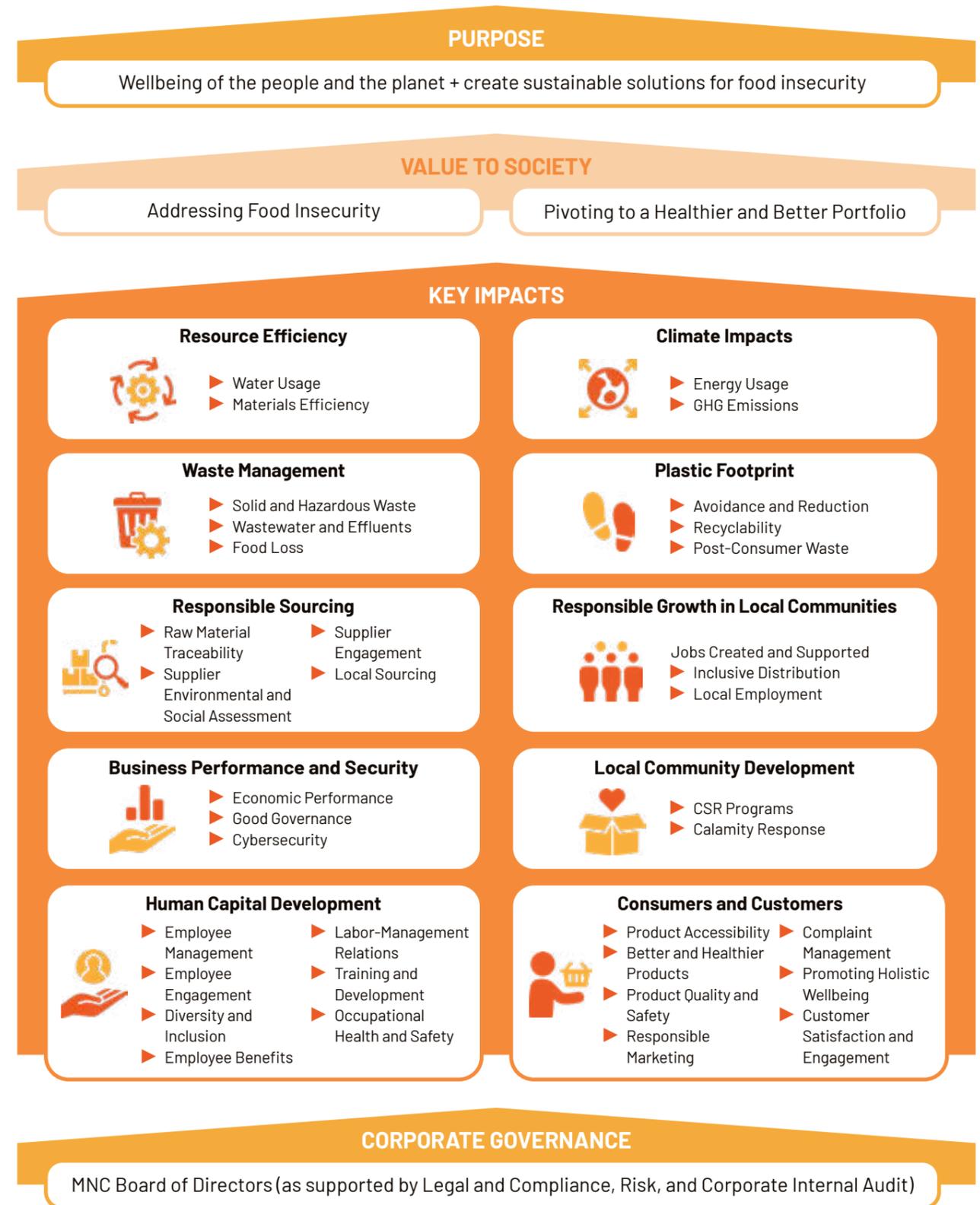
Throughout all of this, we kept in mind that innovation would be key to accomplishing this mission and that we would need to be strategic. Monde Nissin created a framework, set roadmap targets, and defined a governance structure to serve as the foundation of our sustainability approach. All that remained was to stay on the course of our chosen path and continue to progress towards the North Star Targets we set for ourselves.

Monde Nissin continues to tell the story of our sustainability journey through our SRs. One of our reporting initiatives is ensuring that we are able to consider the sustainability issues that matter most to our stakeholders, which is why we conducted a stakeholder analysis in 2023. This was a three-step process involving stakeholder identification, stakeholder prioritization, and ending with stakeholder engagement. For the stakeholder engagement, we directly engaged with representatives from priority stakeholder groups, specifically employees, consumers, customers, suppliers, and investors. While regulators were also identified as a priority stakeholder group, we focused our engagement with employees who have interfaced with regulators and, on that basis, could provide insights on Monde Nissin's interactions with regulators. The results of the stakeholder engagement served as an additional consideration for us as we updated our material topics.

OUR SUSTAINABILITY FRAMEWORK

GRI 3-2

Our sustainability framework defines what sustainability means to us: highlighting our purpose, the value we bring to society, and our material topics or key impacts.



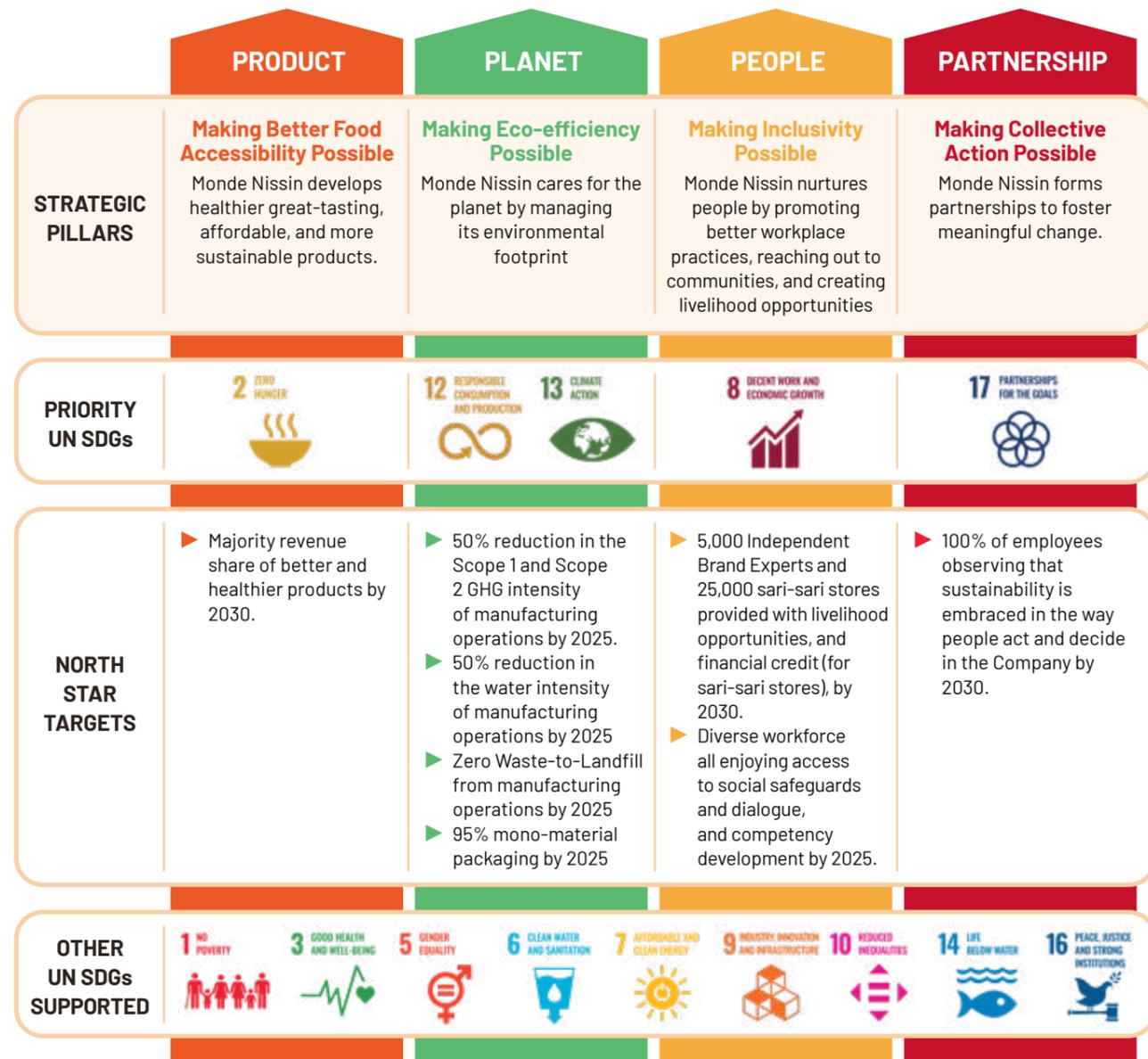
OUR SUSTAINABILITY ROADMAP

Our sustainability roadmap is structured around the material topics from our sustainability framework that we prioritized based on where the Company is best positioned to scale positive societal impact and realize business gains. This prompted the creation of our four strategic pillars that we believe will allow us to operationalize our goal of Making Better Possible.

The first pillar is Making Better Food Accessibility Possible, which highlights the importance of addressing food security as a business dedicated to innovating better and healthier products for our consumers. The way we make our products is equally important, which is why our second strategic pillar, Making Eco-efficiency Possible, focuses on managing

the environmental footprint of our manufacturing processes. As we conduct business, the Company aims to share economic value with our stakeholders, such as our employees and local communities, which we do through Making Inclusivity Possible. Lastly, the effectiveness of our sustainability initiatives is amplified when people work together. Making Collective Action Possible is about forging partnerships and engaging our employees to unify efforts toward becoming a sustainable business.

To give ourselves concrete points for improving our sustainability performance, we assigned North Star Targets to each strategic pillar.



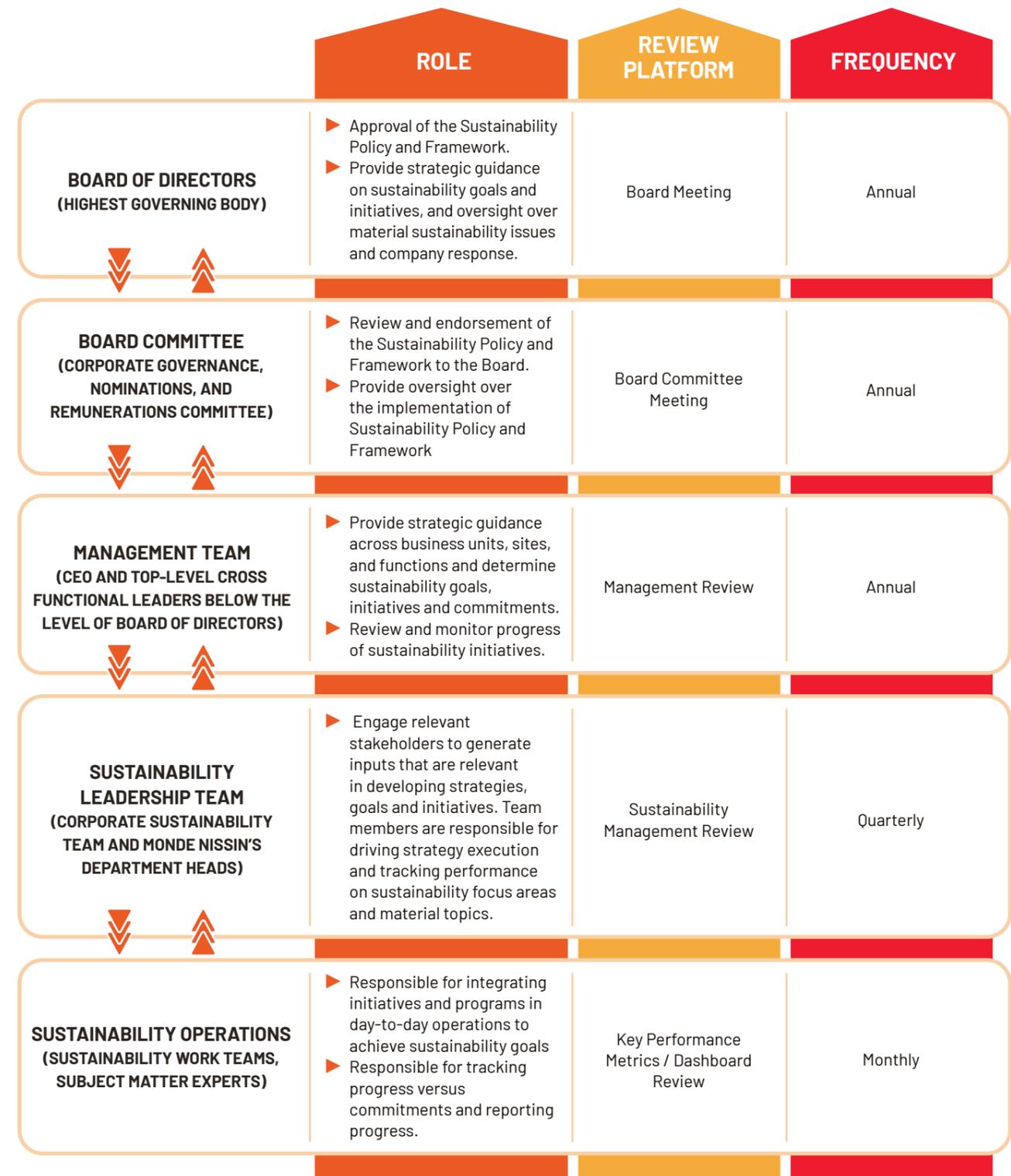
*Terminology used for the North Star Target relating to packaging was updated from recycle-ready to mono-material to provide a straightforward description of our goal.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

GRI 2-12, 2-13, 2-14

Sustainability is an organization-wide endeavor that requires collaboration among business units. Monde Nissin's sustainability governance structure illustrates the responsibility of various groups, from providing

strategic direction at the Board- and managerial-level, to the on-the-ground execution of sustainability initiatives.



WHERE WE ARE NOW

In 2023, Monde Nissin made continued progress on our North Star Targets—significant strides that would not have been possible without the determination of the Monde Nissin community to partake in our sustainability journey. For us, each progress point is a testament to the commitment of our employees to build a genuinely sustainable business. It is also proof of what Making Better Possible means to us: a never-ending process of improvement that begins from within our operations and extends to the people around us.

MAKING BETTER FOOD ACCESSIBILITY POSSIBLE

North Star Target	Progress in 2023	Priority SDG
<ul style="list-style-type: none"> Majority revenue share of better and healthier products by 2030 	<ul style="list-style-type: none"> 71% revenue share of fortified products^a 62% revenue share of sodium-reduced noodle products 	

MAKING ECO-EFFICIENCY POSSIBLE

North Star Targets	Progress in 2023	Priority SDG
<ul style="list-style-type: none"> 50% reduction in the Scope 1 and Scope 2 greenhouse gas (GHG) intensity of manufacturing operations by 2025 50% reduction in the water intensity of manufacturing operations by 2025 Zero Waste-to-Landfill from manufacturing operations by 2025 95% mono-material packaging by 2025^b 	<ul style="list-style-type: none"> 38% reduction in Scope 1 and Scope 2 GHG intensity versus 2021 baseline 28% reduction in water intensity versus 2021 baseline 4% of waste generated from Monde Nissin's manufacturing operations was disposed of to landfills 94% mono-material packaging material (in terms of volume)^b 	 

MAKING INCLUSIVITY POSSIBLE

North Star Targets	Progress in 2023	Priority SDG
<ul style="list-style-type: none"> 5,000 Independent Brand Experts and 25,000 sari-sari stores provided with livelihood opportunities and financial credit (for sari-sari stores) by 2030 Diverse workforce all enjoying access to social safeguards and dialogue, and competency development by 2025 	<ul style="list-style-type: none"> More than 1,200 Independent Brand Experts are part of Monde Nissin's CDN 100% employees with above minimum wage 100% employees with medical benefits 35% female workers in the workforce 51% female in management positions 16 average training hours per regular employee 	

MAKING COLLECTIVE ACTION POSSIBLE

North Star Targets	Progress in 2023	Priority SDG
<ul style="list-style-type: none"> 100% of employees observing that sustainability is embraced in the way people act and decide in the Company by 2030 	<ul style="list-style-type: none"> 82% of employees have a positive image of Monde Nissin's social initiatives^c 70% of employees have a positive image of Monde Nissin's environmental initiatives^c 	

^a Data covers products fortified with essential nutrients based on the Philippines' Food and Drug Administration (FDA) standards for Lucky Me! noodles and Monde Nissin's biscuits and packaged cake products.

^b Terminology used for the North Star target related to packaging was updated from recycle-ready to mono-material to provide a straightforward description of our goal.

^c Data was taken from a survey sent to Monde Nissin employees to evaluate the Company's sustainability practices.

SUSTAINABILITY IN ACTION

We launched the Making Better Possible[®] campaign as our way of rallying the Monde Nissin community to shift to a mindset that is more considerate of the environmental and social impacts of the business. Through this campaign, we took a look at how each individual, through their work, can act on and contribute to the realization of our corporate aspiration.

Making Better Possible[®] is also a mindset that we want our employees to take home to their families and communities, ensuring that its influence reaches beyond the workplace. Our corporate aspiration compels us to desire a better future for the people around us, so we can grow and experience progress as a collective. With this in mind, we launched the Tulong Sulong program under the Making Better Possible[®] campaign.

Tulong Sulong, which literally translates to "Help Advance," aims to provide a platform for the Monde Nissin community to actively care for our local communities and the environment through volunteerism. It is our way of recognizing our role as catalysts of progress, with each individual KaSulong being a partner in advancing our aspiration. The program continues to touch the lives of hundreds, including our employees, who have discovered new meaning in their work.

The journey of Making Better Possible[®] is reflected in the experiences of the Company and our partners, whether through engaging local communities or collaborating with each other. Across each pillar, our stakeholders have a story to tell.





MAKING BETTER FOOD ACCESSIBILITY POSSIBLE

GRI 2-25, 3-3
SASB FB-PF-260a.2

A food-secure society is one where everyone has access to sufficient food that meets dietary needs, benefiting their health and the economy. However, safe, nutritious, and affordable food isn't always within reach for some. According to a [2023 survey on hunger](#) by the Social Weather Stations, over two million Filipino families experienced food insecurity in 2023. These households experienced deficiencies in terms of the quality and quantity of the food they had access to, with some families even going without meals for more than a day.

As part of the food and beverage industry, we at Monde Nissin recognize that we can make a significant difference in addressing food insecurity. Through our strategic pillar, **Making Better Food Accessibility Possible**, we aim to not just broaden our consumers' access to trustworthy, affordable, better, and healthier products, but to also equip them with knowledge on healthier eating through our informative campaigns.

Our food products are our primary contribution to society, and we strive to improve them through constant innovation for the benefit of our consumers.



MAKING BETTER FOOD ACCESSIBILITY POSSIBLE

North Star Target

- ▶ Majority revenue share of better and healthier products by 2030.

2023

- ▶ **71%** revenue share of fortified products*
- ▶ **62%** revenue share of sodium-reduced noodle products

2022

- ▶ 70% revenue share of fortified product portfolio*
- ▶ 59% revenue share of sodium-reduced noodle products

Priority SDG



*Data covers products fortified with essential nutrients based on FDA standards for Lucky Me! noodles, and Monde Nissin's biscuits and packaged cake products.



WORKING TOWARD BETTER PRODUCTS, HEALTHIER HABITS

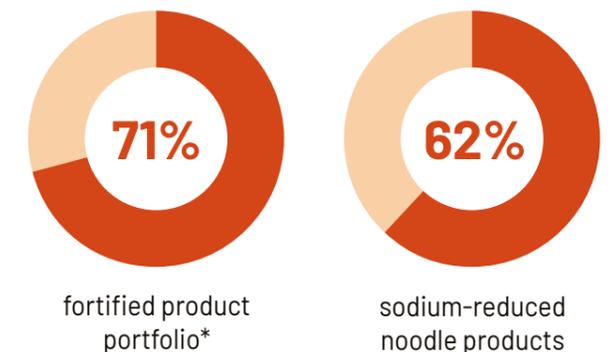
We aim to gain a majority revenue share of better and healthier products by 2030.

As an industry leader, Monde Nissin strives to increase our portfolio share of products that are healthier and made responsibly as a measure of our contribution to food security. To meet our North Star Target, we improve the nutritional content of our food and promote healthy habits in our marketing campaigns so that our consumers are empowered to eat better every day.

Our Progress

In 2023, we progressed on our goals to increase our products that are fortified with vitamins and minerals. We fortified our core biscuits products with vitamin A and iron. Our fortified biscuit and cake products account for 21% of our total revenue share for all bakery products. We also applied nutrient fortification to more of our Lucky Me! products while maintaining the vitamin A and iron fortification of other Lucky Me! products. This contributed to an overall increase in the revenue share of fortified products from 70% in 2022 to 71% in 2023. In 2023, we reapplied fortification seals to our Lucky Me! products to indicate that they were fortified with either vitamin A, vitamin C, or iron, and to help consumers easily recognize the nutritional benefits.

Revenue Share of Better and Healthier Products in 2023



*Data covers products fortified with essential nutrients based on FDA standards for Lucky Me! noodles, Monde Nissin biscuits and packaged cake products.

Our Actions

Our progress resulted from the successful implementation of initiatives across various steps of our operations, from product development and manufacturing to marketing. These programs address how we can make our food healthier and of good quality, enabling our consumers to better enjoy them.

BETTER AND HEALTHIER PRODUCTS

The key to formulating better and healthier products lies in exploring innovative ways to supplement the good in food and lessening the use of ingredients that could be harmful if consumed in excess. Our initiatives include food fortification, sodium reduction, and the utilization of technology that uses less palm oil. Vitamin and mineral fortification allows us to have a bigger impact on improving the accessibility and availability of food with increased nutritional value to help provide consumers with essential nutrients for the prevention of severe and costly health conditions. Reducing ingredients of concern like sodium and saturated fat (from the use of palm oil) can help in managing weight better and decrease non-communicable diseases (NCDs).



Food fortification



Sodium reduction



Utilization of technology that uses less palm oil



Feature Story

A HISTORY OF PROMOTING NUTRITION

The Company has a longstanding history of promoting nutrition and wellbeing. We believe in the power of collective action and have collaborated with the Philippine government and nutrition experts over the years to address nutritional deficiencies present in the Filipino diet.

The Sangkap Pinoy Seal Program (SPSP), a program introduced by the Department of Health (DOH) in the 1990s, aims to support the fortification of food products with essential vitamins and minerals. Administering a seal to food products signifies that the products have passed the DOH's nutrition criteria.

As part of our early efforts to create better and healthier products, Monde Nissin partnered with the DOH and underwent an assessment process for our noodle products. By 1997, Lucky Me! was certified with the Sangkap Pinoy Seal to assure consumers that our noodles are fortified with vitamin A and iron.

Through our participation in the program, Monde Nissin supported the government's call to combat malnutrition in the country. To this day, the Company endeavors to build a portfolio of fortified food products that can contribute to the nutritional needs of our consumers.

Total Nutrients Delivered to the Market in 2023

615 BILLION

IU of Vitamin A

7 MILLION

grams of Iron

17 MILLION

grams of Vitamin C

5 MILLION

kilograms of Protein

*The nutritional values represent the total amount of nutrients delivered to our consumers from products sold through domestic retail channels in 2023 based on the quantity contained in each product (per pack). This includes fortified products and products that passed the FDA standards as "source" or "good source" of essential nutrients.

Through our dedication and innovation, we are continuously improving the nutritional quality of our accessible and affordable food products.

Every product that is identified as a source of a specific vitamin or mineral is formulated to provide at least 15% of the recommended daily intake. While product fortification and sodium and fat reduction are ongoing initiatives for the Company, there may be opportunities in the future to apply similar initiatives to our other products and achieve a greater share of better and healthier products in our portfolio.

► **Nutrient fortification:** To improve the nutritional content of our noodles, we have been implementing nutrient fortification in our Lucky Me! products since 1994. These nutrients include vitamin A, vitamin C, and iron. We also comply with the Food and Drug Administration's (FDA) requirement to use fortified flour and iodized salt in making our products.

► **High speed airflow (HSAF) technology:** We invested in HSAF technology that uses high-velocity air to dry our instant noodles. Compared to traditional instant noodle manufacturing, which uses oil frying, HSAF allows us to reduce our palm oil consumption by around 10 grams per pack and reduce total fat and calorie content by 72% and 20%, respectively. Lucky Me! products produced with HSAF technology accounted for 6.8% of Lucky Me!'s revenue based on actual volume sold in 2023 from only 5.5% in 2022.

▼ **72%** total fat content reduction

▼ **20%** calorie content reduction

► **No preservatives added:** Since 2008, we have moved away from using artificial preservatives for our noodles. In 2023, we introduced four new Lucky Me! products with no preservatives added. With this initiative, we expanded our current list of noodle products that comply with the "No Preservatives Added" claim.



► **Sodium reduction:** We continue to gradually reduce the sodium content of select Lucky Me! products every year—an initiative we started in 2020. We carry this out while ensuring that little to no impact is made on the taste of our products. By 2023, our products that have undergone sodium reduction measures will account for 62% of our noodles revenue, up from 59% in 2022.

62%

Noodles revenue in 2023 that have undergone sodium reduction



PRODUCT QUALITY, HEALTH, AND SAFETY

Monde Nissin puts a premium on ensuring our products not only meet standards of quality but also continue to be completely safe for consumption. Our quality assurance process begins with carefully selecting suppliers who meet our standards and having our raw materials tracked using a traceability system. This system monitors the movement of incoming materials from suppliers, through production stages, and to the initial distribution route of final products. Through this system, we are able to promptly track and trace both raw materials and final products in case of any supply issues.

We continuously work toward aligning our processes with local and international regulatory standards for food safety and quality. Currently, we have the following certifications:

- The Laguna plant site became the first among our plants to produce Halal-certified biscuit products.
- The Laguna and Cebu plant sites are Food Safety System Certification Scheme (FSSC)-certified, and our Davao and Batangas plants are in the process of obtaining FSSC certifications.

- The Laguna and Cebu plant sites have Hazard Analysis Critical Control Point (HACCP) certifications.
- The Laguna plant site's microbiology laboratory has a Philippine National Standard (PNS) ISO/IEC 17025:2017 accreditation issued by the Philippine Accreditation Bureau (PAB)- Department of Trade and Industry (DTI). This accreditation means the laboratory passed internationally recognized standards in testing accuracy and reliability. Accurate and reliable microbiological testing is vital for product quality, regulatory compliance, and research and development.

Obtaining certifications assures our stakeholders of the standard of quality and safety that we uphold in making our products. The Company is committed to improving our processes and maintaining high standards of food safety to continue to deliver quality products.

GUIDANCE FOR HEALTHIER EATING

All of our product labels provide consumers with information on the nutritional content of our products, the type of packaging material used, as well as guidelines for proper disposal of packaging.

We continue to engage with schools to let them know about our biscuit and wafer products that are compliant with the Department of Education's (DepEd's) Green classification, which we indicate through logos on our product labels. The Green standard put out by DepEd sets criteria for ideal saturated and trans fat content (less than three grams and zero grams, respectively), sodium content (less than 120 milligrams), and sugar content (less than 10 grams). These classifications are defined by DepEd's 2017 policy and guidelines to promote healthy food and beverage choices among schools.

All of our Lucky Me! products indicate calorie content at the front of the package. While not required, this information gives our consumers greater visibility over the calories in our products and aids them in their consumption decision-making. Making progress on this in 2023, front-of-pack calorie labels were added to all six of our new Lucky Me! products launched during the year.

All of our products are also compliant with the FDA's labeling guidelines. Our Marketing, New Product Development (NPD), Packaging Development Group (PDG), and Regulatory Affairs teams monitor and manage our compliance with these guidelines. We notify the FDA of any changes or updates to the labeling of our products.

By properly labeling our products, we help our consumers know more about their food choices and how the products they consume are made. At the same time, we have a full-compliance approach to labeling. Moving forward, we will continue to find new ways to improve the information that we include on our product labels to further empower our consumers.

On the other hand, our marketing initiatives focus on the value of food and its role in supporting a healthy lifestyle. Monde Nissin promotes better and healthier ways to prepare our products through a recipe campaign for Instant Mami. By incorporating ingredients like eggs into one's Instant Mami, consumers can improve its nutritional value with an added source of protein, vitamin D, and choline.





Kainang Pamilya Mahalaga

The Kainang Pamilya Mahalaga initiative is officially recognized through Presidential Proclamation No. 326 (Kainang Pamilya Mahalaga Day) and supported by the Department of Welfare and Social Development (DSWD). Through Kainang Pamilya Mahalaga Day, which is observed on every fourth Monday of September, we advocate sharing meals to promote quality time between parents and their children. Research has shown that eating together as a family can promote positive behaviors like eating more fruits and vegetables.

Since 2008, the campaign has won several awards and garnered recognition from education, advertising, religious, and government sectors for its advocacy—a testament to the relevance of eating together in individual and societal wellbeing.

✓ Feature Story

When consumers are informed about accessible options for healthier eating, taking charge of their nutrition can become less intimidating and more empowering. Using this insight, Monde Nissin collaborated with a registered nutritionist-dietitian to weigh in on ways that the public can eat better through the Swap Right campaign.

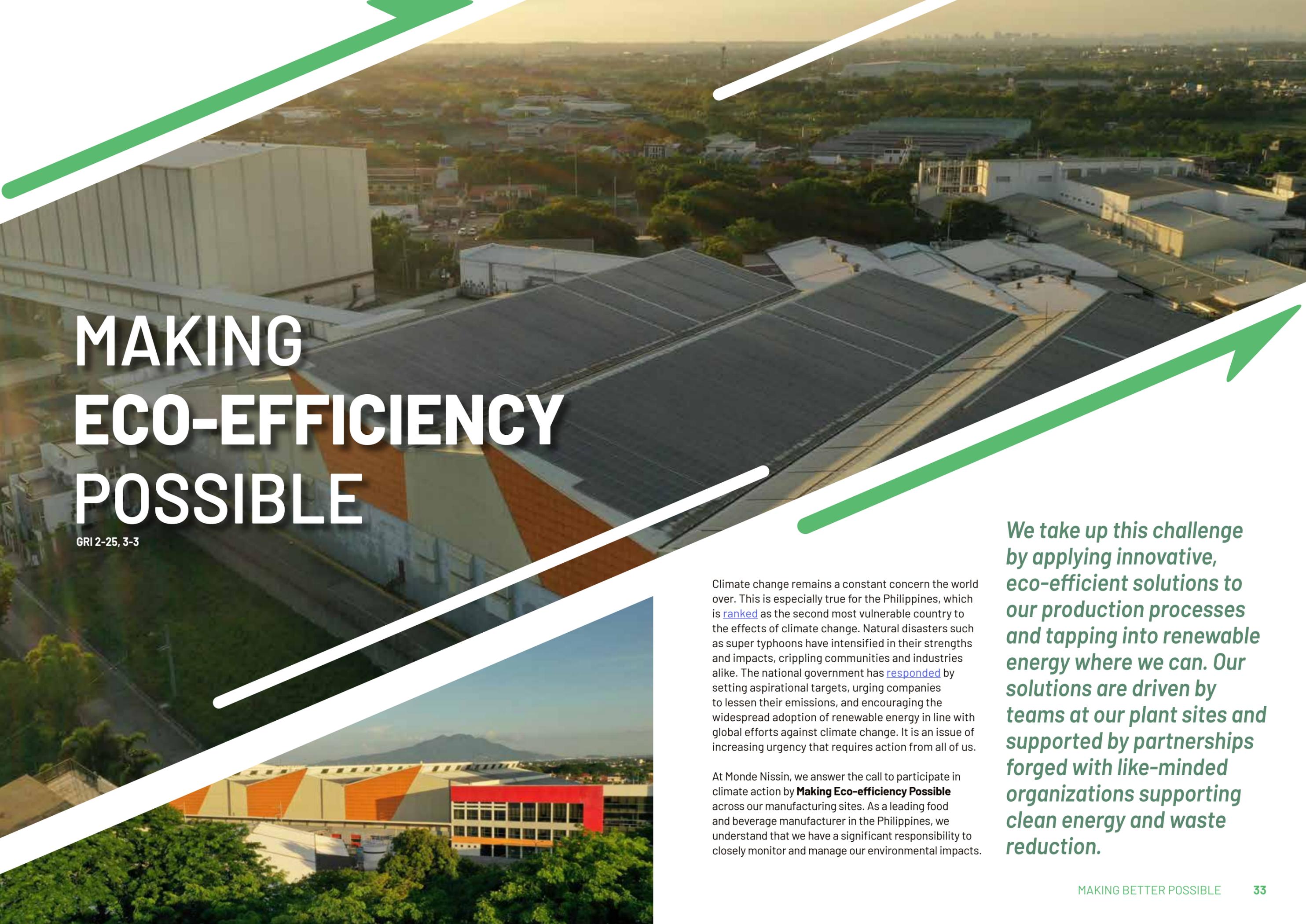
The Swap Right campaign aims to positively influence individual eating habits through simple changes in their food choices, such as swapping out high-sodium ingredients like soy sauce for lower-sodium oyster sauce or going oil-free by cooking grilled chicken barbecue instead of frying chicken. Consumers can even swap over to Monde

MAKING THE SWAP RIGHT TO HEALTHIER EATING

Fluffy Wheat Bread, the Company's bread loaf product, instead of white bread. More than providing ingredient and product alternatives, the campaign also shared different recipes and debunked food misconceptions through our collaborating nutritionist-dietitian.

Swap Right promotes accessible alternatives through social media, empowering consumers to make the switch to healthier eating with the backing of dietary facts. At the same time, they may just find the healthier option they've been looking for among Monde Nissin's better and healthier products.





MAKING ECO-EFFICIENCY POSSIBLE

GRI 2-25, 3-3

Climate change remains a constant concern the world over. This is especially true for the Philippines, which is [ranked](#) as the second most vulnerable country to the effects of climate change. Natural disasters such as super typhoons have intensified in their strengths and impacts, crippling communities and industries alike. The national government has [responded](#) by setting aspirational targets, urging companies to lessen their emissions, and encouraging the widespread adoption of renewable energy in line with global efforts against climate change. It is an issue of increasing urgency that requires action from all of us.

At Monde Nissin, we answer the call to participate in climate action by **Making Eco-efficiency Possible** across our manufacturing sites. As a leading food and beverage manufacturer in the Philippines, we understand that we have a significant responsibility to closely monitor and manage our environmental impacts.

We take up this challenge by applying innovative, eco-efficient solutions to our production processes and tapping into renewable energy where we can. Our solutions are driven by teams at our plant sites and supported by partnerships forged with like-minded organizations supporting clean energy and waste reduction.



MAKING ECO-EFFICIENCY POSSIBLE

North Star Target

- ▶ 50% reduction in the Scope 1 and Scope 2 GHG intensity of manufacturing operations by 2025.
- ▶ 50% reduction in the water intensity of manufacturing operations by 2025.
- ▶ Zero Waste-to-Landfill from manufacturing operations by 2025.
- ▶ 95% mono-material packaging by 2025.*

2023

- ▶ **38%** reduction in Scope 1 and Scope 2 GHG intensity versus 2021 baseline
- ▶ **28%** reduction in water intensity versus 2021 baseline
- ▶ **4%** of waste generated from Monde Nissin's manufacturing operations were disposed of to landfills
- ▶ **94%** mono-material packaging material (in terms of volume)*

2022

- ▶ 22% reduction in Scope 1 and Scope 2 GHG intensity versus 2021 baseline
- ▶ 25% reduction in water intensity versus 2021 baseline
- ▶ 5% of waste generated from Monde Nissin's manufacturing operations were disposed of to landfills
- ▶ 94% mono-material packaging material (in terms of volume)*

Priority SDGs



*Terminology used for the North Star target related to packaging was updated from recycle-ready to mono-material to provide a straightforward description of our goal.

✔ Feature Story

Eco-efficiency is the guiding principle for managing our environmental impacts at Monde Nissin. Our Product Supply (PS) team leads the implementation of this approach, which prioritizes productivity through optimizing the use of resources while minimizing our environmental footprint.

The PS teams across our plant sites have a uniform process of monitoring, assessing, and solution-finding to create eco-efficient initiatives that best address the environmental impacts of their plant sites.

Our process begins with empowering our employees to understand the concept of sustainability and how it ties in with the Company's own North Star Targets. The PS teams then monitor the current and past environmental performance of their respective plant sites, including an identification of the losses that occur during manufacturing, and set goals with corresponding action plans. Key losses undergo a visual review process that helps us identify the actions we must take to eliminate them. Equally crucial to meeting our goals and improving our work systems is understanding the necessary capabilities and culture of our organization.

OUR APPROACH TO ECO-EFFICIENCY

Our overarching eco-efficiency strategy, which resulted from this process, has the following pillars:

- ▶ **Electricity:** We have transitioned most of our plant sites to renewables, particularly geothermal energy, one of the most efficient renewable energy sources available, and standardized equipment settings for electricity optimization and improved process reliability.
- ▶ **Water:** We prioritize water loss elimination as a key component of our water management strategy, along with exploring innovative methods to recover and reuse water for different applications at the plant site and implementing rainwater harvesting.
- ▶ **Steam:** We optimize our steam consumption by maintaining efficient settings for our boilers, automating our processes, and maximizing condensate recovery.
- ▶ **Waste:** We aim to reduce our waste at the source while promoting segregation and recycling for both our manufacturing by-products and packaging.



EMISSIONS AND ENERGY



We aim for a 50% reduction in the Scope 1 (direct) and Scope 2 (indirect) GHG intensity of our manufacturing operations by 2025.

GHG emissions and other air pollutants are major contributors to climate change and must be greatly reduced to secure clean air for future generations. To cut down on our emissions, Monde Nissin practices process optimization, energy efficiency, and has also shifted most of our plant sites to renewable energy to minimize our own footprint.

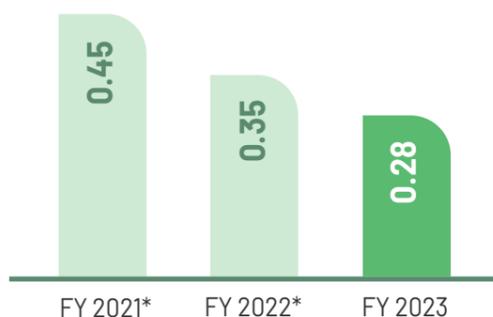
Our Progress

In 2023, we were able to reduce our GHG intensity (Scope 1 and Scope 2) by almost 38% vs. our 2021 baseline data, improving our Company-wide performance from the previous year. This reduction in GHG intensity throughout our plant sites was made possible through our steadfast commitment to continuous improvement in overall equipment efficiencies and process reliability, which also resulted in an increase in production output. Additionally, the full-year impact of transitioning nearly all plants, excluding the Davao Plant, to renewable energy

sources for electricity has significantly contributed to this reduction.

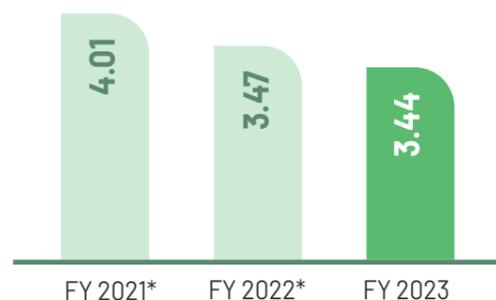
Supporting our emissions reduction efforts is our reduced energy use. Overall, Monde Nissin achieved a 14% reduction in energy intensity in 2023 compared to 2021. Consistent monitoring of our performance has allowed our plant site teams to set actionable internal targets and discover more ways to run our production lines efficiently.

Scope 1 and Scope 2 GHG Intensity Across Monde Nissin's Manufacturing Sites
(in tonnes CO₂e/tonne of product produced)
GRI 305-4



*GHG intensity data for both 2021 and 2022 have been restated due to changes in methodology. The updated GHG intensity data now also includes Scope 1, Scope 2, and Biogenic emissions in the calculations. See Annex section F. Restatements of Information for the full context of the restated data.

Energy Intensity Across Monde Nissin's Manufacturing Plants
(in GJ/tonne of product produced)
GRI 302-3



*Energy intensity data for both 2021 and 2022 have been restated due to changes in methodology. See Annex section F. Restatements of Information for the full context of the restated data.

Our Actions

We were able to continuously cut down on both our overall emissions generated and energy consumption through the close monitoring of our performance (which provided our plant site teams with crucial insights on applying eco-efficiency strategies) and the majority of our plants' transition to renewable energy sources for electricity beginning 2022.

EMISSIONS REDUCTION AND ENERGY-SAVING INITIATIVES

Monde Nissin's inter-plant Energy Conservation (*EnerCon*) team oversees the creation of innovative solutions on loss elimination for electricity, steam, and water. The team meets weekly and has set several initiatives in place for saving energy and reducing our emissions across our plant sites. Through *EnerCon* team meetings, some plants have begun to adopt and apply the eco-efficiency practices of other plants, sharing best practices across the Company's manufacturing sites.



- **Energy audits:** Members of the Company's Product Supply Leadership Team (*PSLT*), who are responsible for managing operations at our plants, conduct audits at two levels. Walkthrough audits focus on immediate and systemic fixes or simple ways to save energy at the workplace, while detailed audits involve an in-depth process of loss assessment, data collection and analysis, and problem-solving for large-scale energy-saving initiatives.

► **Chiller optimization:** Our chiller operations run more efficiently due to specialized valves that can automatically adjust chiller settings to optimal levels. This results in energy savings and lower operating costs.

► **Steam recovery:** Steam ejectors—which recover steam that is then supplied to our boiler units (rather than just being released) and were originally used only for our Pancit Canton production line—were also used for our Instant Mami production line beginning this year. This resulted in additional energy savings and a reduction in GHG emissions
- due to decreased boiler fuel consumption.

To oversee steam ejector operations, our engineering team monitors our daily steam and fuel consumption. Monde Nissin has set targets in this area and has put corresponding action plans in place for any unwanted increases in steam usage.
- **Fuel efficiency:** The Batangas plant site continues to implement a standard required propane-to-butane fuel ratio of 60:40 for our liquefied petroleum gas (*LPG*). This contributes to cleaner fuel and higher efficiency for our boiler operations.
- **Other initiatives:** A variable frequency drive (*VFD*) was integrated into our main utilities to help our machines run efficiently, only using power when needed and at a more manageable load. Additionally, we standardized unloading procedures for our raw materials, such as flour, when they are being moved to our plant to shorten execution time. Energy-saving initiatives such as these continue to be a central focus of our PS team operations for meeting environmental goals.

RENEWABLE ENERGY

Monde Nissin transitioned to renewable energy through our contracts with the EDC Group (i.e., Energy Development Corporation and its subsidiaries). Since 2022, nearly all of our Philippine manufacturing plants have shifted to utilizing geothermal energy as their primary source of electricity, with the exception of the Davao plant site.

Additionally, LPG-fired boilers have the potential to reduce our carbon footprint by up to half but have yet to be applied to all of our plant sites, some of which still use multi-fuel coal and biomass boilers. Also, we ran tests on our Cebu plant site's coco shell and coal boiler in December 2023 to observe its ability to utilize biomass fuel and will continue to conduct further trials.

Moving forward, Monde Nissin will continue to explore other opportunities to transition our systems to cleaner sources of energy as well as to cultivate an energy conservation mindset among our employees through sustainability culture-building aligned to our aspiration.

COMPLIANCE AND MONITORING

To manage our emissions, each plant has a Pollution Control Officer (PCO) who monitors emissions and their sources, and updates permits and records of compliance. Fuel quality and efficient operational settings of Air Pollution Source Equipment (APSE) and regular cleaning and maintenance of Air Pollution Control Facilities (APCF) are closely monitored to

A Look at the Label

We remain committed to fully integrating renewable energy across our plant sites. Monde Nissin has already begun using renewable energy to make our bakery products. By the end of 2023, all of our Monde Cream Puffs were rolled out with our new renewable energy logo found at the back of the product label. This logo lets consumers know that the product they're consuming was made through 100% geothermal energy-powered manufacturing processes.



ensure emissions are within standards set by Republic Act (RA) No. 8749, or the Philippine Clean Air Act of 1999. We regularly engage with the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) to keep abreast of emissions-related regulations.



WATER

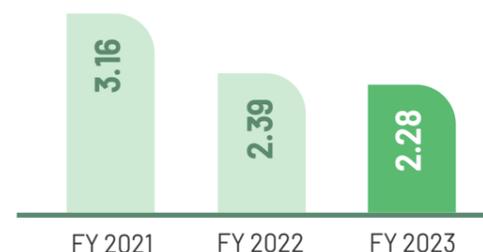
GRI 303-1, 303-2
SASB FB-PF-140a.3

We aim for a 50% reduction in the water intensity of our manufacturing operations by 2025.

Water is a vital resource, whether as a coolant for industry-level operations or as the potable water that we all drink to survive. It has become increasingly important for the Company to consciously manage our consumption of this shared natural resource, which is why we continue to monitor our water use and look for new water recycling methods.

Our Progress

Water Intensity Across Monde Nissin's Manufacturing Plants
(in m³/tonne of product produced)



In 2023, Monde Nissin reduced our water intensity across all plant sites by 28% vs. our 2021 baseline data, primarily the result of concerted efforts in water recovery, recycling, and loss elimination. Our plant sites successfully reduced their water consumption by (1) using recovered water, such as regenerated soft water and reverse osmosis (RO) water rejects, thus implementing a closed-loop system, and (2) the general improvement of water use practices.



Our Actions

Achieving water intensity reduction requires a continuous process of monitoring where our water comes from, how it is used, and when it is discharged. With this information, we can identify losses and potential additional uses for water that we are already currently using in other operations.

WATER USE

Monde Nissin mainly sources water from deep well pumps and third-party water sources, but we also use rainwater harvesting systems to capture rainwater for purposes where non-potable water can be used, such as cooling and irrigation.

Raw water drawn from our water sources is processed into filtered water for general purposes such as cleaning and lavatory use, soft water for machine equipment and space cooling, process water for production use and drinking water, and RO water for steam production.

WATER EFFICIENCY

While the Company did not experience any water shortages at our manufacturing plants, we continue to practice water efficiency by implementing innovative methods to recycle and recover water, reducing consumption, practicing timely maintenance and repair, optimizing equipment, and training our employees on water conservation.

We track our progress in minimizing water use at our plants with a standard monitoring system that also maps out all of our water meters. To accelerate our initiatives, we understand that we must continue to audit and assess our current procedures to identify areas where we can further improve. For example, a previous investigation of an increase in water intensity at one of our plant sites led us to reassess our water regeneration and apply solutions to that area specifically. This became a major learning opportunity for our PS team.

COMPLIANCE AND QUALITY MONITORING

Wastewater or influent water generated by our plant sites undergo thorough processing at a wastewater treatment plant before being discharged into the appropriate bodies of water. Monde Nissin adheres to the standards found under RA No. 9275 (*Clean Water Act of 2004*) and other discharge requirements of the Department of Environment and Natural Resources (DENR) and Laguna Lake Development Authority (LLDA). We also adhere to other sector-specific standards, including DENR Administrative Order (DAO) 2016-08 and 2021-19 for influent and effluent sampling done by DENR-accredited third parties.

Rainwater Collection at the Davao Plant Site

Rainwater collection allows us to capture water for our operations without withdrawing directly from bodies of water. At our Davao plant site, we constructed a rainwater collection facility with a **166 cubic meter** capacity in 2021 that we continue to use today. As part of our expansion project in Davao, a larger underground rainwater and harvesting tank with a capacity of at least 216 cubic meters will be operational beginning in early 2024.

166 cubic meter capacity in 2021

216 cubic meter capacity by early 2024



WASTE

GRI 306-1, 306-2

We aim for Zero Waste-to-Landfill from our manufacturing operations by 2025.

Less waste and less resource consumption are hallmarks of efficient operations. Through proper waste management practices and recycling, we can stop potential pollution, which persists as a major issue within the food industry.

Our Progress

In 2023, across the Company, we diverted 96% of our waste from landfills, bringing us closer to reaching our Zero-Waste-to-Landfill goal. This has been driven by efforts across our sites to digitalize processes, repurpose, and recycle.

Percentage of Waste Diverted from Landfills in 2023



Our Actions

Our progress toward diverting all waste from landfills can be attributed to the collective action of our plant site workers and the collaborations that we forged with organizations that have similar zero waste and recycling goals. Monde Nissin strives to uphold our Zero Waste-to-Landfill program, improve recycling initiatives, and monitor practices on proper waste management while working closely with our collaborators and regulators to ensure that we can better monitor where our waste goes.

ZERO WASTE-TO-LANDFILL

Monde Nissin has a Zero Waste-to-Landfill program that we implement across our manufacturing sites and continuously build employee awareness for. We also have an internal Waste Management Guide that is incorporated into our annual Good Manufacturing Practices orientation for all employees.

Our Zero Waste-to-Landfill program has multiple components, among them are the Waste Reduction and Waste Segregation components. The Waste Reduction component of the Zero Waste-to-Landfill program is built on the understanding that we lessen our waste going to landfills when we lessen waste generation at the source. Digitalization has helped us achieve significant reduction in paper use and, consequently, paper waste.

The Waste Segregation component focuses on proper segregation and disposal of different waste types. In our Laguna plant, phase-by-phase segregation is practiced, which entails having each area or department's waste mapped and classified, designating waste bins, and standardizing and modifying garbage rooms as needed. Lastly, segregation is monitored to gauge its effectiveness.

RECYCLING AND REPURPOSING

One of the ways we can reduce waste that goes into landfills is by finding other uses for these materials through recycling.

Coal ash is a by-product from our boilers that is recycled by a contracted third-party coal ash hauler as a raw material for cement or soil amendments. We also engaged various accredited waste management companies to handle the majority of the recyclable materials and residual waste from our plant sites.

WASTE HAULER AUDITS

Our PCOs and Procurement department conduct random annual waste hauler audits to observe the actual processes and practices of our recycling provider after they pick up waste from our plant sites. Our auditing criteria include compliance with government rules and regulations, as well as compliance with their obligation to ensure that waste goes to proper recycling facilities rather than to landfills.

COMPLIANCE AND MONITORING

Monde Nissin's waste generation data is updated daily as part of our efforts to monitor the status of waste management and identify trends within our organization. We have a centralized database for the monthly summaries of our waste monitoring and reporting.

We also regularly engage with the DENR to ensure that we are able to accomplish all necessary reports and requirements, in compliance with RA No. 9003 (*Solid Waste Management Act of 2001*) and RA No. 6969 (*Hazardous Waste Management Act of 1990*).



Feature Story

EGGSHELL WASTE FINDS NEW LIFE IN CEMENT PRODUCTION

Our bakery and biscuits bring the delight of bakeshop-quality products, from pastries to filled sponge cakes and baked bars to bread. In fact, these products are made from real fresh eggs, as we are committed to providing the utmost quality and taste to consumers.

Our commitment to better products goes hand in hand with our responsibility to the environment. For instance, the shells from the fresh eggs we use for our products no longer just go to landfills for disposals but are now used as

alternative raw material for cement production, made possible via our collaboration with a cement-manufacturing company.

With our responsibility to the environment in mind, we at Monde Nissin continue to seek innovative and sustainable solutions, leading us to embrace novel co-processing technologies. Eggshells have high calcium content, a mineral commonly sourced from limestone, and is one of the main raw materials

for making cement. Since May 2023, 100% of our eggshell waste (estimated at 50 tonnes per month) has been diverted from landfills and utilized as a raw material for cement production. This initiative became one of our prominent leaps toward meeting our North Star Targets and creating sustainable solutions along the manufacturing process.



50

tonnes estimated of eggshells per month are generated

100%

of the eggshell waste has been diverted from landfills and utilized as a raw material for cement production since May 2023



MATERIALS AND PACKAGING

SASB FB-PF-410a.2

We aim for 95% of our packaging to be mono-material by 2025.

At Monde Nissin, we want to control our waste, and support retrievability, even when our products finally reach consumers. Our packaging goal is to strike a balance between securing products' quality while using materials that will have a lesser impact on the environment.

Our Progress

We recognize that plastic packaging continues to be challenging to recycle, even more so when its composition is a mix of different plastic material types (multi-material). Multi-material packaging needs to be separated per type before it can undergo any recycling processes or co-processing treatment. Considering this tedious process of separating multiple material types, one of our on-going key initiatives is to transition our flexible packaging materials from mixed plastics to mono-material plastics (made from single polymer resin) to simplify the segregation process. While the country prepares to set-up systems and infrastructures to establish and scale-up our recycling processes, the transition to mono-material packaging

remains relevant and important. It prepares us for the future, so that when the necessary recycling technology becomes available in the country, our product packaging is ready for the process.

We reduced the plastic packaging for our Lucky Me! Mini Go Cup products by 96 tonnes in 2023 after foregoing the use of plastic sachets for our garnish. Other plastic packaging reduction initiatives, such as reducing the amount of packaging that is trimmed off during seasoning production, resulted in a reduction of 4,450 kilograms of plastic waste in 2023.



Mono-material Packaging Used in 2023



Our Actions

Our progress can be attributed to adopting more recyclable packaging, reducing our plastic use, our initiatives on gradually cutting down on unnecessary dimensions for our current packaging, and a constant drive to collaborate with organizations that support our efforts to go beyond mere compliance.

DOWNSIZING PACKAGING

Our current initiatives to reduce our plastic packaging are spearheaded by our Procurement and Packaging Development teams and mainly involve reducing the dimensions of our plastic packaging and carton paper. We practice downsizing while ensuring that these changes do not affect the quality or taste of our products. So far, this has been implemented in some of our Lucky Me!, Monde Mamon, Breadstix, Egnog, and wafer products. Changing the type of carton paper packaging of our Breadstix and Egnog products has also proven to reduce packaging weight by up to 2% to 7%.

COMPLIANCE AND MONITORING

The Company considers compliance with RA No. 11898 (*Extended Producer Responsibility Act of 2022, or EPR*) and other related regulations as top priorities. With the EPR's implementation, we are working toward forming collaborations and joining programs that open opportunities for us to reduce the impact of plastic waste on the environment.



COLLABORATIONS FOR REDUCING PLASTIC

Monde Nissin is a member of the Philippine Alliance for Recycling and Materials Sustainability (PARMS) and a signatory to PARMS's Ambisyon 2030: Zero Waste to Nature Pledge. This membership solidifies our commitment to responsibly managing our plastic and setting concrete targets for reducing our waste.

Signatories to the pledge are expected to put forth their own targets and action plans for eliminating plastic waste leakage into the environment. Our programs on current and future initiatives on reducing plastic use, utilizing mono-material packaging, and diverting waste from landfills are aligned with this pledge.

With the advent of the EPR, Monde Nissin registered as an Obligated Enterprise (as defined under the EPR) with the DENR – EMB through PARMS, our Producer Responsibility Organization (PRO). Having PARMS as our PRO highlights Monde Nissin's commitment to harnessing viable platforms in implementing our EPR Program.

We also engaged PCX Solutions (HOPEX Environment Group, Inc.), an organization that facilitates the recovery, processing, and recycling of plastic waste, with its network of partners to provide sound solutions for the plastic pollution crisis and strengthen the circular economy through plastic credits. This process is verified by an independent third-party assurance provider so that every amount of plastic recovered, processed, and recycled is ensured to be properly measured, well-managed, vetted, and fully traceable.

Similarly, we are working with an independent third-party assurance provider to measure Monde Nissin's plastic packaging footprint for 2023, which will be used as the basis for our plastic footprint offset target.

Through these collaborative initiatives, Monde Nissin demonstrates our dedication to Making Better Possible by aiming to go beyond compliance. Our efforts to deliver traceable and verifiable immediate impact by offsetting 100% of our plastic footprint are currently underway.



MAKING INCLUSIVITY POSSIBLE

GRI 2-25, 3-3

Inclusive economic development is about giving everyone social safeguards and decent work, where financial and social progress becomes evident across sectors.

Whether or not individuals have access to decent work, however, depends on a variety of macroeconomic factors. The COVID-19 pandemic and the economic disruption that followed are among the most recent causes of global unemployment, [according to the United Nations \(UN\)](#). On top of this, there is the equally relevant issue of the lack of work opportunities that provide living wages and safe working conditions.

As a business with an extensive value chain, we want to share the growth of the Company with the communities around us. Monde Nissin is **Making Inclusivity Possible** by scaling opportunities for those along our CDN and becoming an empowering employer.



MAKING INCLUSIVITY POSSIBLE

North Star Target

- ▶ 5,000 Independent Brand Experts and 25,000 sari-sari stores provided with livelihood opportunities and financial credit (for sari-sari stores) by 2030
- ▶ Diverse workforce all enjoying access to social safeguards and dialogue, and competency development by 2025

2023

- ▶ **More than 1,200** Independent Brand Experts are part of Monde Nissin's CDN
- ▶ **100%** employees with above minimum wage
- ▶ **100%** employees with medical benefits
- ▶ **35%** female workers in the workforce
- ▶ **51%** female in management positions
- ▶ **16** average training hours per regular employee

2022

- ▶ More than 1,000 Independent Brand Experts are part of Monde Nissin's CDN
- ▶ 100% of employees with above minimum wage
- ▶ 100% of employees with medical benefits
- ▶ 36% female workers in the workforce
- ▶ 49% female in management positions
- ▶ 13 average training hours per regular employee

Priority SDG



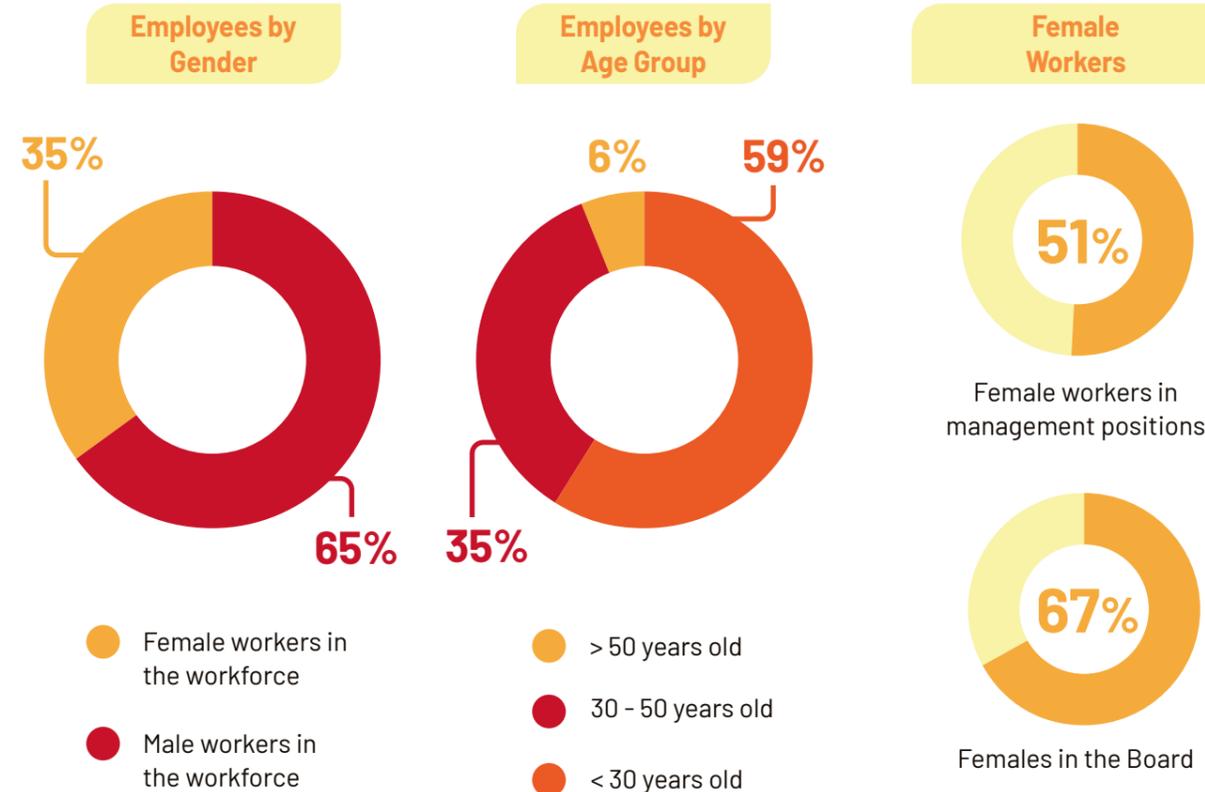
EMPOWERING OUR EMPLOYEES

We aim for a diverse workforce where all enjoy access to social safeguards, open dialogue, and competency development by 2025.

When we take care of our workforce, we foster a culture of positivity where individuals have the resources they need to maximize their potential. This is important to us at Monde Nissin, where reaching our North Star Targets will require the active participation and innovative minds of our employees to come up with sustainable solutions.

Our Progress

Employee Diversity GRI 2-7, 405-1



In 2023, we continued to provide all of our employees with salaries above the prescribed minimum wage, medical benefits, and development programs while fostering a more diverse workforce composition and inviting different perspectives from different demographics. Improved collaboration and data management were primary factors in the success and growth of our employee training program, which has steadily improved since 2021.

We also have more women taking up leadership positions in the Company in 2023, both at the managerial and at the Board level, which increased to 51% and 67%, respectively, from 49% and 56% in 2022. Our commitment to gender diversity in 2023 was recognized by the SEC for the second straight year at its 2023 Gender and Development Awards where Monde Nissin received the award for being the Publicly Listed Company (PLC) with Most Women Directors.

Social Safeguards in 2023

100% employees with above minimum wage and medical benefits

Workplace Safety

0.5% Total Recorded Incident Rate (TRIR)

Competency Development in 2023

GRI 404-1

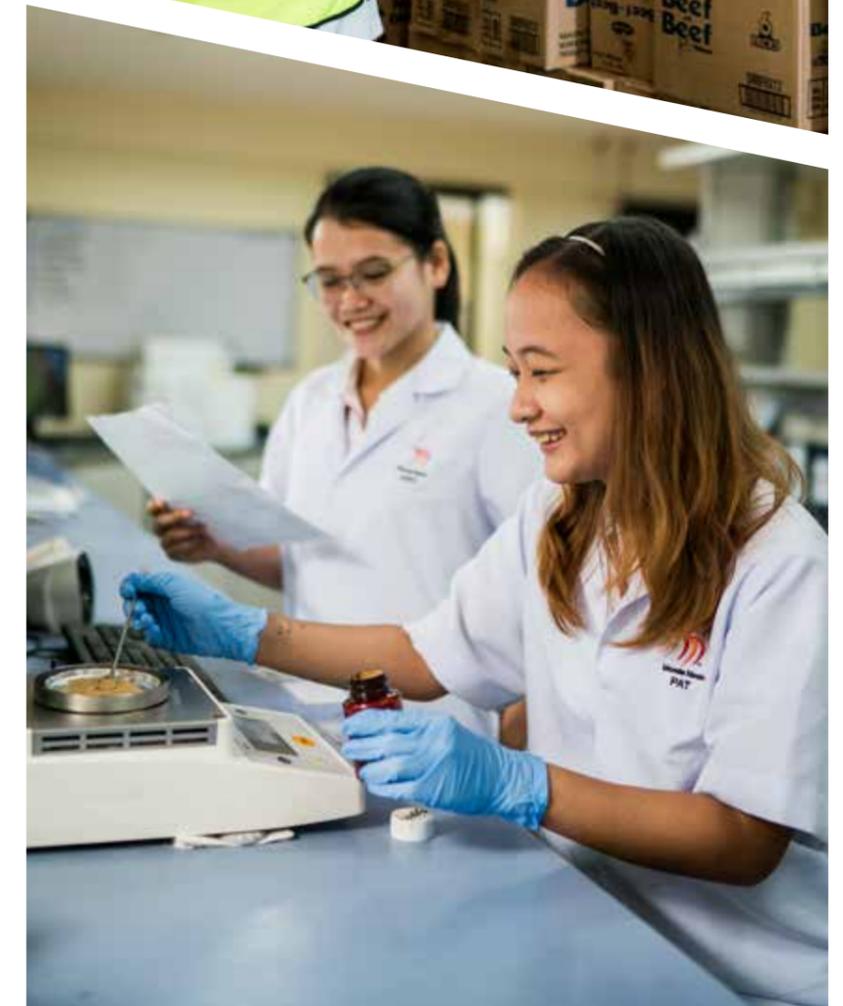
34,876 total training hours
16 average training hours per regular employee

Monde Nissin actively fosters a culture of growth and opportunity through our Learn, Explore, and Accelerate your Potential (LEAP) internal hiring program. This initiative encourages our employees to pursue their professional aspirations by applying for available positions within the Company that align more closely with their personal interests and evolving skills set.

While we practice equal opportunity in hiring and have safeguards against discrimination, an opportunity that the Company can pursue is collecting data that allows us to benchmark and better track our diversity performance.

Monde Nissin also upholds the provisions of Presidential Decree 442, as amended, or the Labor Code of the Philippines (Labor Code). In particular, we abide strictly with the strictures of the Labor Code's Article 137 on the Minimum Employable Age in the Philippines. Monde Nissin's Anti-Modern Slavery policy statement condemns hiring undocumented or underage workers, as well as the use of forced, bonded, and involuntary labor.

Monde Nissin puts a premium on the wellbeing of our employees. We identified opportunities where we can improve our employee management programs moving forward, such as by further integrating technology and recognizing other factors that can help us better assess the attitudes and behaviors of our employees. For example, we can better understand the varying career aspirations, work values, and attitudes of our employees toward work-life balance by taking factors such as their age demographic into account.



Our Actions



The benefits received by our employees come from our initiatives promoting holistic wellbeing. Employee management requires a multidimensional approach where we look out for our employees' health, safety, and social development.

EQUAL OPPORTUNITIES FOR HIRING

Our hiring process, spearheaded by our People and Culture (P&C) department, abides by the principles of equal opportunity and non-discrimination to foster a diverse workforce.

To diversify our applicant pool and extend opportunities to more communities, we began to collaborate closely with local government units and other local organizations to hold job fairs in areas where our manufacturing plants are located.

ENVISIONING A LEARNING ORGANIZATION

Becoming better is a central component of our learning and development program for employees. The P&C department follows a Learning and People Development workflow that guides the implementation of effective training programs. This includes guidelines for evaluating the effectiveness of training and an updated list of competencies for leaders, individual contributors, and other levels within the organization.

We build a mentoring culture within the organization where employees can learn from their managers and superiors. Other informal avenues and meetings become platforms for brainstorming and the sharing of best practices to transfer knowledge within the organization.

One of the programs that our P&C department is working on launching by 2024 is the Monde Nissin Academy, where structured and standardized learning programs will be included under Constituent Centers that specialize in organizational culture, technical expertise, and leadership.



Our Top Learning and Development Programs

GRI 404-2

Monde Nissin's team in charge of the learning and development of our employees highlights our top programs implemented in 2023:

- ▶ **Gallup Strengths Program:** The Gallup Strengths program is a series of courses where employees across the Company can undergo an assessment of their Gallup CliftonStrengths. This year, 190 employees took part in the program, learning more about themselves and their teams.
- ▶ **Coaching for Leaders:** The Coaching for Leaders program uses a Set the Outcome, Shift the Mindset, and Sustain the Behavior framework for developing a coaching culture throughout Monde Nissin. In 2023, more than 30 of our employees from the PS and corporate departments participated in the program.
- ▶ **Gung Ho! Series:** The Gung Ho! Series is a behavioral program that has served as Monde Nissin's foundational program for discovering meaning and purpose at work for the past two decades, reaching over 400 employees in 2023.
- ▶ **Accelerated Leadership Learning Program (ALLP):** The ALLP is an 18-month leadership program for top senior talents of the Company. It is designed to provide experiential learning sessions and executive coaching to prepare the participants to lead the organization in the future.



Extending a Hand in Education

It's never too late to learn. Employees aspiring to further their career and education can benefit from extended educational assistance at Monde Nissin.

Rolled out in 1997, our scholarship program allows employees with secondary educational attainment to pursue higher education with financial support from the Company. Beneficiaries of the program will be able to pursue their education while retaining their responsibilities and tenure as employees of the Company. Some of the degrees that our employees have taken up as part of the program include electrical engineering, computer science, and other technical-vocational courses.

Monde Nissin subsequently expanded our educational assistance to our employees' families, extending scholarships to the children of our regular employees. We currently fund the schooling of four elementary-level and five secondary school-level dependents of our employees, who have proven themselves to be among the top performers in their schools.

Through the years, we have witnessed our scholars excel in their education and create new milestones in their journey of learning—whether they are young students who have graduated from college or workers who are in the process of completing their college thesis. By extending a hand in educating our community members, Monde Nissin is able to support everyone's right to learn.



LABOR RELATIONS

Monde Nissin fosters a working relationship founded on trust and respect with our employees. We do this by giving them platforms for expressing their concerns and communicating with the management.

There are quarterly Kumustahans between union officers and management where they seek to address issues and formulate corresponding action plans. Town hall meetings and engagement programs are other avenues that enhance labor relations.

Monde Nissin constantly strives to improve our collective bargaining agreements (CBAs). We understand that CBA negotiations aim to strike a balance between the interests of employers and employees, which can strengthen the working relationship between the two. The Company has scheduled a CBA negotiation for 2024 and is currently reviewing the existing provisions of the prevailing CBA.

For our sites that are non-unionized, points for improvement include the implementation of more training and audits on labor law compliance, as well as the establishment of other communication channels for management and employees to discuss their concerns.

REVISED CODE OF DISCIPLINE

We have revised our Code of Discipline as well as other related policies to address contemporary topics such as data privacy, information technology (IT) violations, and gender-based harassment. These will further support our commitment to respecting individuals at the workplace.

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Our OHS Management system complies with RA No. 11058 (An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof) and its Implementing Rules and Regulations under the Department of Labor and Employment's Department Order 198-18. Additionally, we abide by the Philippine Department of Labor and Employment - Occupational Safety and Health Standards (DOLE-OSHS) and align with the United States' Occupational Safety and Health Administration (OSHA) for general guidance on safety standards.



Our safety guidelines and standards, found in our OHS Program Manual, apply to all of our employees in the workplace. The OHS standards follow a hazard identification, risk assessment, and control (HIRAC) procedure that is reviewed annually. We also apply standard OHS practices such as Lockout Tagout (LOTO), regular toolbox talks, DDS, Root Cause Analysis (RCA), and Mandatory 8-Hour Safety and Health Seminars for All Workers (MESH) at the workplace. To ensure that these procedures are appropriately implemented, our Safety Officers and employees undergo OHS training. Union representatives also attend monthly meetings with our Safety Officers to discuss safety concerns. Should an incident occur, an investigation is carried out, and an initial action plan is reported within 24 hours. The final action plan is discussed by the Safety Committee.

Health services we provide as part of OHS include the presence of Occupational Health physicians and Occupational Health nurses in clinics and emergency services at all of our plant sites. Our employees have a comprehensive health benefit plan that grants them

free consultations with our company physician, health maintenance organization (HMO) plans, and free online mental health consultations.

In 2023, we made several additional improvements to our OHS procedures. These include the deployment of more Safety Officers to our other manufacturing lines, revising our current programs such as incident elimination and HIRAC, and strengthening our safety and awareness campaigns. These efforts have led to a notable reduction in the TRIR, marking a significant improvement of 48% compared to the previous year.

Moving forward, Monde Nissin is working on the standardized implementation of all of our OHS initiatives. Part of our strategy moving forward is to enhance the implementation of these areas across our plant sites, strengthen our goal-setting, and improve our training and procedures. As we build on our procedures, we stay committed to upholding the safety and wellbeing of our employees and plant site workers.

BETTER ME, BETTER MONDE!

As part of our thrust toward holistic wellbeing, Monde Nissin has a Better Me, Better Monde! campaign that outlines the different aspects of wellness that go beyond physical health. Through this, we encourage employees to look after these different areas in their day to day lives to ensure a balanced and better lifestyle.



SCALING UP INCLUSIVE GROWTH IN COMMUNITIES



We aim to provide 5,000 Independent Brand Experts and 25,000 sari-sari stores with livelihood opportunities and financial credit, respectively, by 2030.

Monde Nissin's supply chain and CDN are where we aim to share the economic value of our business. By being consistent in our financial management and obligations and creating business opportunities for local workers, we continue to deliver economic gains to the geographic areas we are based in.

Our Progress



Community Distribution Network in 2023

MORE THAN **1,200**

Independent Brand Experts are part of Monde Nissin's CDN

29

dealers in Luzon

As of December 2023, our CDN has grown to more than 1,200 Independent Brand Experts. We also gained five new dealers during the year, totaling 29 dealers. Through our new dealers in Luzon, our products have become available to more local markets.



Our Actions

The growth of our CDN was made possible by the strategic engagement of dealers and the drive to bring our products to more consumers around the country. We are constantly expanding our reach to serve both our communities and consumers.

COMMUNITY DISTRIBUTION NETWORK (CDN)

Our CDN illustrates one of our initiatives for creating a sustainable value chain, one where individuals—who are Independent Brand Experts—can earn extra income by reselling Dutch Mill Delight and Monde Bread products to local communities around the Philippines. The CDN functions as an alternative distribution platform that considers the needs of the market while continuing to be profitable for our stakeholders.

In 2022, the CDN comprised more than 1,000 Independent Brand Experts. Coming closer to attaining our goal of growing our CDN, the number of Independent Brand Experts increased to more than 1,200 individuals. An additional improvement in 2023 was expanding the product offerings available to Independent Brand Experts. The expanded product offerings, coupled with incentives from Monde Nissin dealers, have allowed Independent Brand Experts to earn more income.





DAVAO PLANT EXPANSION

In June 2023, we broke ground on a new bakery and biscuit plant in Davao City. The expansion of our current facility in Mindanao reinforces Monde Nissin's commitment to inclusive growth and extends a positive impact from production down through our distribution network to end consumers.

The expansion project will create additional jobs for the local community during construction and subsequent plant operations. The new plant also hopes to generate growth for the region through local sourcing of production materials such as eggs and flour. The bakery and biscuits plant is anticipated to shorten inventory cycles and improve product availability in Visayas and Mindanao, supporting the growth of an extended distribution system encompassing wholesale distributors, sub-distributors, supermarkets, groceries, convenience stores, smaller retailers, and sari-sari stores. Operations at the new plant are expected to start in 2024.



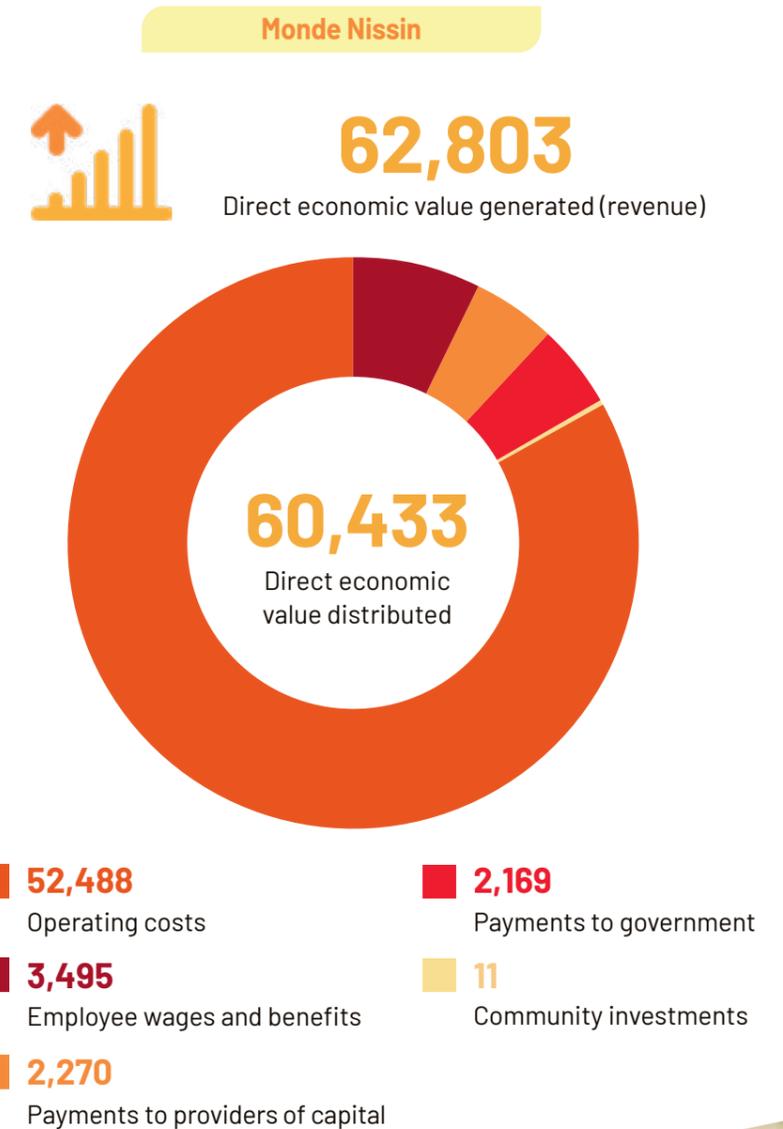
ECONOMIC VALUE CREATION

Apart from our community initiatives, Monde Nissin supports local economy growth by offering job opportunities, reducing unemployment levels, stimulating economic activity within host communities, supporting local businesses through local sourcing of goods and services, and contributing financially as a top taxpayer. Monde Nissin monitors our economic performance through monthly profit proofing and management business reviews. The steady flow of value allows us to continue to extend resources and opportunities to communities in need.

Monde Nissin strives to manage our financial and economic resources in the face of potential financial and operational risks. These factors may include inflation, competition, and other changing economic conditions, which the Company prepares for accordingly through prudent fiscal management and strategies.

To help manage our economic contributions, we strengthen our business performance. We continue to improve our processes and work systems through innovation to satisfy consumer preferences and create quality products that align with our corporate aspiration. These include investments in operational efficiency, product innovation, and expansion to reach a wider market. Easing costs of commodities also significantly contributed to our improved economic performance in 2023.

Direct Economic Value Generated and Distributed (in Million Php) GRI 201-1





MAKING COLLECTIVE ACTION POSSIBLE

GRI 2-25, 3-3

Achieving the UN SDGs is a global initiative through which countries, businesses, organizations, and individuals are encouraged to take action. The 17th UN SDG is about coming together to address the multifaceted problems that our world faces. For Monde Nissin, this aligns with our corporate aspiration, which is about caring for people and the planet.

Progress becomes possible when groups collaborate and work together.

Making Collective Action Possible is the heart of Monde Nissin's sustainability strategy, allowing our actions to reach more people and bringing creative solutions to the table.



MAKING COLLECTIVE ACTION POSSIBLE

North Star Target

- ▶ 100% of employees observing that sustainability is embraced in the way people act and decide in the Company by 2030.

2023

- ▶ 82% of employees have a positive image of Monde Nissin's social initiatives*
- ▶ 70% of employees have a positive image of Monde Nissin's environmental initiatives*

2022

- ▶ Launched Making Better Possible® campaign and provided platforms for employees to take action

Priority SDG



*Data was taken from a survey sent to Monde Nissin employees to evaluate the Company's sustainability practices.



ADVOCATING FOR THE BETTER: ENGAGING OUR STAKEHOLDERS

By 2030, our goal is to have 100% of our employees observe and embrace sustainability in their actions and decision-making within the Company.

The goals of sustainable development don't have to be confined to the operations of our business. Monde Nissin believes that the Company, through our corporate aspiration, can become a catalyst for creating a community of individuals who are able to practice sustainability in their personal lives.

Our Progress

The Making Better Possible® campaign that we launched in 2022 was the beginning of our efforts to align our employees with a Company-wide thrust founded on sustainability. Through the campaign, we reiterated the meaning behind our corporate aspiration and how this related to more concrete action points and targets that we set for Monde Nissin. We also reworked two existing platforms, Meatless Monday and We@MNC Care, to better fit the Company's new sustainability direction.

Luntiung Lunes, formerly called Meatless Monday, started as an initiative to lessen meat consumption at the workplace and evolved into a more engaging and more positive program. Rather than focusing on what we should reduce or remove from our meals, we encouraged employees to eat more vegetables and other plant-based foods.

We also had a corporate social responsibility (CSR) program that used to be called We@MNC Care. It was our platform for employees to participate in community work and show their care for people and the planet. While we continue to see the positive impacts of the program, still in the spirit of continuous improvement, we transformed We@MNC Care to Tulong Sulong by expanding its focus and identifying specific pillars on nutrition, nature, the community, and the country. To this day, Tulong Sulong has grown to become the cornerstone of collective action in the Company, made possible by our KaSulong.





✔ Feature Story

**TULONG SULONG:
COMING TOGETHER
FOR THE COMMUNITY**

Tulong Sulong is more than a regular employee engagement program. It embodies the Company's belief in the importance of collective action—the opportunity for an entire workforce to come together to create a ripple effect of positive change across locales.

MEET OUR 'KASULONG'

"KaSulong" is short for "Kakampi sa Pagsulong ng Hangarin" (Allies in pursuing our aspiration). Within Monde Nissin are many "KaSulong," from the plant site workers who work to produce better, healthier food to the corporate office team members who monitor business operations. KaSulong are the employees of Monde Nissin who bring our products and programs to life. At the same time, KaSulong are the changemakers of the Tulong

Sulong program. They are the individuals who go beyond their daily responsibilities to lend a hand to communities in need.

Under the Tulong Sulong program, there are several focus areas:

- ▶ **KaSulong sa Nutrisyon** - Addressing malnutrition
- ▶ **KaSulong sa Kalikasan** - Conserving nature
- ▶ **KaSulong sa Komunidad** - Enhancing livelihoods
- ▶ **KaSulong ng Bayan** - Promoting collective action

KaSulong can participate in Tulong Sulong by volunteering for programs or simply spreading awareness. In 2023, our KaSulong set out as participants for KaSulong sa Nutrisyon and KaSulong sa Kalikasan.

KaSulong are the changemakers of the Tulong Sulong program. They are the individuals who go beyond their daily responsibilities to lend a hand to communities in need.



KaSulong sa Komunidad



KaSulong sa Nutrisyon



KaSulong sa Kalikasan



KaSulong ng Bayan



KASULONG SA NUTRISYON

KaSulong sa Nutrisyon addresses the widespread issue of malnutrition among local communities in the Philippines, aligning with our mission of “Making Better Food Accessibility Possible.”



One program, called “Share a Lucky Meal,” is a collaboration between Monde Nissin’s Lucky Me! brand and the Philippine Business for Social Progress (PBSP) organization. It aims to alleviate short-term hunger by hosting children through a feeding program over the course of several months. The initiative is consistent with recommendations by the Department of Science and Technology – Food and Nutrition Research Institute (DOST-FNRI).

Beyond being an opportunity for children to get the nutrition they need, Share a Lucky Meal was also a moment where KaSulong could brighten the days of the beneficiaries. One KaSulong, John Paulo Quiton from the Customer Supply Chain and Analytics Team, found the program to be a perfect fit for individuals like him who care deeply about children.

“Participating in the program has been particularly meaningful because it [allowed me] to connect with the children and teachers on a personal level. [I could] talk to them, assist them, and play with them. During my second [day of] participation, despite lacking preparation, I volunteered to conduct storytelling, which turned out to be engaging for the kids, by the grace of God.”

Share a Lucky Meal’s pilot program was conducted to benefit 400 children across barangays in the cities of Pasig and Sta. Rosa. Through the initiative, we aim to improve the weight conditions of the beneficiaries by the end of the program.

The Nutri-meal Donation is another initiative to help children who experience food instability improve their weight. Employees from Monde Nissin’s plant sites raised funds to put together 10,800 food packs, while other KaSulong packed and distributed the aforementioned portions in partnership with the organization Rise Against Hunger.

These programs are meant to create a lasting impact on communities, bringing children out of a state of undernourishment to genuinely contribute to food security.

“I joined the feeding program for Santa Rosa Day Care Center last January 31, 2024, at Brgy. Kaingin Santa Rosa, Laguna,” recounts KaSulong Joel Alisen, a Safety, Health, and Environment Officer. **“Since this initiative is a six-month feeding program, it’s very [result-oriented]. It’s not just a ningas-kugon event. The goal is really to help the children develop a healthy lifestyle.”**



KASULONG SA KALIKASAN

KaSulong are encouraged to show their care for the planet by organizing tree planting and coastal clean-up initiatives at each of our plant sites.

At the Batangas plant, a tree planting activity was held to celebrate World Ranger Day in July 2023. Volunteers were clad in raincoats as they participated in the activity, despite the arrival of Typhoon Doksuri (locally known as *Typhoon Egay*) in the Philippines on the same day. Through their combined efforts, employees of the Batangas plant site and local volunteers from Malvar, Batangas successfully planted 200 seedlings in the area.

Meanwhile, the Laguna plant site took to the sea by engaging in a coastal clean-up in partnership with the local government and the City Environment and Natural Resources Office (CENRO). Among the participating organizations, Monde Nissin had the most volunteers present and was able to collect the most waste along the coastline, at 490 kilograms.

Our Davao and Cebu plant sites both engage in mangrove planting and river clean-up activities throughout the year. KaSulong of the Cebu plant take part in the clean-up of the Butuanon River every quarter and plant mangrove seedlings along the coastline of Danao City, while Davao KaSulong work alongside DENR representatives to collect garbage from the coastline and plant mangrove seedlings.

At the Pampanga plant site, KaSulong plant both fruit trees and non-bearing trees on farmland. In Porac, the indigenous peoples (IPs) of the area are the main beneficiaries, as they form a large part of the agricultural community in the area.

For KaSulong Aurora Lee Catu of the Pampanga plant site, the tree planting activity remains close to her heart. “While it [may be treated as a regular activity by other organizations], for me, it means more than that. It gives me [a deeper appreciation of] our environment and [rallies] other employees to do the same.”

The Tulong Sulong program benefits both ends—bringing attention and action to the issues that affect society and the environment and creating meaningful experiences that KaSulong can look back on. It is one of the platforms of Monde Nissin that promotes care outside of the Company.



✓ Feature Story

BECOMING BETTER TOGETHER

At Monde Nissin, we want collective action to create ripples of change in the lives of our employees.

It begins with involving our employees in the Company's sustainability journey, letting them know about our North Star Targets and the role they can play in achieving them.

"Employees are more engaged when they know what the goal [they are working toward is]. Volunteers are very committed and cooperative toward achieving goals," affirms Christian Cabato, one of our PCOs.

After communicating our goals, we welcome capable minds to devise creative solutions for sustainability-related issues within our operations. We want to challenge what may be considered the Company's status quo or our "everyday" ways of working. By doing so, we keep an open door for constant improvement within the workplace.

Meet engineer Aldren Nitura, the Operations Department Lead of the Batangas plant site. He developed digital platforms for the plant site that allowed our operations to become not only more streamlined, but paperless as well. The shift to digitalization is one of the many sustainable initiatives at Monde Nissin that resulted from suggestions from our employees.

"Reflecting on our journey, I'm amazed by the transformation we've undergone. We've gone from spending three hours [a day] on data collection and analysis to accomplishing [the same] with just one click of a button. We've shifted from inconvenient paper-based production monitoring reports to user-friendly digital apps on tablets, connecting all employees seamlessly."

We encourage this kind of problem solving through a company culture that places value in each individual's skills and talents. Even daily direction-setting activities hold significance to employees like Janny Alzula of the Laguna plant site.



"[Daily direction-setting] gives everyone a sense of purpose, knowing that our individual efforts contribute to the overall goal of the organization. It's not just a program; it's a boost in morale and engagement among [the] workforce. It's not just about getting things done; it's about feeling empowered."

Some individuals, like Charmaine Torres, have even been encouraged by Monde Nissin to live more sustainable lives outside of the workplace. Policies such as the single-use plastic ban at the Davao plant site have inspired her to find more ways to avoid using plastic.

"The single-use plastic ban program has developed in me a [mindset] to avoid single-use plastic, even [in my personal life]. Although the act may seem insignificant when done alone, it has the potential to bring a huge impact to the circular economy when done collectively."

From what was originally just her personal goal of reducing her plastic use, Charmaine was able to find like-minded women at the Davao plant site. Their group formed a safe space where our female employees could talk about reproductive health and its overlaps with reducing waste—topics that don't usually find their way into casual workplace conversations but hold value all the same.

"[We've been promoting] the use of a menstrual cup. This movement has empowered women, reduced waste sent to landfills, and led to personal cost savings. Since August of 2022, [our group of empowered women has] saved an estimated 12,000 pesos and was able to divert an estimated 1,300 menstrual pads from the landfill."

Sustainability goes beyond business. While Monde Nissin's initiatives began with what we can do as a company, we believe that action becomes most effective when we work collectively. Our sustainability programs that contribute to the North Star Targets of the Company, coupled with our platforms for employee action, have been able to inspire many to practice sustainability in their own lives while supporting our Company's ongoing sustainability journey. Engaging our employees and partnering for progress on our goals are efforts that we at Monde Nissin will continue to pursue for the betterment of the Company, people, and the planet.



GOOD GOVERNANCE

GRI 2-25, 3-3

Monde Nissin is committed to upholding the best practices in corporate governance and ethical practices in the conduct of our business. We firmly believe that with a skilled workforce led by a principled Board of Directors, we can effectively advance the Company's sustainability initiatives.



Annual Trainings on Corporate Governance

In accordance with Monde Nissin's Manual on Corporate Governance (*CG Manual*), the Board, together with Management, conducted annual trainings on corporate governance for 2023. The Board and Monde Nissin's key executive officers attend compliance and governance trainings facilitated by leading service providers to align Monde Nissin's leadership team with the developments in and/or best practices on good corporate governance, ESG initiatives and/or financial reporting.



Company Disclosures

In compliance with prevailing SEC regulations and the PSE's disclosure rules, Monde Nissin's structured and unstructured disclosures and other information, as well as our Articles of Incorporation, By-Laws, CG Manual, Code of Conduct and Ethics, the Board and the Board Committee Charters, and key corporate governance policies, are accessible by investors and the general public through Monde Nissin's website and the Company's portal on PSE EDGE.



Gender and Development Award

In 2023, as in 2022, Monde Nissin was recognized by the SEC at its Gender and Development Awards where Monde Nissin received the award for being the PLC with Most Women Directors on its Board of Directors.



ACGS Golden Arrow Award

Monde Nissin was awarded 3 Golden Arrows from the SEC, the PSE and the Institute of Corporate Directors (*ICD*) at the 2023 ASEAN Corporate Governance Scorecard (*ACGS*) Golden Arrow Awards in September 2023. This recognition pertains to Monde Nissin's first-ever Integrated Annual Corporate Governance Report (*I-ACGR*) submission as an organization and as a PLC following Monde Nissin's listing on the main board of the PSE on June 1, 2021.



Corporate Governance Policies

Another proof of Monde Nissin's commitment to upholding the best practices of governance is the Company's regular and on-going re-assessment of all company policies it has adopted as mandated by the pertinent SEC rules and regulations applicable to PLCs (e.g., those prescribed under SEC Memorandum Circulars 10-2019 [Rules on Material Related Party Transactions] and 11-2014 [Template for PLC's Websites], among others). Monde Nissin's key corporate governance policies can all be found on our website.



Permits and Escalation Policy

In 2023, Monde's Corporate Compliance Team led the launch of Monde Nissin's Permits and Escalation Policy. The policy establishes a system to monitor the status and maintain the validity of governmental permits. It also prescribes an internal reporting mechanism for concerns and issues regarding government licenses and permits with the goal of ensuring that appropriate actions are seasonably taken, and disclosures to the market and to the regulators are made in a timely manner and in accordance with the relevant disclosure rules.



From 'Making Better Possible' to Achieving 'Net Positive':

SUSTAINABILITY AT QUORN FOODS

GRI 2-25, 3-3



Net Positive is our approach to building a sustainable business that has a positive impact on people, the planet, and the food system.

As the leading meat alternatives business of Monde Nissin and makers of the innovative mycoprotein, we at Quorn Foods have the opportunity to spearhead sustainability in the food industry.

It begins with mycoprotein, a meat-free protein that we use to create healthy and delicious food for the market. Besides being a rich source of protein and having a good nutritional profile, mycoprotein is a prime example of food sustainability, thanks to its resource-efficient production. It takes around 95% less of a carbon footprint to produce Quorn Foods' mycoprotein mince than it does to farm beef mince (Carbon Trust Comparison Report, 2022). Our facilities at Quorn Foods are also taking on a proactive approach to sustainability through Quorn Foods' Net Positive approach.

From product to process, we further integrate innovation to achieve our 2030 Net Positive ambition.

To make sure our vision becomes more than just a statement, we concretized Net Positive through four actionable pillars: **Positive Supply, Positive Operations, Positive Product, and Positive Society.** Each pillar has its own set of Goals that we are currently working toward.

POSITIVE SUPPLY

...is about building a sustainable supply chain that is socially-responsible and creates as little environmental impact as possible.

Our Goals for 2030

- ▶ 100% of what we buy is "Responsibly Sourced"
- ▶ We have achieved a 30% reduction in Scope 3 emissions*

*Following a benchmarking exercise with other food manufacturers' scope 3 targets, this target has been amended from 50% to 30%.

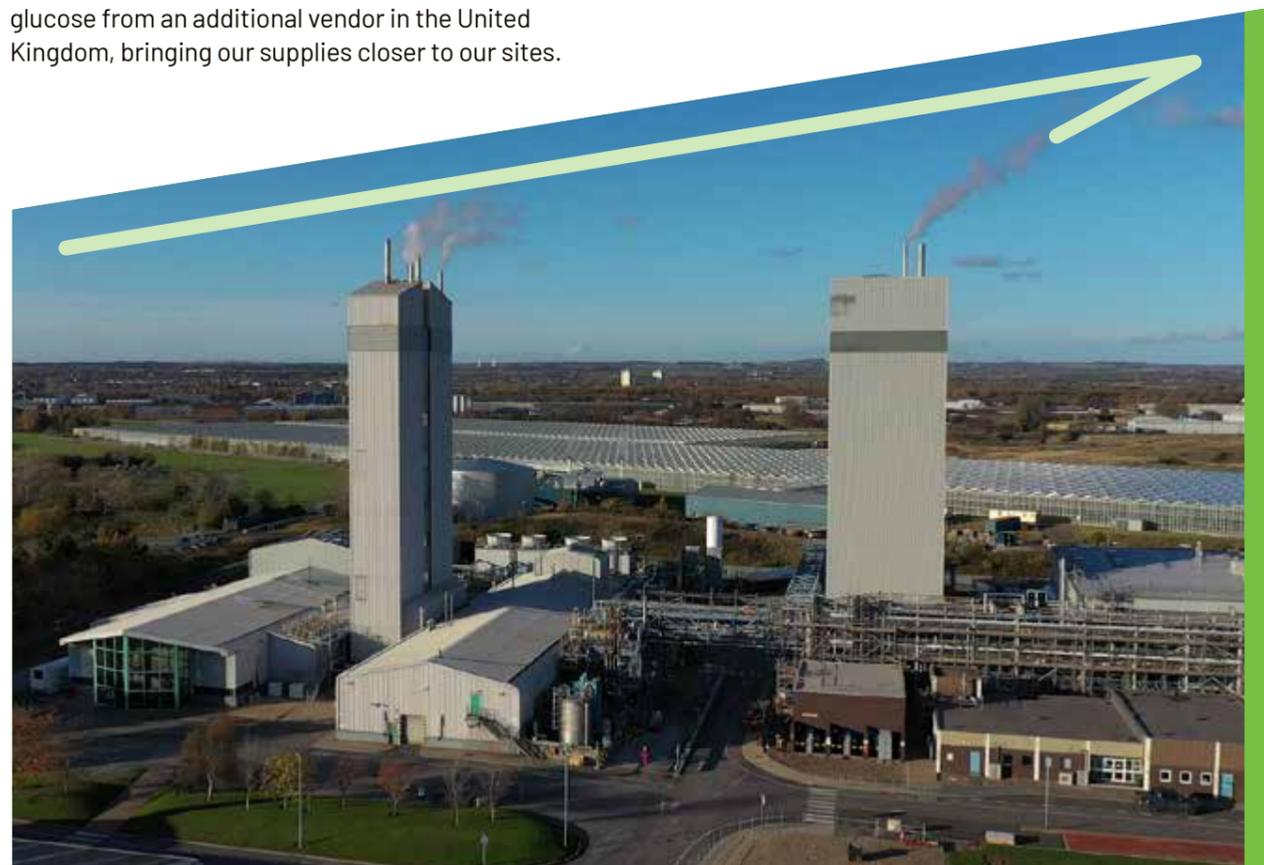
NEWLY-DEVELOPED RESPONSIBLE SOURCING POLICY

We recently developed our responsible sourcing policy, which covers our business' expectations on human rights, sourcing of palm oil and soy, water management, bribery and corruption, and the use of animal-derived products. It is one of our major steps in procurement as we expand our ethical auditing process to cover both environmental and social criteria.

Quorn Foods has also begun sourcing 25% of our glucose from an additional vendor in the United Kingdom, bringing our supplies closer to our sites.

PROGRESS ON OUR SCOPE 3 EMISSIONS STRATEGY

As part of the Quorn Foods goal of reducing our Scope 3 emissions, we continue developing our reduction strategy for measuring and benchmarking our Scope 3 emissions. It's an ongoing process that will soon provide us with baseline figures as we work toward our goal of reducing Scope 3 emissions by 30%.



POSITIVE OPERATIONS

...is about managing impacts in our manufacturing, reducing resource consumption, and maintaining equitable employment standards.

Our Goals for 2030

- ▶ We promote diversity and equity, value difference, and everyone in the business feels included
- ▶ We have reduced our water consumption and are actively repurposing or reusing it
- ▶ Our own operations generate zero waste
- ▶ All our people understand the value of good nutrition and its contribution to wellbeing
- ▶ Our business operations are carbon net zero

700MWH ENERGY SAVINGS, REDUCED WATER CONSUMPTION

Moving toward our goal of carbon net zero operations, we've worked on saving energy by installing smart light-emitting diodes (LED), changing four of our Belasis transformers to the tier 2 standard, and continuously working with our site engineering teams to amplify our efforts. By treating the pH levels of the water from our compressors, we saved 700MWh of energy and were able to reduce our water consumption. We further contributed to reducing our water intensity by implementing a water mapping project to increase our metering.

Rather than waiting for decarbonization technology to catch up to the market for our harder-to-abate emissions sources, we are driving advancement through academic collaborations. We are collaborating with the Net Zero Industrial Innovation Centre at Teesside University for decarbonization studies at our Belasis and Stokesley sites, and with the School of Engineering and Sustainable Development at De Monfort University for our Methwold site. These industrial-academic collaborations bring benefits to both sides and help to bring cutting-edge technology to businesses sooner in our drive towards Net Zero 2030.



30% REDUCTION IN CARBON FOOTPRINT

While mycoprotein is already considered a low-environmental impact product, we wanted to push our carbon net zero initiative further and tap into reducing our footprint across as many aspects of the business as possible. Thanks to a collaborative effort between our procurement, engineering, and site management teams, Quorn Foods has successfully reduced the carbon footprint of our mycoprotein by 30% from the years 2020 to 2022.* This reduction has been achieved through continuous improvement in efficient energy consumption and a switch to renewable electricity at our Belasis site, the home of mycoprotein.

*Based on the carbon footprints of Quorn mycoprotein in 2020 and 2022, verified by the Carbon Trust against PAS 2050:2011, GHG Protocol, and Product Carbon Footprint - Requirements for Certification. Latest verification was completed in October 2023. Reduction percentage not verified by the Carbon Trust.

25% LESS WASTE, 50% LESS NITROGEN USE

Quorn Foods invested in upgrading the design of our machinery at our Methwold factory for efficiency and sustainability, reducing our food waste as well as our overall energy consumption. We used 50% less nitrogen compared to 2022 and generated 25% less food waste.

23 TONNES OF FOOD SAVED

Misfits are what we call bags of food that don't quite fit the grocery shelf standard; sometimes they are offcuts or different in shape. Instead of disposing of food that tastes just as good as our other Quorn products, we sell our misfits at a discount to food service customers, saving over 23 tonnes of food from going to waste in 2023. At the same time, we give consumers the opportunity to access our food at a lower cost.

MARLOW INGREDIENTS

In 2023, we developed and launched Quorn Foods' new division, Marlow Ingredients, that caters to supplying our sustainable mycoprotein to other food and beverage manufacturers. Apart from extending the positive impacts of our product to other businesses, we're looking at other ways to increase circularity by working with researchers to explore uses for mycoprotein in other industries and to understand how current waste streams may, in the future, bring economic value.



WORKPLACE IMPROVEMENTS

Part of our Goals in becoming a Net Positive business is to make our workplace safe and productive for our employees. We maintain standards of safety and health throughout our factories and offices, provide competitive compensation and benefits, build on our employees' capacity for growth, and go beyond regulations to recognize our employees as value-bringing individuals.

Quorn Foods hosts employee wellness programs like the Women in Quorn Network and Wellness Event, where we focus on mental wellbeing and inclusivity. Other workplace benefits that promote the health and enjoyment of our employees onsite include fresh fruit for snacking, air fryers for cooking or reheating food during their shifts, and free Quorn products that they can have for workday meals or take home. We also support the British Nutrition Foundation's Healthy Eating Week by providing our employees with a host of resources on better eating.



ETHICAL BUSINESS PRACTICES

Upholding ethics across Quorn Foods is a continuous effort and one that we support through anti-corruption and anti-bribery training as well as relevant policies. While we implement training for our staff, we are working on covering more employees and workers in the future.



POSITIVE PRODUCT

...is about enhancing the quality of our product and minimizing the footprint of the packaging it comes in.

Our Goals for 2030

- ▶ 100% of our packaging is recyclable or reusable and we have eliminated the use of virgin fossil fuel-based plastic
- ▶ 100% of our food is nutritious and responsibly formulated

LAUNCHING NUTRITION AND SUSTAINABILITY GUIDELINES

We achieved our goal of having our new product launches meet internal nutrition profiles. In 2023, we set guidelines that cover our nutrition and sustainability requirements that we expect all of our products in development to follow. These include considerations such as clean label ingredients, carbon footprint reduction, recyclability of packaging, sustainable sourcing, and healthy nutrition profiles.

PACKAGING IMPROVEMENTS

Energy-saving installations and redesigning our packaging have resulted in avoiding the production of 17.73 tonnes of CO2e annually and making more of our packaging recyclable. When we do use plastic, we make sure that we use recycled plastic whenever possible.



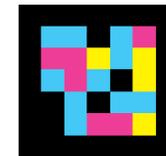
POSITIVE SOCIETY

...is about going beyond the walls of our business to collaborate and empower communities and people from different walks of life.

Our Goals for 2030

- ▶ We have educated, supported, and empowered the next generation to act as sustainable food systems champions
- ▶ We make positive contribution towards tackling food insecurity in our communities

NAVILENS



NaviLens technology helps consumers with visual impairments read product information through a longer-distance read-aloud feature. Compared to normal product barcodes, NaviLens barcodes can be detected by smartphones from

farther away. We are proud to be the first meat-free brand to adopt this technology in an effort to make our products more inclusive and accessible.

14 DOCTORATE DEGREES SUPPORTED, 500 STUDENTS PARTICIPATING IN GUEST LECTURES

In 2023, we supported 14 PhDs across fields of nutrition, fermentation, and circular innovation. By collaborating with over 12 universities and academic institutions, we were able to give 500 food science students the opportunity to participate in guest lectures about mycoprotein and product development.

INSTITUTE OF GROCERY DISTRIBUTION (IGD) ENVIRONMENTAL LABELING CONSULTATION

Quorn Foods is one of the consultants for the environmental labeling study of the IGD. The study aims to develop a consolidated approach for environmental labeling within the UK food sector, to which Quorn Foods will contribute our knowledge.

OVER TWO MILLION FOOD PORTIONS DONATED

Through our support in both stock donation and funding, we donated over two million food portions to charities in 2023, doubling the number of portions in the previous year.

MYCOPROTEIN SUMMIT

Quorn Foods, together with the Good Food Institute, hosted the world's first Mycoprotein Summit, where academic partners presented their research on mycoprotein and other fungi-based foods. It created an opportunity to hold a productive session where key opinion leaders shared different perspectives and insights on sustainable diets.





A. GENERAL DISCLOSURES

Business Segments

GRI 2-6

Monde Nissin and all subsidiaries are collectively referred to as the Group. The Group's two core businesses are the APAC BFB business and Meat Alternative business.

A. APAC BFB Business

The Group operates the APAC BFB business through Monde Nissin and wholly-owned or majority-owned subsidiaries, as well as joint ventures and established collaborations with other renowned fast-moving consumer goods (FMCG) players. The APAC BFB business' three product groups have the following key brands:

- ▶ Instant Noodles: Lucky Me!
- ▶ Biscuits: SkyFlakes, Fita, M.Y. San Grahams, Bingo, and Nissin
- ▶ Other Products: Mama Sita's, Dutch Mill, Monde, and Walter Bread

B. Meat Alternative Business

MFL produces, markets, and distributes the meat alternative brands Quorn and Cauldron. Quorn is Quorn Foods' flagship brand.

Value Chain

GRI 2-6

A. APAC BFB

- a. Research and Development: The APAC BFB Group believes in the strong and long-standing track record of the APAC BFB Group Research and Development (R&D) team when it comes to market firsts in product development and launches. To augment in-house R&D capabilities, the APAC BFB Group also collaborates with various innovation companies and organizations.
- b. Supplies: The APAC BFB Group conducts vendor/supplier due diligence and accreditation procedures. In 2023, the raw materials that accounted for the largest percentages of the APAC BFB business's cost of goods sold were wheat/flour, palm oil, shortening, coconut oil, and sugar.
- c. Manufacturing: The APAC BFB Group has established an extensive network of production facilities in the Philippines and Thailand to meet the growing demand for products. The APAC BFB Group employs best-in-class tools, processes, and standards pertaining to food safety and quality assurance at the manufacturing facilities.
- d. Distribution: Monde Nissin distributes via resellers and distributors with whom it maintains strong and long-standing relationships. Monde Nissin's main distribution channels are traditional trade, modern trade, CDN, and a negligible amount of online sales. Traditional trade refers to local supermarkets, groceries, wet markets, and sari-sari stores. Modern trade refers to large retailers, national wholesalers, and convenience store chains. The APAC BFB Group currently exports instant noodles and biscuits products to more than 50 countries globally.
- e. Sales and Marketing: Monde Nissin's sales and marketing functions are overseen by sales and marketing leaders who have an average of more than 20 years of experience. The customer touchpoints used before the purchase stage include media mix and brand activation. Customer touchpoints at the purchase stage include in-store merchandising, promotions, and sampling programs.



B. Meat Alternative

- a. **New Product Development:** Quorn Foods intends to direct Quorn Foods' applied research and development work toward introducing new and improved products and applying new technology to reduce unit and operating costs and leverage and further develop Quorn Foods' proprietary technology.
- b. **Supplies:** Quorn Foods' procurement department ensures continuity of supply by having multiple sources for the critical ingredients and a geographical spread of suppliers using a standard supply contract for most of Quorn Foods' suppliers. All Quorn branded products contain mycoprotein that is produced at Belasis. Cauldron products are made from various ingredients, including soya beans, chickpeas, soya protein, onions, and seasonings.
- c. **Production and Manufacturing:** Quorn Foods is the only large-scale commercial provider of mycoprotein.
- d. **Distribution:** Quorn Foods has a network of shipping, warehouse, and transportation companies to service overseas customers to ensure goods are stored and distributed to meet service and quality standards. Quorn Foods' distribution channels include retail, quickserve restaurants (QSR), and foodservice outlets.
- e. **Sales and Marketing:** The primary channels by which Quorn Foods drives consumer awareness and promotes interest in Quorn Foods' products are through social media platforms, Quorn Foods' website, network, cable television, radio programs, and sponsorship of sports organizations. Quorn Foods also employs billboards and in-store marketing, and collaborates with celebrities, athletes, and other key influencers who share Quorn Foods' core values and mission.

Membership Associations

GRI 2-28

MONDE NISSIN

Membership	Description
Philippine Chamber of Food Manufacturers, Inc.	<p>The principal organization of the manufacturers and distributors of food products in the Philippines. It has the responsibility of providing consumers with safe, nutritious, and affordable processed food products that are compliant with local and international standards and regulations.</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin's representative holds a board position. ▶ Monde Nissin contributes to research projects of the organization.
World Instant Noodles Association	<p>The organization's objective is to accumulate and share information about technical issues related to the quality development of instant noodles so that people can enjoy instant noodles with safety and trust.</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin's representative is part of the Board of Governors.
Philippine Institute for Supply Management	<p>The country's premiere professional association of supply management practitioners</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin's representative holds a board position
Scaling Up Nutrition Business Network	<p>The world's leading private-sector platform for nutrition</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin is a new member in 2023
Philippine Business For Social Progress	<p>The largest business-led NGO in the Philippines focused on corporate citizenship, sustainable development, and poverty reduction</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin is a new member and provides funding for projects
People Management Association of the Philippines	<p>The country's premier organization for HR Professionals and People Managers</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin contributes to Labor Policy Reforms and Industrial Relations committee projects
Philippine Society for Talent Development	<p>The country's premier organization for Talent Development practitioners in the country</p> <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin's representative holds a board position and is a member of the Executive Committee
Good Governance Advocates and Practitioners of the Philippines	<ul style="list-style-type: none"> ▶ Promotes and advocates integrity, fairness, accountability, transparency, excellence, and social and environmental responsibility; ▶ Proactively engages with regulatory agencies and other governance organizations to contribute to the continuous development of appropriate and progressive rules, standards, and practices on good governance <p>Role</p> <ul style="list-style-type: none"> ▶ Monde Nissin's representative holds an officer role.

Membership	Description
Philippine Alliance for Recycling and Materials Sustainability	Promotes stakeholder collaboration leading to sustainable consumption and production, reducing the country's waste footprint. Role ▶ Monde Nissin is an investing partner in the organization.

Activity Metrics

SASB FB-PF-000.A, 000.B

Disclosure	UOM	Monde Nissin	Quorn Foods
Weight of products sold	tonnes	252,223	35,915
Number of production facilities	#	5	3

B. ECONOMIC DISCLOSURES

Economic Performance

GRI 201-1, 201-2

Disclosure	UOM	Quorn Foods
Direct Economic Value Generated and Distributed		
Direct economic value generated (revenue)	Million Php	14,181
Direct economic value distributed		-
a. Operating costs		11,914
b. Employee wages and benefits		3,571
c. Payments to providers of capital		514
d. Payments to government		140
e. Community investments		9

Disclosure	Monde Nissin
Financial risks and opportunities due to climate change	Climate change risks such as inventory damage and supply chain disruption due to extreme weather conditions are managed by Monde Nissin through insurance policies to cover losses from damaged inventories and its environmental initiatives that focus on eco-efficiency to minimize negative environmental impacts.

Procurement Practices

GRI 204-1

Disclosure	UOM	Monde Nissin	Quorn Foods
Procurement budget used for significant locations of operations that is spent on local suppliers	%	35	Data unavailable

Note: Local is defined as items procured through a local transaction with a local vendor, including key raw materials that come from a foreign source.

C. ENVIRONMENTAL DISCLOSURES

Materials

GRI 301-1, 301-2

SASB B-PF-410a.1, 440a.1, 440a.2

Disclosure	UOM	Monde Nissin	MFL
Raw Materials			
Renewable materials	kg	367,972,100	Data Unavailable
Non-renewable materials	kg	48,601,826	Data Unavailable
Food ingredients sourced from regions with High or Extremely High Baseline Water Stress	%	Data Unavailable	0
Priority food ingredients (excluding water)	list	Wheat, Flour, Sugar, Egg, Cocoa	Glucose, Egg Albumen, Solanic
Packaging Materials			
Renewable materials	kg	0	622,339
	%	0	37
Non-renewable materials	kg	10,967,281	1,062,528
Recycled input materials used to manufacture the organization's primary products and services	%	0	13
Recyclable packaging	%	94	96
Reusable packaging	%	0	0
Compostable packaging	%	0	0

Energy Management

GRI 302-1, 302-3, 302-4

SASB FB-PF-130a.1

Disclosure	UOM	Monde Nissin
Energy consumption within the organization	GJ	1,591,679
Non-renewable energy	GJ	1,232,488
Coal	GJ	980,773
Bunker fuel oil	GJ	8,355
Diesel	GJ	7,209
LPG	GJ	222,230
Gasoline	GJ	93
Purchased electricity	GJ	13,828
Renewable energy	GJ	359,191
Biomass	GJ	48,736
Solar panel	GJ	3,171
Purchased electricity (Geothermal)	GJ	307,284
Percentage renewable energy consumption	%	23
Percentage grid electricity consumption	%	20
Energy reduction (vs. FY 2021 baseline)	GJ	209,283

Disclosure	UOM	MFL
Energy consumption within the organization	MWh	127,644
Non-renewable energy	MWh	48,696
LPG	MWh	4,591
Nitrogen	MWh	4,202
Carbon dioxide	MWh	501
Natural gas	MWh	30,367
Steam	MWh	4,361
Purchased electricity	MWh	4,674
Renewable energy	MWh	78,948
Steam	MWh	39,249
Purchased electricity (REGOs)*	MWh	39,699
Renewable energy consumption	%	0.62
Grid electricity consumption	%	0.04
Energy intensity	GJ/tonne of product produced	13

*Renewable Energy Guarantees of Origin

Emissions Management*

GRI 305-1, 305-2, 305-4, 305-5

Disclosure	UOM	Monde Nissin
Scope 1 GHG emissions	tonnes CO2e	110,143
Biogenic emissions**	tonnes CO2e	5,551
Scope 2 GHG emissions	tonnes CO2e	13,152
GHG intensity	tonnes CO2e/tonne or product produced	0.28
Reduction of Scope 1 and 2 emissions (vs. FY 2021)	tonnes CO2e	73,332
a. Reduction of Scope 1 emissions (vs. FY 2021)	tonnes CO2e	19,544
b. Reduction of Scope 2 emissions (vs. FY 2021)	tonnes CO2e	53,789

*Carbon dioxide, methane, and nitrous oxide were accounted for in the computation for GHG emissions. Emissions factors of these gasses and of location-based grid electricity were based on guidelines by the Intergovernmental Panel on Climate Change (IPCC) and Philippine Department of Energy (DOE), respectively. Biogenic emissions of Monde Nissin and MFL come from the use of biomass and fermenters, respectively.

**This pertains to the emissions from the combustion of biomass.

Disclosure	UOM	MFL
Scope 1 GHG emissions	tonnes CO2e	9,979
Biogenic emissions	tonnes CO2e	5,000
Scope 2 GHG emissions	tonnes CO2e	1,766
GHG intensity	tonnes CO2e/tonne or product produced	0.34
Reduction of Scope 1 and 2 emissions (vs. FY 2021)	tonnes CO2e	9,044
c. Reduction of Scope 1 emissions (vs. FY 2021)	tonnes CO2e	Data Unavailable*
d. Reduction of Scope 2 emissions (vs. FY 2021)	tonnes CO2e	Data Unavailable*

*In 2021, MFL disclosed its Scope 1 and 2 emissions as a single figure therefore a breakdown of the reduction of emissions is unavailable.

Water Management

GRI 303-3, 303-4, 303-5

SASB FB-PF-140a.1, 140a.2

Disclosure	UOM	Monde Nissin	MFL
Water withdrawal	m3	1,057,692	775,369
By Source			
Groundwater	m3	880,134	0
Third-party water	m3	177,558	775,369
Regions with High or Extremely High Baseline Water Stress	%	Currently, Monde Nissin and MFL do not withdraw water in High or Extremely High Baseline water stress areas	
Water discharge	m3	278,666	Data Unavailable

Disclosure	UOM	Monde Nissin	MFL
By Destination			
Seawater	m3	224,055	0
Third-party water	m3	54,611	0
Water consumption*	m3	779,026	775,369
Water consumed in regions with High or Extremely High Baseline Water Stress	%	Currently, Monde Nissin and MFL do not consume water in High or Extremely High Baseline water stress areas	
Water intensity	m3/ tonne of product produced	2.28	22
Water recycled	m3	22,933	0
	%	2.17	0
Incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	#	0	0

*The formula "water consumption = total water withdrawal - total water discharge" was used to align with GRI guidelines on disclosing data on water consumption.

Waste Management

GRI 306-3, 306-4, 306-5

Disclosure	UOM	Monde Nissin	MFL
Waste generated	tonnes	32,331	41,794
Hazardous	tonnes	3,662	15
Non-hazardous	tonnes	28,669	41,779
Waste diverted from disposal	tonnes	24,735	40,787
Hazardous	tonnes	1,780	0
a. Preparation for reuse	tonnes	6	0
b. Recycling	tonnes	3	0
c. Other recovery operations	tonnes	1,771	0
Non-hazardous	tonnes	22,955	40,787
a. Preparation for reuse	tonnes	304	0
b. Recycling	tonnes	20,273	1,528
c. Other recovery operations	tonnes	2,378	39,259

Disclosure	UOM	Monde Nissin	MFL
Waste directed to disposal	tonnes	7,595	1,007
Hazardous	tonnes	1,882	15
a. Incineration with energy recovery	tonnes	1	15
b. Incineration without energy recovery	tonnes	0	0
c. Other disposal operations	tonnes	1,881	0
Non-hazardous	tonnes	5,713	992
a. Incineration with energy recovery	tonnes	1,440	992
b. Incineration without energy recovery	tonnes	66	0
c. Landfilling	tonnes	1,050	0
d. Other disposal operations	tonnes	3,158	0
Waste to landfill	%	4	0
Waste diverted	%	96	100

Environmental Compliance

GRI 2-27

Disclosure	UOM	Monde Nissin	MFL
Non-compliance with Environmental Laws and Regulations			
Instances for which fines were incurred	#	1*	0
Instances for which non-monetary sanctions were incurred	#	0	0
Cases resolved	#	1*	0
Monetary Fines for Non-compliance to Environmental Laws and Regulations			
Fines for instances of non-compliance occurred for the current year	Php	44,500	0

*Pampanga Plant purchased and installed two generator sets in 2019. Due to the pandemic, a permit to operate (PTO) was only released in August 2023. However, DENR-EMB Region III conducted a surprise audit in June 2023, while Monde Nissin was processing the requirements to acquire a PTO. As a result, a notice of violation (NOV) was issued in September 2023. This was settled on December 7, 2023.

D. SOCIAL DISCLOSURES

Employees

GRI 2-7, 401-1, 405-1

Disclosure	UOM	Monde Nissin			Quorn Foods		
		Male	Female	Total	Male	Female	Total
Employees by Gender							
Board of Directors	#	3	6	9	N/A		
	%	33	67	-			
Employees	#	2,122	1,148	3,270	533	322	855
Senior Management	%	52	48	-	67	33	-
Middle Management	%	48	52	-	55	45	-
Staff	%	47	53	-	N/A		
Rank and File	%	74	26	-	63	37	-
Regular Employees	#	1,305	863	2,168	498	296	794
Probationary Employees	#	817	285	1,102	35	26	61
New Hires	#	1,739	628	2,367	58	82	140
Employee Turnover	#	1,608	615	2,223	110	76	186
Turnover Rate	%	-	-	6*	-	-	15*
Employees by Age							
		<30 y/o	30-50 y/o	>50 y/o	<30 y/o	30-50 y/o	>50 y/o
Board of Directors	%	-	11	89	N/A		
Senior Management	%	0	26	74	0	17	83
Middle Management	%	17	72	11	7	65	28
Staff	%	73	22	5	N/A		
Rank and File	%	61	34	5	15	52	33
New Hires	#	2,098	267	2	34	73	33
Employee Turnover	#	1,914	283	26	35	91	60

*Only includes employees with regular or permanent employment status

Disclosure	UOM	Quorn Foods
Female workers in the workforce	%	38
Male workers in the workforce	%	62
Female workers in management positions	%	44

Employee Benefits

GRI 401-2

Disclosure	Offered to Regular Employees?		Disclosure	Offered to Regular Employees?	
	Monde Nissin	Quorn Foods		Monde Nissin	Quorn Foods
SSS	Yes	N/A	Retirement fund (aside from SSS)	Yes	Yes
Philhealth	Yes	N/A	Further education support	Yes	No
Pag-ibig	Yes	N/A	Company stock options/ Stock ownership	No	No
Parental leaves (maternity & paternity leave)	Yes	Yes	Telecommuting	Yes	No
Paid vacation leaves	Yes	Yes	Flexible-working hours	Yes	Yes
Paid sick leaves	Yes	Yes	Others: Above minimum wages	Yes	Yes
SSS sickness benefit	Yes	N/A	Others: Equitable severance pay	Yes	Yes
Medical benefits (aside from PhilHealth)	Yes	No	Others: Flexible benefit	Yes	No
Life insurance	Yes	No	Others: Access to health & wellness programs	Yes	No
Disability and invalidity coverage	Yes	No			
Housing (staff house)	Yes	No			
Housing assistance (aside from Pag-ibig)	Yes	No			

Parental Leaves (Maternity & Paternity Leaves)

GRI 401-3

Disclosure	UOM	Monde Nissin			Quorn Foods		
		Male	Female	Total	Male	Female	Total
Entitled to parental leaves	#	1,417	941	2,358	508	309	817
Employees who took parental leave	#	69	43	112	1	7	8
Employees who returned to work after parental leave	#	69	43	112	1	7	8

Collective Bargaining Agreements

GRI 2-30

Disclosure	UOM	Monde Nissin			Quorn Foods		
		Male	Female	Total	Male	Female	Total
Regular employees covered with Collective Bargaining Agreements	%	24	12	36	5	1	6

Labor-Management Relations

GRI 402-1

Disclosure	UOM	Monde Nissin	Quorn Foods
Minimum number of weeks typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	#	2	12
For your collective bargaining agreements, are the notice period and provisions for consultation and negotiation specified in the agreement?	Y/N	Y	Y

Employee Training

GRI 404-1

Disclosure	UOM	Monde Nissin		Quorn Foods	
		Male	Female	Male	Female
Training hours	hrs	18,231	16,645	Data Unavailable*	
	hrs/employee	14	19		
Senior management	hrs/employee	24	32		
Middle management	hrs/employee	27	33		
Staff	hrs/employee	20	26		
Rank and file	hrs/employee	9	6		

*No detailed breakdown available. The total training hours is 11,637 while a regular employee undergoes an average of 15 hours of training. Limited data for the Belasis site due to LMS roll out & limited usage in 2023. Data also excludes Leeds employees as no data has been recorded within LMS in 2023

Occupational Health and Safety

GRI 403-8, 403-9, 403-10

Disclosure	UOM	Monde Nissin	MFL
Recordable work-related injuries ^a	#	18	5
Work-related fatalities	#	0	0
Recordable work-related ill health ^b	#	6	0
TRIR ^c	%	0.49	0.24
Workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by the OHS management system ^d	%	30	20

^a For Monde Nissin, the main types of recordable work-related injuries in 2023 were superficial injuries & open wounds. Investigations begin on-site to secure evidence and mitigate hazards, while the Safety Core Team proposes corrective actions and monitors progress. For MFL, the main types of recordable work-related injuries were hand injuries from manual handling. Hazards are determined through the site risk matrix and eliminated by existing control measures, continuous monitoring, and compliance of risk control measures through auditing.

^b Recordable work-related ill health such as infections were detected during the annual physical examination (APE). Affected workers were offered work accommodations.

^c TRIR for Monde Nissin and MFL is based on 200,000 and 100,000 work hours respectively.

^d Excluding employees from third-party contractors of Monde Nissin

Local Communities

GRI 413-2

Disclosure	Monde Nissin
Operations with actual or potential negative impact on local community	Plant expansion in Davao.
Mitigating measures for actual or potential negative impact	Monde Nissin participated in a public hearing with DENR and the local community. Environmental Compliance Certificate (ECC) was later on approved in December 2023.

Product Quality and Safety

GRI 416-1, 416-2

SASB FB-PF-260a.1

Disclosure	UOM	Monde Nissin	Quorn Foods
Product Assessment for Health and Safety Impacts			
Significant product and service categories which have been assessed for health and safety impacts	%	100	100
Incidents of Non-compliance			
Incidents of non-compliance resulting in fine or penalty	#	0	0
Incidents of non-compliance resulting in a warning	#	0	0
Incidents of non-compliance with voluntary codes	#	0	0
Promotion of Health and Nutrition Attributes			
Revenue from the sales from products labeled and/or marketed to promote health and nutrition attributes	Billion Php	Bakery: 1.9 Noodles: 27	-
	Million GBP	-	194

Marketing and Labeling

GRI 417-1, 417-2, 417-3

SASB FB-PF-270a.1, 270a.3, 270a.4

Disclosure	UOM	Monde Nissin	Quorn Foods
Are the following types of information required by the organization's procedures for product and service information and labeling?			
a. Sourcing of components of the product or service	Y/N	N - Country of sourcing for all raw materials is recorded as part of our processes, but not necessarily reported on pack	N
b. Content, particularly with regard to substances that might produce an environmental or social impact	Y/N	Y - Allergen and nutrition information are declared on all packs	N
c. Safe use of the product or service	Y/N	Y	Y - Cooking and freezing instructions
d. Disposal of the product and environmental or social impacts	Y/N	Y	Y - Recycling information
Significant product or service categories covered by and assessed for compliance with such procedures	%	100	100
Incidents of Non-compliance			
Incidents of non-compliance resulting in fine or penalty	#	0	0
Incidents of non-compliance resulting in a warning	#	0	0
Incidents of non-compliance with voluntary codes	#	0	0
Monetary losses as a result of legal proceedings associated with labeling and/or marketing practices	Php	0	0
Advertising Impressions			
Advertising impressions made on children	%	TV: 18* Digital: 13*	Data Unavailable
Advertising impressions made on children promoting products that meet dietary guidelines	%	TV: 18** Digital: 19**	

*On TV, computation is done via Nielsen's Arianna tool. We ran the list of programs where we placed our spots in 2023 then computed for Adhesion Rate which is the percent composition of the audience by age group. The average Adhesion Rate of 0-12 years old for all the programs is 18%. On digital, the formula provided by SASB Standards was used. The expected share of children in the audience is based on Nielsen's Consumer and Media View (CMV) tool, but the available age group is only from 10-14 years old, no available data for below 10 years old.

**Brands with TV airing that meet DepEd requirements are DYG and NBC. Its corresponding adhesion rate for 0-12 years old is 18%. On digital, the formula provided by SASB Standards was used. Brands that meet DepEd requirements are Breadstix, Eggnog, Nissin Wafer, NBC, and DYG. Impressions for these brands were multiplied with the expected share of children viewing digital (limitation of Nielsen tool is 10-14 years old only), divided by total number of advertising impressions made on children.

Customer Satisfaction*

Disclosure	UOM	Monde Nissin	Quorn Foods
Customer satisfaction score/rank	Rank	12	Chilled goods: 1 Frozen goods: 5
Did a third party conduct the customer satisfaction study (Y/N)?	Y/N	Y	Y

*Monde Nissin's rank declined from 7 in 2022 to 12 in 2023. Ranking was among more than 25 FMCGs also included in the study by The Advantage Group, International, Inc. Ranking was also based on the Company's ways of working and advocacy-building, operational effectiveness, suitability as a long-term partner, and the ability to identify opportunities and thrive in a changing landscape. Quorn Foods' rank in chilled goods improved from 3 in 2022 to 1 in 2023 out of 7 FMCGs assessed, while Quorn Foods' rank in frozen goods stayed the same between 2022 and 2023 among 11 FMCGs included in the study.

Responsible Sourcing

GRI 308-1, 308-2, 414-1, 414-2
SASB FB-PF-250a.2, 430a.1, 430a.2

MONDE NISSIN

Monde Nissin prioritizes local sourcing in our procurement whenever possible. It is a practice that can reduce the carbon footprint of shipping and transportation, and it supports suppliers within the area. Additionally, having local suppliers can help prevent potential disruptions along our supply chain. In line with our procurement policy, Monde Nissin only imports raw materials when they aren't locally available or if the imported raw materials better fit our quality, price, and supply requirements. In 2023, we replaced our dried chili supplier in India with one based in Thailand. We also partially transitioned our paper cup supplier, originally from Tunisia, to one based in China. This strategic move was motivated by the proximity of Thailand and China to the Philippines. Additionally, this allows us to avoid shipping through the Red Sea, which is a conflict-prone area, or shipping through

a longer, westward route around Africa. While these raw materials still have to be imported, switching to international suppliers that are closer to us allows for shorter and more efficient transportation routes, potentially reducing our environmental footprint.

Integrating more sustainability criteria into our procurement processes remains a continual effort as we actively review and update our Procurement Policy, which aims to cover more environmental and social factors. In the meantime, the Procurement department of Monde Nissin is in the initial stages of engaging suppliers through roadshows. The purpose is to communicate Monde Nissin's Sustainability Policy and gather initial insights into the current sustainability initiatives of our suppliers.

E. RESTATEMENTS OF INFORMATION

GRI 2-4

Energy consumption data for both 2021 and 2022 have been updated and corrected to follow the conversion factors from the GHG Protocol, an internationally recognized standard ensuring consistency and comparability in sustainability reporting. As a result of this improvement, energy intensity has been adjusted accordingly as well. This methodology was also adopted for the current reporting period.

Energy Management FY 2022 and FY 2021

Disclosure	UOM	Monde Nissin	
		2022	2021
Energy consumption within the organization	GJ	1,554,291	1,800,962
Energy intensity	GJ/tonne of product produced	3.47	4.01

Scope 1 emissions data for both 2021 and 2022 have been restated to improve accuracy. This restatement includes the integration of previously excluded renewable energy sources, specifically biomass. Scope 1 emissions also incorporate emissions factors that were corrected to match those specified for manufacturing industries by the GHG Protocol and IPCC. As a result of these changes, data for GHG intensity and reduction of scope 1 emissions have

been adjusted accordingly as well. No restatements for scope 2 emissions were made as we continue to refer to the guidelines provided by the DOE.

This commitment to utilizing internationally accepted references improves the reliability and credibility of our data. As a result of these improvements, our 2023 energy intensity and GHG intensity data now present a more precise basis for comparison.

GHG Emissions FY 2022 and FY 2021

Disclosure	UOM	Monde Nissin	
		2022	2021
Scope 1 GHG emissions	tonnes CO2e	99,287	122,524
Biogenic emissions	tonnes CO2e	14,509	12,713
GHG intensity	tonnes CO2e/tonne of product produced	0.35	0.45
Reduction of Scope 1 (vs. FY 2021)	tonnes CO2e	21,441	-

F. CORPORATE GOVERNANCE

Good Governance Practices and Policies

GRI 2-15

MONDE NISSIN

Monde Nissin's Articles of Incorporation, Amended By-Laws, CG Manual, Code of Conduct and Ethics, together with the respective charters of its Board of Directors and the Board Committees, as well as our Company policies, incorporate the principles and best practices of corporate governance embodied in the Revised Corporation Code of the Philippines and the corporate governance-related issuances of the SEC and the PSE. The inclusion of good governance principles in the foregoing documents, and the adoption of the best practices of corporate governance company-wide, highlight Monde Nissin's commitment to observing the highest standards of corporate governance.

The Board spearheads the promotion and observance of good corporate governance. In line with the principles and recommendations under the SEC's MC No. 19, Series of 2016, or the Code of Corporate Governance for PLCs (*CG Code*), the Board has approved the adoption of Monde Nissin's (a) Board and Board committee charters (i.e., the Board Charter, the Audit Committee Charter, the Risk and Related Party Transactions Committee Charter, the Corporate Governance, Nomination, and Remuneration Committee Charter, and the Executive Committee Charter) to guide its members in the Board's oversight functions. The Board has also approved the adoption of Monde Nissin's CG Manual, Code of Conduct and Ethics, and other key governance policies (i.e., Conflict of Interest, Data Privacy, Prevention of Insider Trading, Whistleblowing, Material Related Party Transactions, Guidelines and Limitations re: Engaging External Auditors for Non-Audit Services, Policy Promulgation Guidelines, and Sustainability). The Board and Board committee charters, as well as Monde Nissin's CG Manual and other key governance policies, can be found on our website.

To promote an exchange of diverse viewpoints, our Board comprises nine (9) individuals with a multitude of professional and personal backgrounds. To enhance its ability to perform its oversight function over management, the Board has six (6)

non-executive directors. Showing its commitment to gender diversity, Monde Nissin currently has six (6) female directors as the majority members of its nine (9)-member Board. One-third of the members of the Board consists of Independent Directors who are known in the business sector as women of competence, integrity, and probity.

In compliance with leading practices on corporate governance, the Board has (a) elected a Chairperson who is a separate person from its President as well as its Chief Executive Officer; (b) created a five-member Executive Committee where at least one director out of its five members is an Independent Director so that the interest of the minority shareholders are safeguarded; and (c) created board oversight committees (i.e., Audit Committee, Risk and Related Party Transactions Committee, and Corporate Governance, Nomination, and Remuneration Committee), the members of which are entirely made up of Independent Directors. We have a Lead Independent Director, consistent with the recommendation of the CG Code.

Anti-corruption

/// *We are expected to do the right thing at all times.* ///

We are committed to upholding the highest standards of ethical business conduct and anti-corruption throughout the organization. The statement "We are expected to do the right thing at all times" is the guiding principle for integrity that is expected of all of our internal stakeholders, business partners, and suppliers.

Monde Nissin does not tolerate instances of bribery and corruption, including incidents of facilitation payments or kick-backs. We abide by relevant anti-bribery and corruption laws and have several initiatives in place to promote related policies.

One such program that we implemented in 2023 was the Hotline Awareness Campaign. This initiative aims to help the management better monitor bribery and corruption incidents by spreading awareness of our Whistle Blowing Policy throughout the workplace and empowering employees and partners to report any untoward incidents. After the campaign, the Company observed an increase in reports compared to the past four years and increased inquiries on Anti-bribery and Corruption (ABC) Policy compliance.

Our Risk department works closely with the P&C department's Learning and Development team to track the completion of Anti-bribery and Corruption Training every month. An animated condensed module in Filipino was also developed for our rank-and-file workers to ensure that 100% of the workforce undergoes training on anti-bribery and corruption, not only managerial staff.

Enterprise Risk Management

Through the efforts of Monde Nissin's Risk department and the support of the Corporate Internal Audit department, we developed new filing and communication mechanisms for ERM that would strengthen and standardize the documentation of risks across the Company.

Conflict of Interest

Monde Nissin's Board approved on December 19, 2023 the Amended Conflict of Interest (COI) Policy which equips Monde Nissin with more dynamic mechanisms in identifying and resolving COI cases and resolved many gaps, particularly as regards identifying COI cases.

To address management and detection issues and to increase compliance awareness, the Amended COI Policy incorporates a mandatory annual COI declaration process across Monde Nissin. This mandatory declaration process will be supported by annual ABC and COI refresher courses for all Monde Nissin personnel, to highlight the importance of ABC and COI compliance.

Data Security and Cybersecurity

Data security has become increasingly important for organizations around the world, given the growing value of information. For Monde Nissin, our data security approach involves data privacy and security

policies, measures, assessments, campaigns, and training for our employees.

Monde Nissin has a designated security incident team that oversees our IT Service Desk, where all security incidents are logged.

At the same time, employees regularly undergo training through our mandatory company-wide Security Awareness Program. New employees must also complete training via in-house developed videos and content on cybersecurity and IT policies and procedures.

The IT department also took charge of reminding employees to stay vigilant amid an increase in incidents of Philippine companies and government agencies undergoing cyberattacks. A total of 24 advisory emails were issued by our IT department in 2023.

Data Privacy

Monde Nissin is committed to protect and maintain the security and privacy of personal information provided by, or collected or processed from, Monde Nissin's employees, contract counterparties, distributors/sub-distributors, suppliers, service providers, applicants applying for employment with Monde Nissin, or any other individuals who interact with Monde Nissin in the regular course of business (each, a Data Subject and collectively, the Data Subjects).

As an organization that values compliance with law at all times, Monde Nissin recognizes the paramount importance of data privacy and security and adheres to the standards of data privacy and protection under Republic Act No. 10173, or the Data Privacy Act of 2012, and its implementing rules and regulations and the various issuances of the Philippines National Privacy Commission and other relevant regulatory agencies (*Data Privacy Laws*). In support of this, we have a General Privacy Policy that guides our customer privacy practices. Our [General Data Privacy policy](#) can be found on our website. Overseeing compliance with these regulations is a Data Protection Officer (DPO) and a Data Breach Response Team in charge of mobilizing relevant personnel should there be a data breach.

In 2023, we launched an online data processing system tool to improve the security and privacy of critical data processing systems within the Company. There were also no notifiable personal data breaches, and all exercises of data subject rights have been attended to.

Our critical personal data processing systems are registered with the National Privacy Commission (NPC) in line with NPC Circular No. 2022-04. Our DPO and several department privacy leads have also completed NPC's DPO ACE Level 1 certification program. Additionally, Monde Nissin's DPO and Chief Risk Management Officer are Certified Information Privacy Manager (CIPM), a certification obtained from the International Association of Privacy Professionals. Most of the members of our Legal & Compliance department are also Certified Data Privacy Officers.

Anti-corruption Practices

GRI 205-2, 205-3

Disclosure	UOM	Monde Nissin	Quorn Foods
Communication and Training on Anti-corruption Policies and Procedures			
Employees to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	80
Business partners to whom the organization's anti-corruption policies and procedures have been communicated	%	100	0
Senior leaders that have received anti-corruption training	%	100	Data Unavailable
Employees that have received anti-corruption training	%	92*	80
Governance body members** that the organization's anti-corruption policies and procedures have been communicated to	%	100	
Governance body members that have received training on anti-corruption	%	100	
Incidents of Corruption			
Confirmed incidents of corruption	#	0	0
Incidents in which directors were removed or disciplined for corruption	#	0	0
Incidents in which employees were dismissed or disciplined for corruption	#	0	0
Incidents when contracts with business partners were terminated due to incidents of corruption	#	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcome of such cases	#	0	0

*This data collectively covers staff and up as well as rank and file. For staff and up, 99.6% have received anti-corruption training. For rank and file, 88.2% have received anti-corruption training.

**Governance body members refer to the board of directors of Monde Nissin.

Customer Privacy and Data Security

GRI 418-1

Disclosure	UOM	Monde Nissin	Quorn Foods
Substantiated complaints on customer privacy	#	4*	0
Complaints addressed	#	4*	N/A
Data breaches, including leaks, thefts and losses of data	#	4*	0

*Non-notifiable internal human resources (HR)-related security incidents



GRI CONTENT INDEX

Monde Nissin Corporation has reported the information cited in this GRI content index for the period 01 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used is GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Number/s	Direct Answer	
GRI 2: General Disclosures 2021	2-1	Organizational details	2-3	
	2-2	Entities included in the organization's sustainability reporting	2-3	
	2-3	Reporting period, frequency and contact point	2, 112	
	2-4	Restatements of information	99	
	2-5	External assurance		This report did not undergo external assurance.
	2-6	Activities, value chain and other business relationships	83-84	
	2-7	Employees	49, 92	
	2-9	Governance structure and composition		See Amended By-Laws ("By-Laws") and Manual on Corporate Governance ("CG Manual")
	2-10	Nomination and selection of the highest governance body		See By-Laws , CG Manual , CGNRC Charter , and Board Diversity Policy
	2-11	Chair of the highest governance body		The Chairperson of the Board, Ms. Kataline Darmono, is a non-executive director who is not involved in Monde Nissin's day-to-day operations.
	2-12	Role of the highest governance body in overseeing the management of impacts	19	
	2-13	Delegation of responsibility for managing impacts	19	
	2-14	Role of the highest governance body in sustainability reporting	19	

GRI Standard	Disclosure	Page Number/s	Direct Answer		
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	100-101	See also By-Laws , Conflicts of Interest Policy ("COI Policy") , CG Manual , Charter of the Board of Directors ("Board Charter") , and Material Related Party Transactions ("MRPT Policy")	
	2-16	Communication of critical concerns		Unless the Board has delegated to Management the authority to implement any initiative, all concerns are brought up to the Board, whether directly or through the Board's committees. Where a matter has been expressly delegated to Management, Management timely apprises the Board and/or the relevant Board Committee of significant updates and developments.	
	2-17	Collective knowledge of the highest governance body		See CG Manual and CGNRC Charter	
	2-18	Evaluation of the performance of the highest governance body		See CG Manual and CGNRC Charter	
	2-22	Statement on sustainable development strategy	4-11		
	2-25	Processes to remediate negative impacts	14-81		
	2-26	Mechanisms for seeking advice and raising concerns		See Code of Conduct of Ethics , Anti-Bribery and Corruption Policy and Whistleblowing Policy	
	2-27	Compliance with laws and regulations	91		
	2-28	Membership associations	85-86		
	2-29	Approach to stakeholder engagement	16		
	2-30	Collective bargaining agreements	94		
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	2-3, 16-17	
		3-2	List of material topics	17	
		3-3	Management of material topics	14-81	

GRI Standard	Disclosure		Page Number/s	Direct Answer
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	59, 86	
	201-2	Financial implications and other risks and opportunities due to climate change	86	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	87	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	102	
	205-3	Confirmed incidents of corruption and actions taken	102	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	87	
	301-2	Recycled input materials used	87	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	88	
	302-3	Energy intensity	36, 88	
	302-4	Reduction of energy consumption	88	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	39-40	
	303-2	Management of water discharge-related impacts	39-40	
	303-3	Water withdrawal	89-90	
	303-4	Water discharge	89-90	
	303-5	Water consumption	89-90	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	89	
	305-2	Energy indirect (Scope 2) GHG emissions	89	
	305-4	GHG emissions intensity	36, 89	
	305-5	Reduction of GHG emissions	89	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	41-43	
	306-2	Management of significant waste-related impacts	41-43	
	306-3	Waste generated	90-91	

GRI Standard	Disclosure		Page Number/s	Direct Answer
GRI 306: Waste 2020	306-4	Waste diverted from disposal	90-91	
	306-5	Waste directed to disposal	90-91	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	98	
	308-2	Negative environmental impacts in the supply chain and actions taken	98	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	92	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	93	
	401-3	Parental leave	93	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	94	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	54-55	
	403-2	Hazard identification, risk assessment, and incident investigation	54-55	
	403-3	Occupational health services	54-55	
	403-4	Worker participation, consultation, and communication on occupational health and safety	54-55	
	403-5	Worker training on occupational health and safety	54-55	
	403-6	Promotion of worker health	54-55	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54-55	
	403-8	Workers covered by an occupational health and safety management system	94	
	403-9	Work-related injuries	94	
	403-10	Work-related ill health	94	

GRI Standard	Disclosure	Page Number/s	Direct Answer
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	50, 94
	404-2	Programs for upgrading employee skills and transition assistance programs	52
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	49, 92
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination were identified in 2023.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations were identified to put workers' rights to exercise freedom of association or collective bargaining at risk in 2023.
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	No operations were identified to have significant risks for incidents of child labor and young workers exposed to hazardous work in 2023.
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No operations were identified to have significant risks for incidents of forced labor in 2023.
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	95
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	98
	414-2	Negative social impacts in the supply chain and actions taken	98
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	96
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	96

GRI Standard	Disclosure	Page Number/s	Direct Answer
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	97
	417-2	Incidents of non-compliance concerning product and service information and labeling	97
	417-3	Incidents of non-compliance concerning marketing communications	97
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	103

SASB CONTENT INDEX

Sustainability Accounting Standards: Processed Foods

Code	Sustainability Metric	Page Number/s	Direct Answer
Energy Management			
FB-PF-130a.1	Total energy consumed, percentage grid electricity, percentage renewable	88	
Water Management			
FB-PF-140a.1	Total water withdrawn, total water consumed	89-90	
	Percentage of each in regions with High or Extremely High Baseline Water Stress	89-90	
FB-PF-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	89-90	
FB-PF-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	39-40	

Code	Sustainability Metric	Page Number/s	Direct Answer
Food Safety			
FB-PF-250a.2	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification program	98	
FB-PF-250a.3	Total number of notices of food safety violation received, percentage corrected		No notices of food safety violations received in 2023.
FB-PF-250a.4	Number of recalls issued and total amount of food product recalled		No recalls of food products in 2023.
Health and Nutrition			
FB-PF-260a.1	Revenue from products labelled and/or marketed to promote health and nutrition attributes	96	
FB-PF-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	22-31	
Product Labeling and Marketing			
FB-PF-270a.1	Percentage of advertising impressions made on children and made on children promoting products that meet dietary guidelines	97	
FB-PF-270a.3	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	97	
FB-PF-270a.4	Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	97	

Code	Sustainability Metric	Page Number/s	Direct Answer
Packaging Lifecycle Management			
FB-PF-410a.1	Total weight of packaging, percentage made from recycled and/or renewable materials, and percentage that is recyclable, reusable, and/or compostable	87	
FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	44-45	
Environmental & Social Impacts of Ingredient Supply Chain			
FB-PF-430a.1	Percentage of food ingredients sourced that are certified to third-party environmental or social standards, and percentages by standard	98	
FB-PF-430a.2	Suppliers' social and environmental responsibility audit non-conformance rate and associated corrective action rate for major and minor non-conformances	98	
Ingredient Sourcing			
FB-PF-440a.1	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	87	
FB-PF-440a.2	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	87	
Code Sustainability Metric Page Number/s Direct Answer			
FB-PF-000.A	Weight of products sold	86	
FB-PF-000.B	Number of production facilities	86	

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GRI 2-3

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