CR03843-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   Monde Nissin Corporation
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   0000086335
5. BIR Tax Identification Code
   000-417-352-000
6. Address of principal office
   Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna
   Postal Code
   4026
7. Registrant's telephone number, including area code
   +63277597595
8. Date, time and place of the meeting of security holders
   June 24, 2022 at 10 A.M. Philippine Time (PHT). To be conducted virtually through https://conveneagm.com/ph/MONDE2022ASM in accordance with the rules of the Securities and Exchange Commission
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Jun 3, 2022
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    N/A
    Address and Telephone No.
    N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

13. Are any or all of registrant's securities listed on a Stock Exchange?

(●) Yes ( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The common shares are listed on the Philippine Stock Exchange.

Monde Nissin

Monde Nissin Corporation
MONDE

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 24, 2022
Type (Annual or Special)	Annual
Time	10A.M. PHT
Venue	To be conducted virtually through https://conveneagm.com/ph/MONDE2022ASM in accordance with the rules of the Securities and Exchange Commission
Record Date	May 27, 2022

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached Definitive Information Statement in connection with the Company's 2022 ASM.

Filed on behalf by:

Name	Jon Edmarc Castillo

Designation	Chief Compliance Officer

COVER SHEET

00000086335
S.E.C. Registration Number

MONDE NISSIN CORPORATION

(Company's Full Name)

FELIX REYES ST.,
BARANGAY BALIBAGO, CITY OF
SANTA ROSA, LAGUNA 4026

(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 20-IS
Form Type

0 6 **2 4**
Month *Day*
Annual Meeting

Issuer of Securities under SEC-MSRD No. 27, Series of 2021
Secondary License Type, If Applicable

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

17
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

Monde Nissin

MONDE NISSIN CORPORATION

Felix Reyes Street
Brgy. Balibago,
City of Santa Rosa, Laguna
4026 Philippines

21st Floor, 6750 Office Tower
Ayala Avenue, Makati City
Philippines 1224

Tel: (+632) 7759 7500
www.mondenissin.com

June 2, 2022

SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
Ground Floor, PICC Secretariat Building
Philippine International Convention Center Complex
Roxas Blvd., Pasay City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets and Securities Regulation Department (MSRD)

Re: *Monde Nissin Corporation's Definitive Information Statement*

Dear Director Felizmenio:

Please allow us to extend our continuing appreciation for the Market and Securities Regulation Department's ("**MSRD**'s") support and guidance, particularly through the MSRD's comments on Monde Nissin Corporation's ("**MNC's**" or the "**Company's**") Preliminary Information Statement submitted on May 20, 2022. In response to the MSRD's comments, MNC hereby submits its Definitive Information Statement ("**DIS**") in connection with our 2022 Annual Stockholders' Meeting ("**ASM**"), with the following updates and additional submissions:

(1) Requirements under Section 49 of the Revised Corporation Code ("RCC")

In response to the comment for MNC to provide a table of the required disclosures and information under Section 49 of the RCC, please see DIS – pp. 1-3, item 1 (*Date, Time and Place of Meeting of Security Holders*) where we have set out in a table the list of required disclosures and information under Section 49 of the RCC with the corresponding references to the DIS.

(2) DIS and Management Report on Company Website

In response to the instruction to upload the DIS and Management Report on MNC's website, we respectfully advise that the DIS and Management Report may be accessed on MNC's website under "Company Disclosures" at www.mondenissin.com starting June 3, 2022. Please see the related undertaking on p. 21 of the DIS.

(3) Salary Increase of Officers for the Year 2021

In response to the inquiry on why there was a significant increase in the salaries of the officers for the year 2021, please see footnote 19 of the DIS – p. 13, item 6 (*Compensation of Directors and of Executive Officers*), which provides the following explanations:

(a) An executive officer was hired in March 2021 to oversee MNC's listing application with the Securities and Exchange Commission ("**SEC**") and The Philippine Stock Exchange, Inc. ("**PSE**") and to provide overall strategic advice to MNC. However, he had since retired on September 30, 2021 as a result of MNC's mandatory retirement policy. The salary of said officer increased the salary base of unnamed "all other officers and directors as a group" in 2021 and he has not been replaced to date.

(b) In addition, as explained in the footnote 19, unlike other senior executive officers who have been with MNC for over 30 years and have lower salary bases but high bonus compensation packages, (i) Chief Legal Officer Atty. Helen G. Tiu and (ii) Chief Operations Officer Mr. Michael Stanley Tan were hired within the last five years at high salary bases but with lower bonus bases. Consequently, the salary base markedly increased in 2021 and 2022 compared to 2020 due to the higher salary base of Atty. Helen G. Tiu and Mr. Michael Stanley Tan, but the bonus compensation did not increase proportionately with the salary increase. Please note that Atty. Tiu will reach mandatory retirement age and will be retiring in July, 2022. Thus, for 2022, Michael Stanley Tan replaced Atty. Tiu as one of the top six most highly compensated officers while Atty. Tiu moved to the unnamed "all other officers and directors as a group".

(4) Top 5 Key Performance Indicators

In response to the comment for MNC to include a discussion on the top 5 key performance indicators for 2018 and 2019, we respectfully note that Part III (A) (2) of SRC Rule 12, Annex C, as amended requires the disclosure of the company's and its majority-owned subsidiaries' top five (5) key performance indicators for both full fiscal years and interim periods, while Part III (A) (2) (a) of the same Rule clarifies that for full fiscal years, a discussion of the registrant's financial condition, changes in financial condition and results of operations for each of the last three (3) fiscal years is required.

Accordingly, we respectfully advise that the Company is only required to provide in its fiscal year 2021 Management Discussion and Analysis the key performance indicators for fiscal years 2019, 2020, and 2021 (*i.e.,* the last three fiscal years). In this regard, we respectfully note that a discussion on MNC's and its subsidiaries' top five (5) key performance indicators, i.e., Net Sales Growth, Gross Margin, Net Profit Margin, Core EBITDA Margin, and Core Return on Equity, for fiscal years 2019, 2020, and 2021 has been made in the Preliminary Information Statement's Annexes F and G and on pp. 28-29 of the DIS – **Annex D** (*Management Report*).

(5) Results of Operations and Changes in Financial Condition

In response to the comment that the Management Report should include the results of operations for December 31, 2020 vis-à-vis December 31, 2019, and December 31, 2019 vis-à-vis December 31, 2018, please refer to pp. 12-14 of the DIS – **Annex D** (*Management Report*) for the results of operations for December 31, 2020 vis-à-vis December 31, 2019; and on pp. 15-17 of the DIS – **Annex D** (*Management Report*) for the results of operations for December 31, 2019 vis-à-vis December 31, 2018.

In response to the comment that the Management Report include the changes in financial condition for December 31, 2020 vis-à-vis December 31, 2019 and December 31, 2019 vis-à-vis December 31, 2018, we respectfully note that a discussion on these transactions has been made in the Preliminary Information Statement's Annexes F and G; on pp. 20-23 of the DIS – **Annex D** (*Management Report*) for the changes in financial condition for December 31, 2020 vis-à-vis

December 31, 2019; and on pp. 24-27 of the DIS – Annex D (*Management Report*) for the changes in financial condition for December 31, 2019 vis-à-vis December 31, 2018.

[In response to the comment for MNC to disclose any known trends, events, or uncertainties that have a material impact on MNC's liquidity, please refer to pp. 33 and 53 of the DIS – Annex D (*Management Report*), confirming that there were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the liquidity of MNC and its subsidiaries.][1]

In response to the comment for MNC to disclose events that will trigger direct or contingent financial obligation that is material to MNC, including any default or acceleration of an obligation, we respectfully note that a discussion on these transactions has been made in the Preliminary Information Statement's Annexes F and G and on pp. 33 and 53 of the DIS – Annex D (*Management Report*), disclosing the loan to Marlow Foods Limited, a wholly owned UK-based indirect subsidiary of MNC.

In response to the comment for MNC to disclose all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and MNC's other relationships with unconsolidated entities or other persons created during the reporting period, we respectfully note that a discussion on these transactions has been made in the Preliminary Information Statement's Annexes F and G and have been updated on pp. 32 and 52 of the DIS – Annex D (*Management Report*), where we confirmed that MNC and its subsidiaries did not have any material off-balance sheet arrangements or obligations that were likely to have a current or future effect on their financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In response to the comment for MNC to provide a description of any material commitments for capital expenditures, the general purpose of such commitments, and expected sources of funds for such expenditures, we have updated the discussion on MNC's and its subsidiaries' (i) commitments for capital expenditure on pp. 32, 33, 52, and 53 of the DIS – Annex D (*Management Report*); and (ii) cash flows on pp. 27 and 48 of the DIS – Annex D (*Management Report*) .

In response to the comment for MNC to disclose any known trends, events, or uncertainties that have a material impact on MNC's sales, the significant factors affecting MNC's and its subsidiaries' results of operations are discussed on pp. 1-5, 33, 35-40, and 53 of the DIS – Annex D (*Management Report*).

In response to the comment for MNC to disclose any significant elements of income or loss from continuing operations, we confirm that (i) there are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income or cash flows, except those as stated in Management's Discussion and Analysis of Financial Position and Financial Performance as of December 31, 2021 and as of March 31, 2022, and (ii) 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. These are reflected on pp. 33 and 53 of the DIS – Annex D (*Management Report*).

In response to the comment for MNC to provide a discussion on causes for any material changes from period to period of financial statements which shall include vertical and horizontal analyses of any material item, we respectfully note that a discussion on these transactions has been made

[1] Note: This is pending confirmation with Finance.

in the Preliminary Information Statement's Annexes F and G. These discussions are included again on pp. 5-8, 18, 41-43, and 46 of the DIS – Annex D (*Management Report*).

In response to the comment for MNC to disclose the seasonal aspects that have a material effect on the financial statements, we respectfully note that a discussion on this matter has been made in the Preliminary Information Statement's Annexes F and G and are included again on pp. 4 and 39 of the DIS – Annex D (*Management Report*).

(6) Compliance with Securities Regulation Code ("SRC") Rule 20.4.1

In response to the instruction for MNC to submit a Management Report containing the information required under the SRC's Rules 20.4.1.1 to 20.4.1.8, please refer to DIS – Annex D (*Management Report*) which includes, among others, the Management Discussion and Analysis for the fiscal year 2021; market price of and dividends required by Part V of SRC Rule 12, Annex C, as amended; discussion on the Company's compliance with leading practices on corporate governance; and undertaking in bold face prominent type to provide without charge to each person solicited, upon written request of any such person, a copy of MNC's annual report on SEC Form 17-A and the name and address of the person to whom such written request is to be directed.

Please also find attached our DIS in relation to our ASM on June 24, 2022.

Thank you very much.

Very truly yours,

Tiu, Helen G.

HELEN G. TIU
Corporate Secretary and Chief Legal Officer

Monde Nissin

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Monde Nissin Corporation's ("**MONDE's**") 2022 Annual Stockholders' Meeting ("**ASM**") will be held on **June 24, 2022 (Friday) at 10:00 a.m. Philippines Time (PHT)** via the AGM@Convene virtual online platform accessible at https://conveneagm.com/ph/MONDE2022ASM.

A G E N D A[1]

1. Call to Order
2. Certification of Notice and Quorum
3. Instructions on Rules of Conduct and Voting Procedures
4. Approval of Minutes of Previous Stockholders' Meeting Held on November 23, 2021
5. Management Report
    a. Message of the Chairperson
    b. Report of the Chief Executive Officer
    c. Report of the Chief Financial Officer
6. Ratification of the 2021 Audited Financial Statements
7. Ratification of All Acts of the Board of Directors, Board Committees, Officers, and Management for the Period of November 23, 2021 to June 24, 2022
8. Election of Directors (Including 3 Independent Directors) for the Ensuing Year
9. Appointment of External Auditor
10. Other Business
11. Adjournment

Only stockholders of record as of May 27, 2022 ("**Record Date**") are entitled to receive a notice of, and to vote at, the ASM.

Stockholders who wish to participate in the ASM must register through the AGM@Convene online portal ("**Portal**") accessible at https://conveneagm.com/ph/MONDE2022ASM. Registration begins at 9:00 a.m. PHT of June 3, 2022 and closes at 5:00 p.m. PHT of June 15, 2022 ("**Registration Period**").

Stockholders may vote by appointing MONDE's Chief Executive Officer as their proxy, by remote communication, or by voting *in absentia* through the Portal. Proxies may be submitted even pending authentication and approval of the registration application, but may only be considered, changed, or revoked during the Registration Period. The option to vote by remote communication or *in absentia* will be made available after a stockholder's registration application has been authenticated and approved. Stockholders are allowed to cast their votes *in absentia* until 5:00 p.m. PHT on June 23, 2022. Live voting will also be available during the ASM.

Duly accomplished proxies should be submitted to MONDE on or before June 15, 2022 at 5:00 p.m. PHT through the Portal or via email to corporate.secretary@mondenissin.com. Proxies will be validated upon their submission and until June 17, 2022.

For additional details regarding ASM registration and voting, stockholders may refer to MONDE's Information Statement, which will be accessible starting June 3, 2022 at: www.mondenissin.com and

[1] *See next section for the explanation and rationale for each agenda item.*

https://conveneagm.com/ph/MONDE2022ASM. Stockholders who encounter registration issues may contact AGM@Convene at support@conveneagm.com for technical support.

In accordance with the Securities and Exchange Commission's ("SEC's") Notice dated March 16, 2021, the Information Statement and its attachments, and other documents related to the meeting may be accessed starting June 3, 2022 at www.mondenissin.com, and also through https://conveneagm.com/ph/MONDE2022ASM. The Information Statement will be accessible as well in MONDE's PSE EDGE webpage. The ASM proceedings will be recorded in audio and video formats.

Stockholders of record as of Record Date owning (alone or together with other stockholders) at least 5% of MONDE's total outstanding capital stock may submit proposals on items for inclusion in the ASM's Agenda on or before June 15, 2022.[2]

All other communications should be sent via email to investor.relations@mondenissin.com, cc: corporate.secretary@mondenissin.com.

This notice supersedes the disclosure notice filed with the SEC and the Philippine Stock Exchange on May 13, 2022.

Makati City, May 30, 2022.

ATTY. HELEN G. TIU
Corporate Secretary and
Chief Legal Officer

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[1]*The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and MONDE's internal guidelines.*

EXPLANATION AND RATIONALE OF AGENDA ITEMS

1. Call to Order

   The Chairperson will call the ASM to order at approximately 10:00 a.m. PHT.

2. Certification of Notice and Quorum

   The Corporate Secretary will certify that: (a) written notice for the ASM was duly sent to MONDE's stockholders through the notice's publication in two newspapers of general circulation, in print and online formats, for two consecutive days pursuant to SEC Notice dated March 16, 2021, and (b) that a quorum exists for the transaction of business.

3. Instructions on Rules of Conduct and Voting Procedures

   Pursuant to the Revised Corporation Code's Sections 23 and 57 which allow participation and voting *in absentia* by the stockholders, MONDE has set up the designated online web address https://conveneagm.com/ph/MONDE2022ASM which may be accessed by the stockholders to register for the ASM. Registrants who have submitted complete requirements within the Registration Period will receive an email notice prompting them to verify their email address, and to nominate a password for their account. After verifying their email, the registrants' stockholder status will be authenticated. Pending authentication and approval of the registration application, registrants may already submit questions ahead of the ASM and appoint MONDE's CEO as proxy, subject to authentication and approval of the registration application. Registrants whose stockholder status have been authenticated will receive an email confirming that their registration application has been approved ("**Confirmation Email**"). Registrants who do not receive a Confirmation Email within three (3) business days from submission of complete requirements should email support@conveneagm.com, copying MONDE's Corporate Secretary at corporate.secretary@mondenissin.com. A stockholder who votes *in absentia* or participates through remote communication shall be deemed present for purposes of quorum.

   The following are the rules of conduct and procedures for voting and participation in the ASM through remote communication:

   a. Stockholders may attend the meeting remotely through https://conveneagm.com/ph/MONDE2022ASM. Questions and comments pertaining to any item on the agenda may be sent during the Registration Period and during the ASM through the Portal. Questions submitted during the Registration Period will be given priority.
   b. Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the ASM. Stockholders may also vote as each of the agenda items submitted for voting are taken up during the ASM.
   c. Stockholders intending to participate in the ASM by remote communication are required to register during the Registration Period at the Portal. The requirements for participating and voting are set forth in the Information Statement. Only successful registrants will be counted for purposes of determining the existence of a quorum.
   d. Upon receipt of the Confirmation Email, successful registrants may vote through the Portal or through the appointment of MONDE's CEO as proxy. Those choosing to participate by remote communication may also vote during the ASM.

e. A stockholder who registers by 5:00 p.m. PHT on June 15, 2022 may still vote by proxy or submit questions even pending validation of his/her registration application. Proxies will be validated from their submission until June 17, 2022.
f. A stockholder may also submit his/her/its proxy to MONDE's Corporate Secretary at corporate.secretary@mondenissin.com not later than 5:00 p.m. PHT on June 15, 2022 ("**Proxy Deadline**").
g. Stockholders may revoke a proxy submitted through the Portal or to MONDE's Corporate Secretary via email at any time before the Proxy Deadline. Proxies will be locked in and may no longer be revoked or changed after the Proxy Deadline. Stockholders who submit proxies and do not revoke such proxies by the end of the Proxy Deadline will not be able to vote live during the ASM but may submit questions and watch the ASM live.
h. Stockholders voting *in absentia* may cast their votes electronically through the Portal at any time from the receipt of the Confirmation Email until June 23, 2022 at 5:00 p.m. PHT.
i. All the items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. Except as provided in paragraph (i) below, each outstanding share of stock entitles the registered stockholder to one vote.
j. Election of directors will be by plurality of votes, and cumulative voting is allowed. Each outstanding share of stock entitles the registered stockholder to one vote per board seat to be filled.
k. The Corporate Secretary and her designated assistants will tabulate all votes received. MONDE's external auditor will validate the voting results. The Corporate Secretary shall report the preliminary results of voting during the meeting. The final results as certified by the external auditor, will be indicated in the minutes of the ASM.
l. The meeting proceedings shall be recorded in audio and video formats.

4. Approval of Minutes of Previous Stockholders' Meeting Held on November 23, 2021

A copy of the minutes of the annual stockholders' meeting held on November 23, 2021 is available at www.mondenissin.com and at the Portal. This agenda item requires the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting through remote communication or *in absentia*, or through the appointment of the CEO as proxy, to be approved. The minutes of the November 23, 2021 regular stockholders' meeting covers the following items:

a. approval of the minutes of the special stockholders' meeting held on May 28, 2021
b. management report;
c. ratification of the 2020 audited financial statements;
d. the amendment of MONDE's By-Laws, particularly Article IV, Section 4, changing the date of the annual or regular stockholders' meeting from the "Fourth Tuesday of November" to the "last Friday of June", and Article III, Section 11.1, with respect to the Chief Financial Officer, removing the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board.";
e. the ratification of acts of the Board and of MONDE officers from May 28, 2021 to November 23, 2021 (including the appointment of corporate officers (i.e., Company Information Officer and lead independent director); approval to open (i) other bank accounts to deposit IPO proceeds and invest IPO proceeds in low-risk short-term derivative investments and trust fund, reallocation of use of IPO proceeds, (ii) standby letters of credit, authority to avail of online banking facilities, and (iii) accounts with banks and non-bank financial intermediaries; approval of new signatories for transactions with banks, financial intermediaries, and trust investment companies, approval of amendment of existing bank

loans; approval to issue comfort letter, surety, or guarantee in connection with the obligations of its subsidiaries and affiliates; authorizing MONDE to enter into agreements needed by MONDE in the normal course of business and designating MONDE representatives and signatories regarding the same; approval of MONDE's Internal Audit Charter and Board Charter as well as amendments to MONDE's By-Laws, Manual on Corporate Governance, Executive Committee Charter, and Corporate Governance, Nomination, and Remuneration Committee Charter; designation of MONDE representatives to certain government agencies in connection with applications and actions before such government agencies; authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings involving MONDE; authorizing MONDE to sell company vehicles; authorizing MONDE to make additional equity investments in, and/or lend money to MONDE's subsidiaries and affiliates; approval of guidelines and limitations on engaging external auditor for non-audit services; authorizing the postponement of MONDE's annual stockholders' meeting; authorizing the annual stockholders' meeting to be held via remote communication on November 23, 2021, setting the record date for the annual stockholders' meeting, and authorizing Chief Executive Officer to execute the information statement; approval of the agenda for the annual stockholders' meeting; approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding final list of nominees for directors for election at the Meeting; approval of MONDE's unaudited financial statements for each quarter; and the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business);

f. election of directors (including 3 independent directors) for the ensuing year; and
g. appointment of external auditor and fixing its remuneration.

5. Management Report

The Chairperson will deliver the message to the stockholders and the CEO, Mr. Henry Soesanto, and Chief Financial Officer, Mr. Jesse C. Teo, will report on MONDE's performance in 2021. The stockholders will be requested to note the Management Report.

6. Ratification of the 2021 Audited Financial Statements

The Audited Financial Statements ("**AFS**") as of December 31, 2021 will be presented to the stockholders for their approval. The AFS will be included in the Information Statement that may be accessed by the stockholders at www.mondenissin.com and at the Portal. This agenda item requires the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting through remote communication, *in absentia*, or through the appointment of the CEO as proxy, to be approved.

7. Ratification of All Acts of the Board, Board Committees, Officers, and Management for the period of November 23, 2021 to June 24, 2022

The acts of the Board and its Committees, the Officers, and Management were those adopted since the last special stockholders' meeting on November 23, 2021 until June 24, 2022. They include:

a. the election of officers, board committee chairpersons and members, and lead independent director (including interim lead independent director, interim board committee chairperson and member);
b. approval of the re-allocation or change in the use of IPO proceeds;

c. approval of the amendment of the by-laws, particularly Article IV, Section 4, changing the date of the annual or regular stockholders' meeting from the "Fourth Tuesday of November" to the "last Friday of June", and Article III, Section 11.1, with respect to the Chief Financial Officer, removing the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board";
d. authorizing MONDE to enter into agreements or execute applications/forms needed by MONDE in the normal course of business (e.g., consumer insights/research-related agreements, labor-related, training, and/or recruitment related agreements, marketing-related agreements, retail electricity supply agreements, construction agreements, logistics related agreements, integrated facilities agreement, supply and equipment loan agreement, raw materials supply agreements, master buyer agreement, service agreements, advisory contracts and engagement letters, insurance contracts, lease agreements, hauling agreements, waste treatment and/or disposal agreements, accreditation forms, trade forms required by customers, trading terms agreements, credit line agreements, distributorship agreements, standby letters of credit, sustainability-related agreements, advertising contracts with print and digital media companies, corporate communications-related agreements, memorandum of agreements with MSME loan providers, and data sharing agreements) and designating MONDE representatives and signatories regarding the same;
e. authorizing MONDE to sell company vehicles;
f. approval of the budget for year 2022;
g. approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies;
h. approval of certain amendments to MONDE's Insider Trading Policy;
i. approval of the Board and Board Committee evaluation materials or forms and the results of the assessment;
j. designation of MONDE representatives to certain government agencies (whether local or foreign) in connection with applications and actions before such government agencies including authorizing them to be signatories for related forms and/or agreements, as needed;
k. authorizing MONDE to enter into hedging transactions with certain bank and non-bank financial institutions;
l. authorizing MONDE to open accounts with banks and non-bank financial intermediaries and to avail of their services and/or products as well as to designate signatories for the same;
m. approval of MONDE's 2021 audited financial statements;
n. approval of MONDE's interim unaudited financial statements for the period ending December 31, 2021 and March 31, 2022;
o. approval of authority to execute continuing guarantee for obligations of Monde Nissin (UK) Ltd. in favor of Citigroup Inc. & appointment of Citibank N.A. as MONDE's agent to enforce the guarantee;
p. approval of authority to act as surety or joint and several guarantor to the obligations to be incurred by Monde Nissin (UK) Limited under an overdraft facility to be extended by HSBC UK Bank PLC;
q. approval of authority for MONDE to issue letter of support and/or enter into a guarantee agreement for the payment of Marlow Foods Limited's obligations under a loan agreement or a refinancing facility, appoint Marlow Foods Limited as agent, and designate signatories;
r. approval of policy promulgation guidelines;
s. authorizing MONDE to execute amendments to joint venture agreements with Malee Group Public Company Limited et. al.;

t. authorizing MONDE to extend loans (including refinance existing loans) to, and/or increase equity investments in, various subsidiaries and/or affiliates;
u. appointment of MONDE officers (i.e., Assistant Corporate Secretary, Data Protection Officer, and Deputy Compliance Officer);
v. authorizing MONDE to charge guarantee fees for the issuance of parent guarantees/sureties;
w. authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings involving MONDE;
x. authority to make donations to BIR-accredited donee institutions;
y. authorizing the Meeting to be held via remote communication on June 24, 2022, setting the record date for the Meeting, and authorizing the CEO to execute the information statement;
z. approval of the agenda for the Meeting;
aa. approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding the final list of nominees for directors for election at the Meeting;
bb. the acts of the officers those taken to implement the resolutions of the Board and its Committees; and
cc. matters covered in the disclosures to the SEC and/or the PSE.

The affirmative vote of stockholders representing at least a majority of the outstanding stock voting through remote communication or *in absentia*, or through the appointment of the CEO as proxy is required for this agenda item, to be approved.

8. <u>Election of Directors (Including 3 Independent Directors) for the Ensuing Year</u>

Pursuant to the By-Laws, Revised Manual of Corporate Governance, and applicable SEC rules, any stockholder, including a minority stockholder, may submit nominations for the election of directors. As of April 25, 2022, the Board's Corporate Governance, Nomination, and Remuneration Committee received nominations for directors and have evaluated and determined that the nine (9) nominees to the Board, including the nominees for independent directors, have all the necessary qualifications and none of the disqualifications to serve as directors (or independent directors), and the expertise and competence, individually and collectively, to enable the Board to fulfill its roles and responsibilities and manage MONDE to achieve its objectives.

The nominees' names and their respective profiles, including directorships in listed companies, and the certifications of the nominees for independent directorship, are duly indicated in the Information Statement. The election of directors will be done by plurality of votes. Cumulative voting is allowed.

9. <u>Appointment of External Auditor</u>

The Board's Audit Committee will endorse to the stockholders the appointment of SyCip Gorres Velayo & Co. ("**SGV**") as the external auditor for the ensuing year. The external audit conducts an independent verification of MONDE's financial statements and provides an objective assurance on the accuracy of its financial statements.

The Information Statement contains SGV's profile.

A resolution for SGV's appointment as MONDE's external auditor for the ensuing year will be presented to the stockholders for adoption and shall require the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting through remote communication or *in absentia*, or through the appointment of the CEO as proxy, to be approved.

10. Other Business

Stockholders of record as of Record Date owning (alone or together with other stockholders) at least 5% of MONDE's total outstanding capital stock may submit proposals on items for inclusion in the ASM's Agenda.[3] Such additional agenda items for the ASM must be submitted to MONDE on or before June 15, 2022 at 5:00 p.m. PHT.

The Chairperson of the meeting will open the floor for comments and questions by the stockholders with respect to the agenda items. In this connection, and subject to the foregoing guidelines, the CEO and key management officers will address stockholders' comments and questions sent in during the Registration Period and during the ASM in accordance with existing laws, rules, and SEC regulations

11. Adjournment

Upon confirmation by the Corporate Secretary that there are no other matters to be considered, the Chairperson of the meeting will declare the meeting adjourned.

[3] *The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and MONDE's internal guidelines.*

PROXY FORM

The undersigned stockholder of **MONDE NISSIN CORPORATION** ("**MONDE**") hereby appoints MONDE's Chief Executive Officer as *attorney-in-fact* and *proxy* to represent and vote all shares registered in his/her/its name at MONDE's 2022 Annual Stockholders' Meeting on **June 24, 2022 (Friday)** at **10:00 a.m. Philippine Time (PHT)** by remote communication and at any and all adjournments or postponements thereof, for the purpose of acting on the matters stated below.

(*Instructions: please place an "X" in the box below how you wish your votes to be cast in respect of the matters to be taken up during the meeting.*)

1. Approval of the November 23, 2021 Minutes of the Stockholders' Meeting
   ☐ For ☐ Against ☐ Abstain

2. Noting of the Management Report
   ☐ Noted ☐ Abstain

3. Ratification of the 2021 Audited Financial Statements
   ☐ For ☐ Against ☐ Abstain

4. Ratification of all acts of the Board of Directors, Board Committees, Officers, and Management for the period of November 23, 2021 to June 24, 2022
   ☐ For ☐ Against ☐ Abstain

5. Election of Directors (Including 3 Independent Directors) for the Ensuing Year

   Vote my shares as follows (*Please check one):*
   ☐ Equally to all nine (9) nominees for directors;
   ☐ Abstain for all nine (9) nominees for directors;
   ☐ Distribute or cumulate my shares to the nominee/s, as follows: *(Indicate the number of shares to be voted for each nominee in the table below. **To withhold authority to vote for any individual nominee(s), please place an "X" mark on the abstain column in line with the name of the nominee(s).**)*

NAME	NUMBER OF VOTES*	
	YES	ABSTAIN
Hartono Kweefanus		
Kataline Darmono		
Hoediono Kweefanus		
Betty T. Ang		
Henry Soesanto		
Monica Darmono		
Romeo L. Bernardo (Independent Director)		
Nina Perpetua D. Aguas (Independent Director)		
Marie Elaine Teo (Independent Director)		

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats*

6. Appointment of SyCip Gorres Velayo & Co. as External Auditor
   ☐ For ☐ Against ☐ Abstain

7. At his/her discretion, the proxy named above is authorized to vote upon such other matter(s) as may properly come before the meeting.
   ☐ Yes ☐ No

I hereby give my consent for MONDE and its authorized representatives to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2022 Annual Stockholders' Meeting in accordance with MONDE's Data Privacy Guidelines and law. I also give my consent to the recording of the meeting, which will be made available thereafter to requesting stockholders, as required by the Securities and Exchange Commission's relevant guidelines.

PRINTED NAME AND SIGNATURE OF STOCKHOLDER**

DATE

No. of Shares Held:	Email Address:

This proxy should be submitted to MONDE on or before 5:00 p.m. PHT of June 15, 2022 (*i.e.*, the deadline for submission of proxies) electronically via the online portal accessible at https://conveneagm.com/ph/MONDE2022ASM or via email to corporate.secretary@mondenissin.com. Proxies will be validated after they are received and until June 17, 2022.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

******For Corporate stockholders, please attach to this proxy form the Secretary's Certificate on the authority of the signatory to appoint the proxy and sign this form.

Stockholders with joint accounts are required to submit an authorization letter, duly signed by all joint account holders, authorizing the signatory of this form to appoint the proxy.

A proxy form given by a broker or PCD participant in respect of shares of stock carried by such broker or PCD participant for the account of the beneficial owner must be accompanied by the written consent or conforme of the beneficial owner or account holder.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or Board of Directors.

A stockholder giving a proxy has the power to revoke it on or before 5:00 pm PHT on June 15, 2022, after which time the proxy will be locked-in and may no longer be revoked or changed.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT OF
MONDE NISSIN CORPORATION (the "Company")
PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of registrant as specified in its charter: MONDE NISSIN CORPORATION

3. Province, country or other jurisdiction of incorporation: Republic of the Philippines

4. Securities and Exchange Commission ("SEC") Identification Number: 0000086335

5. BIR Tax Identification Code: 000-417-352-000

6. Address of principal office: Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna

   Postal Code: 4026

7. Registrant's telephone number, including area code: +632 7759 7595

8. Date, time and place of the meeting of security holders:

   Date: June 24, 2022
   Time: 10:00 A.M. Philippine Time (PHT)
   Place: To be conducted virtually via https://conveneagm.com/ph/MONDE2022ASM in accordance with the rules of the Securities and Exchange Commission

9. Approximate date on which the Information Statement is distributed to security holders: June 3, 2022

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code ("SRC") or Sections 4 and 8 of the Revised Securities Act (information on number of shares and amount of debt is applicable only to corporate registrants):

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

11. Are any or all of registrant's securities listed in a Stock Exchange?

   [✓] Yes [ ] No

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   The common shares are listed on the Philippine Stock Exchange.

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INFORMATION REQUIRED IN INFORMATION STATEMENT

This <u>Definitive</u> Information Statement ("**Information Statement**") is dated June 2, 2022 and is being furnished to the Company's security holders as of May 27, 2022, in connection with the Company's annual stockholders' meeting on June 24, 2022 ("**Meeting**").

THE COMPANY IS NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND THE COMPANY A PROXY.

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date:	June 24, 2022
Time:	10:00 A.M. PHT
Place:	To be conducted virtually via https://conveneagm.com/ph/MONDE2022ASM

The Company's principal office is at Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna, 4026 Philippines.

The Information Statement may be accessed beginning June 3, 2022 at: www.mondenissin.com and https://conveneagm.com/ph/MONDE2022ASM. The Chairperson of the Meeting shall call and preside at the stockholders' meeting from the City of Santa Rosa, Laguna.

The table below sets out the Company's compliance with the requirements under Section 49 of the Revised Corporation Code:

	Requirement	Reference
1.	A description of the voting and vote tabulation procedures used in the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated November 23, 2021*) for the manner of voting and the vote tabulation procedures adopted for the approval of the matters presented to the stockholders during the last stockholders' meeting, *i.e.,* the November 23, 2021 stockholders' meeting, with 16,015,208,359 of the outstanding and voting shares or 89.13% of the total outstanding capital stock present (*i.e.,* in person, *in absentia*, or through remote communication) or represented by proxy issued to the Company's Chief Executive Officer ("**2021 ASM**").
2.	A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given during the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated November 23, 2021*) of this Information Statement for the procedure observed for stockholders' queries and the record of the questions asked and answers given during the 2021 ASM.
3.	The matters discussed and resolutions reached during the last meeting	Please see p. 17, item 15 (*Actions with Respect to Reports*) and **Annex E** (*Minutes of the Annual Stockholders' Meeting dated November 23, 2021*) of this Information Statement for the matters discussed and resolutions reached during the 2021 ASM.

	Requirement	Reference
4.	A record of the voting results for each agenda item during the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated November 23, 2021*) of this Information Statement for the voting results for each agenda item during 2021 ASM.
5.	A list of the directors, officers and stockholders who attended the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated November 23, 2021*) of this Information Statement for the directors, officers and stockholders present during the 2021 ASM.
6.	List of material information on the current stockholders, and their voting rights	Please see pp. 4-7, item 4 (*Voting Securities and Principal Holders Thereof*) of this Information Statement for the list of material information on the current stockholders and their voting rights.
7.	Other items that the SEC may require in the interest of good corporate governance and protection of minority stockholders	Please see p. 3, item 2 (*Dissenters' Rights of Appraisal*) of this Information Statement for the instances when a stockholder can exercise the right to dissent and demand payment of the fair value of shares.
8.	A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business strategy, and other affairs	Please see pp. 1-53, **Annex D** (*Management Report*) of this Information Statement for the management discussions and analyses of financial condition and results of operations as of December 31, 2021 and as of March 31, 2022.
9.	A financial report for the preceding year (which shall include financial statements duly signed and certified in accordance with the Revised Corporation Code and the SEC, a statement on the adequacy of the Company's internal controls or risk management systems, and a statement of all external audit and non-audit fees)	Please see pp. 1-53, **Annex D** (*Management Report*) of this Information Statement for the management discussions and analyses of financial condition and results of operations as of December 31, 2021 and as of March 31, 2022, as well as the Consolidated Audited Financial Statements as of December 31, 2021, and Unaudited Interim Consolidated Financial Statements as of March 31, 2022.
10.	An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof	Please see p. 55, **Annex D** (*Management Report*) of this Information Statement for the dividend policy adopted by the Board of Directors on March 12, 2021. Please see p. 56, **Annex D** (*Management Report*) of this Information Statement for information on cash dividends declared and paid by the Company in the last two (2) years, with the note that there are no restrictions limiting the payment of dividends on the Company's common shares.
11.	Directors' profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and	Please see **Annex B** (*Information on Directors and Executive Officers)* of this Information Statement setting out the profiles of the Company's directors.

	Requirement	Reference
	their board representation in other corporations	
12.	A director attendance report, indicating the attendance of each of the meetings of the board and its committees and in regular or special stockholder meetings	Please see pp. 10-11, item 5 (*Directors and Executive Officers*) of this Information Statement for the directors' attendance record for board and board committee meetings in 2021 up to June 2, 2022 (*i.e.,* the date of submission of this Information Statement).
13.	Appraisals and performance reports for the board and the criteria and procedure for assessment	Please see pp. 10-11, item 5 (*Directors and Executive Officers*) of this Information Statement for a discussion on appraisals and performance reports for the board of directors.
14.	A director compensation report prepared in accordance with the Revised Corporation Code and the SEC rules	Please see pp. 13-14, item 6 (*Compensation of Directors and of Executive Officers*) of this Information Statement for the report on directors' compensation.
15.	Director disclosures on self-dealings and related party transactions	Please see p. 9, item 5 (*Directors and Executive Officers*) of this Information Statement for the discussion on related party transactions.
16.	The profiles of directors nominated or seeking election or reelection	Please see **Annex B** (*Information on Directors and Executive Officers of the DIS*) of this Information Statement setting out the profiles of nominees for election to the board of directors.

Item 2. **Dissenters' Right of Appraisal**

Under the Revised Corporation Code's Sections 41 and 80, a stockholder shall have the right to dissent and demand payment of the fair value of his/her shares in the following instances:

(a) in case of any amendment to the Articles of Incorporation that has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(b) in case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

(c) in case of merger or consolidation; and

(d) in case of investment of corporate funds by the Company in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized.

No matters or actions that may give rise to a stockholder's exercise of his/her appraisal rights will be taken up at the Meeting.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

(a) Other than election to office, none of the Company's directors or officers (or nominees for election as director or any of their associates) have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Meeting.

None of the Company's directors has informed the Company that he/she intends to oppose any action to be taken at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) **Number of Shares Outstanding as of April 30, 2022:**

Type of Shares	Number of Shares Outstanding	Number of Votes Entitled
Common	17,968,611,496	One (1) vote per share except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected

(b) All stockholders of record as of May 27, 2022 ("**Record Date**") are entitled to receive notice of, and to vote at, the Meeting.

(c) **Manner of Voting**

Article IV, Sections 2.1, 2.2, and 8.3 of the Company's Amended By-Laws ("**Amended By-Laws**") provide:

2.1 Subject to Article IV, Section 8.3 of the Amended By-Laws, each share of stock entitles the person in whose name it is registered in the books of the [Company] to one vote, provided the share has not been declared delinquent.

2.2 Stockholders may vote at all meetings either in person, through remote communication, *in absentia*, or be represented by proxy, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission [("**SEC**")] from time to time. Proxies must be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies shall be presented to the office of the Corporate Secretary for inspection and record not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be made at least five (5) business days prior to the date of the stockholders' meeting. A stockholder may also attend, participate, and vote by remote communication or in absentia as allowed under the Revised Corporation Code, provided the requirements and procedures to be followed by such stockholder to indicate his/her/its chosen mode of attendance is stated in the notice of the affected stockholders' meeting.

8.3 For the election of directors, it is necessary that the majority of the outstanding capital stock be present or represented. Stockholders casting votes through remote communication or *in absentia*, electronically or otherwise, shall be deemed present for purposes of determining the existence of a quorum. The election of [d]irectors shall be by ballot and each stockholder entitled to vote may cast the vote in person, by proxy, through remote communication, or *in absentia*, electronically or otherwise, to which the number of shares he owns entitles him for as many persons as are [d]irectors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of [d]irectors to be elected.

Stockholders may vote on the resolutions for approval through remote communication, *in absentia*, or by proxy, subject to validation procedures. A stockholder voting by remote communication or *in absentia* shall be deemed present for purposes of quorum. The detailed instructions for voting are set out in Annex A.

(d) 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 April 30, 2022:

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	23.4534%
Common	**Hoediono Kweefanus**[1] JL Raya Darmo 65 Surabaya, Indonesia (Director)	Hoediono Kweefanus (same as record owner)	Indonesian	948,324,600	5.2777%
Common	**Betty T. Ang**[2] 45B Park Terraces Condominium, Palm Drive, Ayala Center, Makati (Director)	Betty T. Ang (same as record owner)	Filipino	3,265,920,000	18.1757%
Common	**Henry Soesanto**[3] Unit 45A, Discovery Primea Suites 6749 Ayala Avenue, Brgy. Urdaneta, Makati City (Director)	Henry Soesanto (same as record owner)	Indonesian	1,548,681,395 -	8.6188%
Common	**My Crackers, Inc.** 1763 P.M. Guanzon St. Paco, Manila	Keng Sun Mar Peter Mar	Filipino	1,228,611,496	6.8375%
Common	**PCD Nominee Corporation (Non-Filipino)**[4] Philippine Depository & Trust Corp., 29th Floor, BDO	PCD participants acting for themselves or for their customers[5]	Various Non-Filipino	4,291,936,740	23.8857%

[1] 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.
[2] 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' 948,324,600 shares.
[3] 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 the 765,897,600 shares beneficially owned by Ms. Monica Darmono. Of the 1,548,681,400 shares beneficially owned by Mr. Henry Soesanto, one share is held in the name of Director Romeo Bernardo as qualifying share, two shares in the name of Director Nina Perpetua D Aguas as qualifying shares and two shares in the name of former Director Delfin L. Lazaro. Certain shares of Ms. Monica Darmono are held in the name of Director Elaine Teo as qualifying shares (two shares) and in the name of Director Kataline Darmono as qualifying shares (two shares).
[4] PCD Nominee Corporation is the registered owner of the shares it holds in the books of the Company's Stock and Transfer Agent ("STA"). PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. ("PDTC"), whose sole purpose is to act 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.
[5] 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. As provided by the PDTC to the Company's STA, out of the PCD Nominee Corporation account, the following PCD participants hold more than 5% of the Company's outstanding capital stock for various trust accounts as of April

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)
	Equitable Tower 8751 Paseo de Roxas, Makati City				
Common	PCD Nominee Corporation (Filipino) Philippine Depository & Trust Corp., 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers	Various Filipino	1,360,695,160	7.5726%

(2) Security Ownership of Directors and of Management (Executive Officers) as of April 30, 2022:

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	23.4534%
Common	Hoediono Kweefanus[6]	(direct) 948,324,600	Indonesian	5.2777%
Common	Betty T. Ang[7]	(direct) 3,265,920,000	Filipino	18.1757%
Common	Henry Soesanto[8]	(direct) 1,548,681,395 (indirect) 5	Indonesian	8.6188%
Common	Monica Darmono[9]	(direct) 765,897,596 (indirect) 4	Indonesian	4.2624%
Common	Romeo L. Bernardo	(direct) 1 Henry Soesanto is the beneficial owner of this 1 share	Filipino	0.0000%
Common	Nina Perpetua D. Aguas[10]	(direct and indirect) 252,002 Henry Soesanto is the beneficial owner of 2 shares	Filipino	0.0014%
Common	Kataline Darmono	(direct) 2 Monica Darmono is the beneficial owner of 2 shares	Indonesian	0.0000%
Common	Marie Elaine Teo	(direct) 2 Monica Darmono is the beneficial owner of 2 shares	Singaporean	0.0000%
CEO and Four Most Highly Compensated Officers				
Common	Betty T. Ang	(direct) 3,265,920,000	Filipino	18.1757%
Common	Henry Soesanto (CEO)	(direct) 1,548,681,396	Indonesian	8.6188%
Common	Marivic N. Cajucom-Uy	(direct) 584,100	Filipino	0.0033%
Common	Samuel C. Sih	(direct) 3,300,000	Filipino	0.0184%
Common	Helen G. Tiu	(direct) 4,000,000	Filipino	0.0223%
Other Executive Officers				
Common	Wendy T. Antioquia	(direct) 1,093,000	Filipino	0.0061%
Common	Jesse C. Teo	(direct) 1,060,000	Filipino	0.0059%

30, 2022: 1,828,879,840 common shares or 10.178% of the voting stock is for the account of BDO Securities Corporation, 1,190,992,204 common shares or 6.628% of the voting stock is for the account of The Hong Kong and Shanghai Banking Corp. Ltd. – Clients' Acct., and 1,082,604,440 common shares or 6.025% of the voting stock is for the account of Standard Chartered Bank.

[6] Mr. Hoediono Kweefanus is the spouse of Ms. Betty. T. Ang. Please refer to footnote 1

[7] Ms. Betty T. Ang is the spouse of Mr. Hoediono Kweefanus. Please refer to footnote 2.

[8] Mr. Henry Soesanto is the spouse of Ms. Monica Darmono. Please refer to footnote 3.

[9] 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 the 1,548,681,400shares beneficially owned by Mr. Henry Soesanto.

[10] Ms. Nina Perpetua D. Aguas has indirect beneficial ownership over the 252,000 shares held by her spouse.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Romeo L. Marañon, Jr.	(direct) 508,500	Filipino	0.0028%
Common	Michael Stanley D. Tan[11]	(direct and indirect) 409,400	Filipino	0.0023%
Common	Melissa C. Pabustan	(direct) 375,000	Filipino	0.0021%
Common	Elvira S. Mensalvas	(direct) 255,000	Filipino	0.0014%
Common	Daniel Teichert	(direct) 105,700	German	0.0006%
Common	Michael J. Paska	(direct) 75,000	American	0.0004%
Common	Shiela P. Alarcio	(direct) 37,500	Filipino	0.0002%
Common	Jon Edmarc R. Castillo	(direct) 35,000	Filipino	0.0002%
Common	Katherine C. Lee-Bacus	(direct) 22,000	Filipino	0.0001%
Common	Anne Katherine N. Santos[12]	(indirect) 19,400	Filipino	0.0001%
Common	Luzviminda M. Mercurio	(direct) 10,000	Filipino	0.0001%
All Directors and Officers as a group		10,755,209,800		59.8556%

(3) Voting Trust Holders of 5% or more

The Company 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 the Company has occurred since the beginning of its last calendar year.

Item 5. Directors and Executive Officers

(a) Information Required of Directors and of Executive Officers

(1) Directors and Executive Officers

In accordance with the Amended By-Laws' Article I, Section 2.1, the Company's directors hold office for one (1) year or until their successors' election and qualification.

The following are the Company's incumbent directors:

Hartono Kweefanus, Chairperson Emeritus
Kataline Darmono, Chairperson
Hoediono Kweefanus, Vice-Chairperson and Director
Betty T. Ang, Director
Henry Soesanto, Director
Monica Darmono, Director
Romeo L. Bernardo, Lead Independent Director[13]
Nina Perpetua D. Aguas, Independent Director
Marie Elaine Teo, Independent Director

*Please see **Annex B** for additional information.*

The following are the Company's executive officers:

Betty T. Ang, President
Henry Soesanto, Executive Vice-President and Chief Executive Officer

[11] Mr. Michael Stanley D. Tan has indirect beneficial ownership over the 85,000 shares held by his spouse.
[12] Ms. Anne Katherine N. Santos has indirect beneficial ownership over the 19,400 shares held by her spouse.
[13] Mr. Romeo L. Bernardo was elected to the Board as an interim independent director on May 10, 2022 to serve the remaining term of Mr. Delfin Lazaro who resigned on April 27, 2022 for personal reasons. Mr. Delfin Lazaro served as a member of the Board of Directors and its committees from April 15, 2021 to April 27, 2022.

Monica Darmono, Treasurer
Marivic N. Cajucom-Uy, Chief Sustainability Officer
Samuel C. Sih, Chief Commercial Officer
Helen G. Tiu, Chief Legal Officer and Corporate Secretary
Michael Stanley D. Tan, Chief Operations Officer
Jesse C. Teo, Chief Financial Officer
Wendy T. Antioquia, Regional Research and Development Director
Michael J. Paska, Corporate Business Development and Investor Relations Director
Melissa C. Pabustan, Chief Marketing Officer
Romeo L. Marañon, Jr., Bakery Business Unit Head
Elvira S. Mensalvas, Quality Assurance Department Head
Daniel Teichert, Chief Risk Executive
Jon Edmarc R. Castillo, Chief Compliance Officer
Shiela P. Alarcio, Chief Internal Audit Executive
Luzviminda M. Mercurio, Chief People and Culture Officer
Katherine C. Lee-Bacus, Assistant Corporate Secretary
Anne Katherine N. Santos, Assistant Corporate Secretary

Please see ***Annex B*** *for additional information.*

In accordance with the Amended By-Laws and other Company charters and procedures, the Board of Directors ("**Board**") unanimously approved the Final List of Qualified Candidates ("**Final List**") for election during the Meeting as members of the Board, following the Final List's recommendation and endorsement by the Board's Corporate Governance, Nomination, and Remuneration Committee ("**CGNR Committee**").[14] The Final List comprises the following individuals:

Hartono Kweefanus
Kataline Darmono
Hoediono Kweefanus
Betty T. Ang
Henry Soesanto
Monica Darmono
Romeo L. Bernardo (as independent director)
Nina Perpetua D. Aguas (as independent director)
Marie Elaine Teo (as independent director)

(*collectively, the "***Nominees***".*)

Hartono Kweefanus, Hoediono Kweefanus, Betty T. Ang, Monica Darmono, Kataline Darmono, and Romeo L. Bernardo were nominated by Henry Soesanto. Henry Soesanto was nominated by Monica Darmono. Nina Perpetua D. Aguas and Marie Elaine Teo were nominated as independent directors by a minority stockholder, Aaron Jeric M. Legaspi.[15] All Nominees are incumbent directors of the Company as of the date of this Information Statement. Additional information on the Nominees can be found in **Annex B**.

The CGNR Committee has evaluated the qualifications of the Nominees as provided in the applicable laws and regulations and prepared the Final List pursuant to the Amended By-Laws. In accordance with SEC Memorandum Circular No. 5, series of 2017, the Certifications executed by the individuals nominated to serve as independent directors are attached here as **Annex C**.

In accordance with the Amended By-Laws, the Final List shall be final and binding upon shareholders, and no other nomination shall be entertained or allowed during any meeting of the shareholders for the election of directors (including the Meeting).

[14] The CGNR Committee comprises independent directors Marie Elaine Teo (Chairperson), Nina Perpetua D. Aguas, and Romeo L. Bernardo.
[15] Mr. Legaspi beneficially owns 171,900 common shares or 0.0010% of the Company's total voting shares. He is not related to any of the Nominees.

(2) Significant Employees

While the Company values the contribution of each of its executive and non-executive employees, the Company 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

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

There are no other known family relationships either by consanguinity or affinity up to the fourth civil degree between and among the Company'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 the directors, the Nominees, or the executive officers of the Company and its subsidiaries (the "**Group**"), in the five-year period prior to the date of this Information Statement, 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.

To the best of the Company's knowledge and belief, 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.

(5) Certain Relationships and Related Transactions

The Group, in its regular conduct of business, has entered into transactions with associates and other related parties principally consisting of 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 the Company's Material Related Party Transactions Policy, material related party transactions are subject to review by the Board's Risk and Related Party Transactions Committee for endorsement and further approval by the Board[16]

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

[16] Please refer to Note 23 (Related Party Transactions) (page 71) of the Notes to the Consolidated Audited Financial Statements as of December 31, 2021 and Note 18 (page 21) of the Notes to the Unaudited Interim Consolidated Financial Statements as of March 31, 2022 of **Annex D**.

(6) Appraisals and Performance Report for the Board

The directors' attendance record for Board meetings in 2021 up to before the Company's initial public offering ("**IPO**") on June 1, 2021 ("**Listing Date**") is as follows:

Director	No. of Meetings Attended/Held	Attendance Percentage
Hartono Kweefanus	4/5	80.0%
Kataline Darmono [(a)]	1/1	100.0%
Hoediono Kweefanus	4/5	80.0%
Betty T. Ang	4/5	80.0%
Henry Soesanto	5/5	80.0%
Monica Darmono	5/5	100.0%
Daniel Ang [(a)]	2/2	100.0%
Adrian Qijing Foo [(c)]	2/2	100.0%
David J. Nicol [(d)]	2/2	100.0%
Helen G. Tiu [(e)]	2/2	100.0%
Delfin L. Lazaro [(f)]	1/1	100.0%
Nina Perpetua D. Aguas [(g)]	1/1	100.0%
Marie Elaine Teo [(h)]	1/1	100.0%

(a) Ms. Kataline Darmono's term as a non-executive director started on April 12, 2021.
(b) Mr. Daniel Ang resigned on March 1, 2021 and was replaced by Atty. Helen G. Tiu.
(c) Mr. Adrian Qijing Foo resigned on March 1, 2021 and was replaced by Mr. David J. Nicol.
(d) Mr. David J. Nicol served as director from March 1, 2021 to April 15, 2021 only.
(e) Atty. Helen G. Tiu served as director from March 1, 2021 to April 15, 2021 only.
(f) Mr. Delfin L. Lazaro's term as an independent director started on April 15, 2021.
(g) Ms. Nina Perpetua D. Aguas's term as an independent director started on April 15, 2021.
(h) Ms. Marie Elaine Teo's term as an independent director started on April 7, 2021.

The directors' attendance record for Board meetings in 2021, after the Listing Date, up to the date of this Information Statement is as follows:

Director	No. of Meetings Attended/Held	Attendance Percentage
Hartono Kweefanus	11/11	100.0%
Hoediono Kweefanus	11/11	100.0%
Betty T. Ang	11/11	100.0%
Henry Soesanto	11/11	100.0%
Monica Darmono	10/11	90.9%
Delfin L. Lazaro[(a)]	10/10	100.0%
Romeo L. Bernardo	1/1	100.0%
Nina Perpetua D. Aguas	11/11	100.0%
Marie Elaine Teo	11/11	100.0%
Kataline Darmono	9/11	81.8%

(a) Mr. Delfin Lazaro resigned from the Board on April 27, 2022 for personal reasons and not as a result of any disagreement with the Company on any matter relating to its operations, policies, or practices. Mr. Lazaro was replaced by Mr. Romeo Bernardo on May 10, 2022.

The Board established committees to assist in exercising its authority and monitoring the Company's performance in accordance with the Company's Manual on Corporate Governance ("**CG Manual**"), and related SEC circulars.

The incumbent members of the Board's Audit Committee and their attendance at meetings since their election on May 10, 2021 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Nina Perpetua D. Aguas (Chairperson)	7/7	100.0%
Delfin L. Lazaro	6/6	100.0%
Marie Elaine Teo	7/7	100.0%
Romeo L. Bernardo(1)	N/A	N/A

The incumbent members of the Board's Risk and Related Party Transactions Committee and their attendance at meetings since their election on May 10, 2021 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Romeo L. Bernardo(1) (Chairperson)	N/A	N/A
Delfin L. Lazaro	3/3	100.0%
Nina Perpetua D. Aguas	3/3	100.0%
Marie Elaine Teo	3/3	100.0%

The incumbent members of the Board's Corporate Governance, Nomination and Remuneration Committee and their attendance at meetings since their election on May 10, 2021 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Marie Elaine Teo (Chairperson)	6/6	100.0%
Delfin L. Lazaro	5/5	100.0%
Romeo L. Bernardo(1)	N/A	N/A
Nina Perpetua D. Aguas	6/6	100.0%

The incumbent members of the Board's Executive Committee and their attendance at meetings since their election on May 10, 2021 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Henry Soesanto (Chairperson)	10/10	100.0%
Betty T. Ang	9/10	90.0%
Delfin L. Lazaro	9/10	90.0%
Romeo L. Bernardo(1)	N/A	N/A
Monica Darmono	10/10	100.0%
Kataline Darmono	10/10	100.0%

(1) Mr. Romeo Bernardo has yet to attend any board committee meeting since his election to the Board and the Board committees on May 10, 2022, for the reason that no board committee meetings have been held from his election on May 10, 2022 until the date of this Information Statement.

The Board undergoes a formal assessment process annually whereby each director completes an evaluation questionnaire that is intended to provide insights on the effectiveness of the Board, its Committees, the Chairperson, and the directors. The assessment criteria or metrics include board composition; board roles, functions and processes; information management; representation of shareholders; management of the Company's performance; succession planning; dynamics and relationships; and other best practices in corporate governance. The aggregated results are presented to the Board during the meeting at the end of the assessment process. The performance assessment of the Board and the directors will be conducted by an independent third-party every three years.

(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 the Company on any matter relating to the Company's operations, policies, or practices. Mr. Delfin Lazaro's resignation from the Board on April 27, 2022 was for personal reasons.

(c) Parent Company

The Company has no parent company.

Item 6. Compensation of Directors and of Executive Officers

(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 the Company's Chief Executive Officer ("**CEO**") and senior executive officers are as follows:

Name and Principal Position	Year	Salary (in ₱)	Bonus (in ₱)	Others (in ₱)	Total (in ₱)
Betty Ang *President* Henry Soesanto *Chief Executive Officer & Executive Vice President* Tomasito D. Tiu[17] *Vice President for Manufacturing* Marivic N. Cajucom-Uy *Chief Sustainability Officer* Samuel C. Sih *National Sales Director* Helen G. Tiu[18] *Chief Legal Officer, Corporate Secretary* Michael Stanley Tan *Chief Operations Officer*					

[17] Mr. Tomasito D. Tiu was the Vice President for Manufacturing and had retired on March 31, 2021. He was one of the top five most highly compensated officers in 2020.
[18] Atty. Helen G. Tiu replaced Mr. Tomasito D. Tiu as one of the top five most highly compensated officers in 2021.

Name and Principal Position	Year	Salary (in ₱)	Bonus (in ₱)	Others (in ₱)	Total (in ₱)
Total compensation of the CEO and 4 most highly compensated officers[19]	2020	28,859,466.00	112,665,726.00	0.00	141,525,192.00
	2021	42,680,238.00	118,264,793.00	2,325,125.00	163,270,156.00
	2022 (est.)	44,977,933.00	126,970,876.00	2,441,382.00	174,390,191.00
All other officers and directors as a group unnamed[20]	2020	49,605,491.00	51,744,801.00	0.00	101,350,292.00
	2021	82,460,366.00	44,389,387.00	10,652,880.00	137,502,633.00
	2022 (est.)	71,796,088.00	57,676,685.00	20,512,880.00	149,985,653.00
Total	2020	78,464,957.00	164,410,527.00	0.00	242,875,484.00
	2021	125,140,604.00	162,654,180.00	12,978,005.00	300,772,789.00
	2022 (est.)	116,774,021.00	184,647,561.00	22,954,262.00	324,375,844.00

(b) Compensation of Directors

Under the Amended By-Laws' Article I, Section 5, directors shall be entitled to receive from the [Company] 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 the [Company] 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 [Company's] size and scope. In 2021 and to date, the CGNR Committee did not recommend the payment of any compensation to directors based on the net income before income tax of the Company.

(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

[19] President Ms. Betty T. Ang, CEO and Executive Vice President Mr. Henry Soesanto, (former) Vice President for Manufacturing Mr. Tomasito D. Tiu, Chief Sustainability Officer Ms. Marivic N. Cajucom-Uy and Chief Commercial Officer Mr. Samuel C. Sih were the top five most highly compensated officers in 2020. Mr. Tomasito D. Tiu, who was one of the top five most highly compensated officers in 2020 retired on March 31, 2021 and was replaced on the list by Chief Legal Officer Atty. Helen G. Tiu. Atty. Helen G. Tiu will reach mandatory retirement age and will be retiring in July, 2022. Atty. Tiu will be replaced by Michael Stanley Tan as one of the top five most highly compensated officers for 2022. Unlike Mr. Henry Soesanto, Ms. Betty T. Ang, Ms. Marivic N. Cajucom-Uy, Mr. Samuel C. Sih and Mr. Tomasito D. Tiu who have been with the Company for over 30 years and have low salary bases but high bonus bases, Chief Legal Officer Atty. Helen G. Tiu and Chief Operations Officer Mr. Michael Stanley Tan were hired within the last five years at a high salary base but with a lower bonus base. Consequently, the salary base markedly increased in 2021 and 2022 compared to 2020 due to the higher salary base of Atty. Helen G. Tiu and Mr. Michael Stanley Tan, but the bonus compensation did not increase proportionately with the salary increase. The bonus compensation of the Company's executive officers is dependent on Company performance. Furthermore, an executive officer was hired in March, 2021 to oversee the Company's listing application with the SEC and the PSE and also to provide overall strategic advice to the Company, however as a result of the Company's mandatory retirement policy, he has since retired on September 30, 2021. In 2022, the executives' base salaries were only increased by less than 5.0% or an adjustment for inflation applicable to all employees of the Company.

[20] The salary of "All Other Officers and Directors as a Group Unnamed" decreased in 2022 compared to 2021 as the salary base of one of the officers in the unnamed group who retired in September 2021, and of Chief Operations Officer Michael Stanley D. Tan, who in 2022 is among the top six most highly compensated officers, were included in the salary base of the unnamed group in 2021.

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.

In accordance with the requirement of the Revised Corporation Code's Sections 29 and 49 relating to an annual report of the total compensation of each director, below is a table showing the gross compensation received by the directors in 2020 and 2021, as well as those estimated to be payable in 2022. In 2020, or prior to the Company's IPO in 2021, the Company had no independent directors, and there were thus no per diems, fees, or other compensation paid out to directors:

	2020 (in ₱)		2021 (in ₱)			2022 - estimate (in ₱)		
	Board meetings	Committee meetings	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	-	-	1,920,000.00	1,680,000.00	3,600,000.00	480,000.00	1,080,000.00	1,560,000.00
Nina Perpetua D. Aguas	-	-	1,920,000.00	1,080,000.00	3,000,000.00	1,680,000.00	1,440,000.00	3,120,000.00
Marie Elaine Teo	-	-	1,920,000.00	1,080,000.00	3,000,000.00	1,680,000.00	1,440,000.00	3,120,000.00
Romeo L. Bernardo	-	-	-	-	-	1,200,000.00	960,000.00	2,160,000.00
Total	**0**	**0**	**5,760,000.00**	**3,840,000.00**	**9,600,000.00**	**5,040,000.00**	**4,920,000.00**	**9,960,000.00**

(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 the Company for services rendered as directors or Board Committee officers during the last calendar year, and the ensuing calendar year.

In 2020, there were no Board Committees. All the current Board Committees were created by the Board at its meeting on March 1, 2021 and their members appointed by the Board at its meeting on May 10, 2021. Moreover, in 2020, there were no independent directors. Thus, no meeting fees or any other form of remuneration were incurred or paid to directors for their services as directors in 2020.

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

There are no employment contracts between the Company 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 the Company, or from a change in control of the Company, 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 7. Independent Public Accountants

(a) Appointment of External Auditor

The Board's' Audit Committee is responsible for recommending the appointment, reappointment, and/or removal of the Company's external auditor. It is likewise in charge of evaluating non-audit work, if any, of the external auditor, and determining whether any non-audit work would conflict with the external auditor’s duties or would pose a threat to the external auditor’s independence.

The Audit Committee recommended the re-election of SyCip Gorres Velayo & Co. (“**SGV**”) as the Company’s principal accountant and external auditor.

(b) **External Auditor for the Recently Completed Calendar Year**

SGV served as the Company’s principal accountant and external auditor in the most recently completed calendar year.

(c) **Participation of the External Auditor in the Meeting**

Representatives of SGV for the current year and for the most recently completed calendar year are expected to participate at the Meeting. They will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

(d) **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company has engaged the services of SGV during the four most recent calendar years. There were no disagreements with SGV on any matter of accounting and financial disclosure.

(e) **Audit and Audit-Related Fees**

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

Year	Audit and Audit-Related Fees (in ₱)
2021	36,770,000.00
2020	23,298,702.00
2019	12,466,086.00

In contrast for the years 2020 and 2019 which only involved the usual year-end audit, in 2021 SGV was engaged by the Company to perform year end audits and mid-year audits, and in connection with the Company’s initial public offering, to review its prospectus, issue comfort letters as well as perform other audit-related services needed by the Company to enable it to comply with certain statutory and regulatory filings required of the Company as a publicly listed company. The year-end audit fee of the Group in 2021 did not exceed ₱13,970,000 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 the Company’s financial statements pursuant to the regulatory requirements.

The Audit Committee has an existing policy to review and to pre-approve the audit and non-audit services rendered by the Company’s independent auditor. The Company 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.

In 2021, the total non-audit fees of the Group was ₱67,134,100.58 plus value added tax.

The Company will comply with the requirement under paragraph (3)(B)(ix) of the SEC’s Revised Securities Regulation Code (SRC) Rule 68 (“**SRC Rule 68**”) as amended, on the rotation of the external auditor.

Item 8. **Compensation Plans**

No matters or actions with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up during the Meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

No matters or actions concerning authorization or issuance of securities will be taken up during the Meeting.

Item 10. **Modification or Exchange of Securities**

No matters pertaining to the modification or exchange of the Company's securities will be taken up during the Meeting.

Item 11. **Financial and Other Information**

The audited financial statements of the Company (also referred to in said financial statements as the "**Parent Company**") and its subsidiaries (collectively referred to in said financial statements as the "**Group**") as of and for the year ended December 31, 2021; the additional components of the audited financial statements required by the SEC under SRC Rule 68, as amended, the Group's unaudited interim consolidated financial statements for the period ended March 31, 2022; the Group's Management's Discussion and Analysis or Plan of Operation as of and for the year ended December 31, 2021; and the Group's Management Discussion and Analysis of the results of operations and financial condition as of March 31, 2022 are part of the Management Report, which is attached as **Annex D**.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

There is no proposed merger, consolidation, acquisition by sale, or liquidation of the Company that will be presented during the Meeting.

Item 13. **Acquisition or Disposition of Property**

There are no matters or actions to be taken up in the Meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. **Restatement of Accounts**

As used herein and in other sections of this Information Statement, unless the context otherwise requires, the Group refers to the Company and its subsidiaries where the Company has control (as defined under SRC IRR Rule 3, 3.1.8 (Definition of Terms).

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Accounting Standards (PAS), Philippine Financial Reporting Standards (PFRS) and the Philippine Interpretations of International Financial Reporting Interpretation Committee (IFRIC) which became effective beginning January 1, 2020. The Group will also adopt several amended and revised standards and interpretations in 2021 and onwards.

Please refer to Note 2 of the attached Company's audited financial statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2020 and new PFRS and IFRIC that will be effective in 2021 and onwards.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of the annual stockholders' meeting held on November 23, 2021 (**Annex E**) covering the following matters:

  i. approval of the minutes of the special stockholders' meeting held on May 28, 2021;

  ii. management report;

  iii. ratification of the 2020 audited financial statements;

  iv. the amendment of the Company's By-Laws, particularly Article IV, Section 4, changing the date of the annual or regular stockholders' meeting from the "Fourth Tuesday of November" to the "last Friday of June", and Article III, Section 11.1, with respect to the Chief Financial Officer, removing the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board";

  v. the ratification of acts of the Board and of the Company officers from May 28, 2021 to November 23, 2021 (including the appointment of corporate officers (*i.e.*, Company Information Officer and lead independent director); approval to open (i) other bank accounts to deposit IPO proceeds and invest IPO proceeds in low-risk short-term derivative investments and trust fund, reallocation of use of IPO proceeds, (ii) standby letters of credit, authority to avail of online banking facilities, and (iii) accounts with banks and non-bank financial intermediaries; approval of new signatories for transactions with banks, financial intermediaries, and trust investment companies, approval of amendment of existing bank loans; approval to issue comfort letter, surety, or guarantee in connection with the obligations of its subsidiaries and affiliates; authorizing the Company to enter into agreements needed by the Company in the normal course of business and designating Company representatives and signatories regarding the same; approval of the Company's Internal Audit Charter and Board Charter as well as amendments to the Company's By-Laws, Manual on Corporate Governance, Executive Committee Charter, and Corporate Governance, Nomination, and Remuneration Committee Charter; designation of Company representatives to certain government agencies in connection with applications and actions before such government agencies; authorizing the Company to appoint representatives in connection with court, administrative and/or other legal proceedings involving the Company; authorizing the Company to sell company vehicles; authorizing the Company to make additional equity investments in, and/or lend money to the Company's subsidiaries and affiliates; approval of guidelines and limitations on engaging external auditor for non-audit services; authorizing the postponement of the Company's annual stockholders' meeting; authorizing the annual stockholders' meeting to be held via remote communication on November 23, 2021, setting the record date for the annual stockholders' meeting, and authorizing Chief Executive Officer to execute the information statement; approval of the agenda for the annual stockholders' meeting; approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding final list of nominees for directors for election at the Meeting; approval of the Company's unaudited financial statements for each quarter; and the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business;

  vi. election of directors (including 3 independent directors) for the ensuing year; and

  vii. appointment of external auditor and fixing its remuneration.

(b) Ratification of the 2021 Audited Financial Statements.

Item 16. **Matters Not Required to be Submitted**

The Company will request the stockholders to note the management report comprising the message of the Chairperson, the report of the CEO, and the report of the CFO.

Item 17. **Amendment of Charter, By-Laws, or Other Documents**

No action is to be taken during the Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

Item 18. **Other Proposed Actions**

(a) Election of the members of the Board, including the independent directors, for the ensuing year.

(b) Ratification of all acts of the Board, Board Committees, Officers, and Management for the period November 23, 2021 to June 24, 2022.

i. the election of officers, board committee chairpersons and members, and lead independent director (including interim lead independent director, interim board committee chairperson and member);

ii. approval of the re-allocation or change in the use of IPO proceeds;

iii. approval of the amendment of the by-laws, particularly Article IV, Section 4, changing the date of the annual or regular stockholders' meeting from the "Fourth Tuesday of November" to the "last Friday of June", and Article III, Section 11.1, with respect to the Chief Financial Officer, removing the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board";

iv. authorizing the Company to enter into agreements or execute applications/forms needed by the Company in the normal course of business (e.g., consumer insights/research-related agreements, labor-related, training, and/or recruitment related agreements, marketing-related agreements, retail electricity supply agreements, construction agreements, logistics related agreements, integrated facilities agreement, supply and equipment loan agreement, raw materials supply agreements, master buyer agreement, service agreements, advisory contracts and engagement letters, insurance contracts, lease agreements, hauling agreements, waste treatment and/or disposal agreements, accreditation forms, trade forms required by customers, trading terms agreements, credit line agreements, distributorship agreements, standby letters of credit, sustainability-related agreements, advertising contracts with print and digital media companies, corporate communications-related agreements, memorandum of agreements with MSME loan providers, and data sharing agreements) and designating Company representatives and signatories regarding the same;

v. authorizing the Company to sell Company vehicles;

vi. approval of the budget for year 2022;

vii. approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies;

viii. approval of certain amendments to the Company's Insider Trading Policy;

ix. approval of the Board and Board Committee evaluation materials or forms and the results of the assessment;

x. designation of Company representatives to certain government agencies (whether local or foreign) in connection with applications and actions before such government agencies including authorizing them to be signatories for related forms and/or agreements, as needed;

xi. authorizing the Company to enter into hedging transactions with certain bank and non-bank financial institutions and to designate signatories for the same;

xii. authorizing the Company to open accounts with banks and non-bank financial intermediaries and to avail of their services and/or products as well as to designate signatories for the same;

xiii. approval of the Company's 2021 audited financial statements;

xiv. approval of the Company's interim unaudited financial statements for the period ending December 31, 2021 and March 31, 2022;

xv. approval of authority to execute continuing guarantee for obligations of Monde Nissin (UK) Ltd. in favor of Citigroup Inc. & appointment of Citibank N.A. as the Company's agent to enforce the guarantee as well as to designate signatories for said guarantee;

xvi approval of authority to act as surety or joint and several guarantor to the obligations to be incurred by Monde Nissin (UK) Limited under an overdraft facility to be extended by HSBC UK Bank PLC as well as to designate signatories for related agreements;

xvii approval of authority for Company to issue letter of support and/or enter into a guarantee agreement for the payment of Marlow Foods Limited's obligations under a loan agreement or a refinancing facility, appoint Marlow Foods Limited as agent for service of process, and designate signatories for said letter of support or guarantee agreement;

xviii approval of policy promulgation guidelines;

xix authorizing the Company to execute amendments to joint venture agreements with Malee Group Public Company Limited et. al. and to designate signatories for said amendments;

xx authorizing the Company to extend loans (including refinance existing loans) to, and/or increase equity investments in, various subsidiaries and/or affiliates as well as to designate signatories for related agreements;

xxi appointment of Company officers (*i.e.,* Assistant Corporate Secretary, Data Protection Officer, and Deputy Compliance Officer);

xxii authorizing the Company to charge guarantee fees for the issuance of parent guarantees/sureties;

xxiii authorizing the Company to appoint representatives in connection with court, administrative and/or other legal proceedings involving the Company;

xxiv. authority to make donations to BIR-accredited donee institutions as well as to designate signatories for related agreements;

xxv authorizing the Meeting to be held via remote communication on June 24, 2022, setting the record date for the Meeting, and authorizing the CEO to execute the information statement;

xxvi approval of the agenda for the Meeting;

xxvii approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding the final list of nominees for directors for election at the Meeting;

xxviii the acts of the officers those taken to implement the resolutions of the Board and its Committees; and

xxix matters covered in the disclosures to the SEC and/or the PSE.

(c) Appointment of external auditor.

Item 19. **Voting Procedures**

(a) **Vote Required**

The affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the Meeting is required for the approval of the matters presented to the stockholders for decision. The election of directors is by cumulative voting.

(b) **Manner of Voting**

Except in the election of directors where one (1) share is entitled to as many votes as there are directors to be elected, in all other items for approval, each share of stock entitles its registered owner as of Record Date to one vote, provided the share has not been declared delinquent. Given that the holding of the Meeting is in a virtual format, stockholders will be allowed to vote only either through remote communication, electronically *in absentia*, or by appointing the CEO as proxy, in accordance with the instructions set out in **Annex A**.

In the case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected multiplied by the number of his/her/its shares shall equal, or he/she/it may distribute them on the same principle among as many candidates he/she/it may see fit, provided the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be executed digitally by the stockholder through the secure online portal or submitted via email to the Corporate Secretary at corporate.secretary@mondenissin.com for inspection and recording not later than seven (7) business days prior to the date of the Meeting or on or before 5:00 P.M. PHT of June 15, 2022. Validation of proxies shall be done on or before June 17, 2022.

A stockholder may vote electronically *in absentia* using the digital ballot available at https://conveneagm.com/ph/MONDE2022ASM. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Company's Corporate Secretary and her designated assistants and the results will be independently validated by a third party.

Item 20. **Participation of Stockholders by Remote Communication**

Given the current circumstances and pursuant to the Amended By-Laws, the Board during its meeting on May 10, 2022, approved the holding of the meeting in a fully virtual format. The stockholders may only attend the Meeting by remote communication, and by voting *in absentia*, as provided in item 4(c) and item 19 above, or voting by appointing the CEO as their proxy.

The Meeting's live webcast shall be accessible through the following online web address: https://conveneagm.com/ph/MONDE2022ASM. To enable the Company to identify the stockholders participating via remote communication and record their presence for purposes of quorum, stockholders intending to participate in the Meeting by remote communication must register no later than 5 P.M. PHT on June 15, 2022 at the following webpage: https://conveneagm.com/ph/MONDE2022ASM.

Stockholders may send questions or comments pertaining to any item on the Meeting's agenda through the secure online portal until 5:00 P.M. PHT of June 15, 2022, and during the ASM. All other communications should be sent by email to investor.relations@mondenissin.com, copying corporate.secretary@mondenissin.com**.** The detailed instructions for participating through remote communication are in **Annex A**.

Item 21. **Acceptance of Stockholder Proposals on Agenda Items**

Stockholders of record as of Record Date owning (alone or together with other stockholders) at least 5% of the Company's total outstanding capital stock may submit proposals on items for inclusion in the Meeting's agenda on or before 5:00 P.M. PHT of June 15, 2022.

UNDERTAKING

The Company will post the full version of this SEC Form 20-IS (Information Statement), together with all its annexes including the Company's Consolidated Audited Financial Statements as of December 31, 2021, as well as its Unaudited Interim Consolidated Financial Statements as of March 31, 2022, on the Company website at the link: www.mondenissin.com upon its approval by the SEC.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City, Metro Manila, Philippines on June 2, 2022.

MONDE NISSIN CORPORATION
By:

HENRY SOESANTO
Executive Vice President
Chief Executive Officer

ANNEX A

Requirements and Procedure for Voting and Participating in the Meeting

REQUIREMENTS AND PROCEDURE FOR VOTING AND PARTICIPATING IN THE 2022 ANNUAL STOCKHOLDERS' MEETING OF MONDE NISSIN CORPORATION

A. **CONDUCT OF THE VIRTUAL MEETING.** – Monde Nissin Corporation's ("**MONDE's**") 2022 Annual Stockholders' Meeting ("**ASM**") will be held on June 24, 2022, Friday, at 10 a.m. Philippine Time (PHT), through the AGM@Convene virtual platform accessible at https://conveneagm.com/ph/MONDE2022ASM.

There will be no physical venue for the ASM. Pursuant to the Revised Corporation Code's Sections 23 and 57, stockholders who participate in the ASM by remote communication or *in absentia* shall be deemed present for quorum purposes.

B. **RECORD DATE**. – Only stockholders of record at the close of business on May 27, 2022 ("**Record Date**") are entitled to participate in and vote at the ASM.

C. **NOTICE OF MEETING AND OTHER DOCUMENTS**. – The Information Statement (SEC Form IS-20) and its attachments, minutes of the previous meetings of stockholders, and other documents related to the ASM, may be accessed through MONDE's website at www.mondenissin.com and https://conveneagm.com/ph/MONDE2022ASM.[1] The Information Statement will be accessible as well in MONDE's PSE EDGE webpage.

D. **REGISTRATION.** – Stockholders intending to participate in the ASM by remote communication must register at https://conveneagm.com/ph/MONDE2022ASM starting June 3, 2022 at 9 a.m. PHT until June 15, 2022 at 5 p.m. PHT ("**Registration Period**"). Stockholders who encounter registration issues may contact AGM@Convene at support@conveneagm.com for technical support.

The registration requirements are:

1. FOR INDIVIDUAL STOCKHOLDERS WITH CERTIFICATED SHARES:

    a. A clear scanned copy of the stockholder's valid government-issued ID showing the stockholder's photograph, signature, and other personal details, in JPG, PNG, or PDF format and with a file size no larger than 12MB. Acceptable IDs include Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, Social Security System ID, Pag-IBIG ID, Senior Citizen ID, Voter's ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

    b. The stockholder's valid and active email address.

2. FOR CORPORATE STOCKHOLDERS WITH CERTIFICATED SHARES:

    a. A clear scanned copy of the stockholder's Secretary's Certificate stating the full name of the stockholder's representative authorized to represent, and vote or execute the proxy on behalf of, the stockholder in the ASM, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

    b. A clear scanned copy of the valid government-issued ID of the stockholder's representative showing the representative's photograph, signature, and other personal details, in JPG, PNG, or PDF format and with a file size no larger than 12MB. Acceptable IDs include Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, Social Security System ID, Pag-IBIG ID, Senior Citizen ID, Voter's ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

    c. The authorized representative's valid and active email address.

[1] Pursuant to the Securities and Exchange Commission's Notice dated March 16, 2021, publicly-listed companies holding their ASM may post ASM-related material on their website as an alternative mode of distribution of such material to their stockholders.

3. FOR INDIVIDUAL STOCKHOLDERS WHO ARE BENEFICIAL OWNERS UNDER A PCD PARTICIPANT/BROKER'S ACCOUNT OR WITH "SCRIPLESS SHARES"

   a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker or PCD participant indicating the beneficial owner-stockholder's name and his/her shareholdings in MONDE as of Record Date (May 27, 2022) or (ii) sub-proxy issued by the broker or PCD participant to the beneficial owner-stockholder;

   b. A clear scanned copy of the beneficial owner-stockholder's valid government-issued ID showing the photograph, signature, and other personal details of the individual stockholder, in JPG, PNG, or PDF format and file size no larger than 12MB. Acceptable IDs include Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, Social Security System ID, Pag-IBIG ID, Senior Citizen ID, Voter's ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

   c. The beneficial owner-stockholder's valid and active email address.

4. FOR CORPORATE STOCKHOLDERS UNDER A PCD PARTICIPANT/BROKER'S ACCOUNT OR WITH "SCRIPLESS SHARES"

   a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker or PCD participant indicating the corporate stockholder's name and its shareholdings in MONDE as of Record Date (May 27, 2022) or (ii) sub-proxy issued by the broker or PCD participant to the corporate stockholder;

   b. A clear scanned copy of the corporate stockholder's Secretary's Certificate (or its equivalent for corporates registered or incorporated in jurisdictions other than the Philippines) stating the full name of the corporate stockholder's individual representative authorized to represent, and vote or execute the proxy on behalf of, the corporate stockholder in the ASM, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

   c. A clear scanned copy of the valid government-issued ID of the corporate stockholder's representative showing the individual representative's photograph, signature, and other personal details, in JPG, PNG, or PDF format and with a file size no larger than 12MB. Acceptable IDs include Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, Social Security System ID, Pag-IBIG ID, Senior Citizen ID, Voter's ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

   d. The authorized representative's valid and active email address.

5. FOR STOCKHOLDERS WITH JOINT ACCOUNTS UNDER A PCD PARTICIPANT/BROKER'S ACCOUNT OR WITH "SCRIPLESS SHARES"

   a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker indicating all the joint account holders'/stockholders' names/identities and their shareholdings in MONDE as of Record Date (May 27, 2022) or (ii) sub-proxy executed by the broker or PCD participant in favor of the representative designated by all the joint account holders;

   b. An authorization letter duly signed by all joint account holders/stockholders (or their duly-authorized representatives through Secretary's Certificates for corporate stockholders) indicating their designated representative who shall be authorized to participate in the ASM, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

   c. A clear scanned copy of the authorized representative's valid government-issued ID showing the photograph, signature, and other personal details, in JPG, PNG, or PDF format and with a file size no larger than 12MB. Acceptable IDs include Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, Social Security System ID, Pag-IBIG ID, Senior Citizen ID, Voter's ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

d. The authorized representative's valid and active email address.

Deficiencies or inconsistencies in the information provided to MONDE will result in a failed attempt to register and will render the designated account holder ineligible to participate in the ASM.

E. REGISTRATION PROPER – Registrants who have submitted complete requirements within the Registration Period will receive an email notice requesting them to (a) verify their email and (b) nominate a password ("**Verification Email**"). Registrants who do not receive a Verification Email within three (3) business days from submission of complete requirements should send an email to support@conveneagm.com, **copying** MONDE's Corporate Secretary at corporate.secretary@mondenissin.com.

F. VOTING

1. Successful registrants may either vote electronically or appoint MONDE's Chief Executive Officer ("**CEO**") as proxy.

2. A stockholder who chooses to vote electronically should vote on the ASM agenda item numbers 4 to 9 through the secure online portal from the time he/she completes the registration process until 5 p.m. PHT of June 23, 2022.

3. A stockholder (or representative of a corporate stockholder) attending the ASM will also be able to cast his/her vote for the corresponding agenda items requiring stockholder vote or approval during the entire duration of the ASM and until its adjournment.

4. A stockholder may also vote *in absentia*. The stockholder must vote using the digital ballot accessible at https://conveneagm.com/ph/MONDE2022ASM. Stockholders voting *in absentia* should cast their vote no later than 5 p.m. PHT on June 23, 2022.

5. A stockholder also has the option of voting by appointing MONDE's CEO as proxy. Stockholders wishing to execute a proxy may do so digitally through the secure online portal accessible at https://conveneagm.com/ph/MONDE2022ASM or by sending the executed proxy attached to MONDE's Information Statement to MONDE's Corporate Secretary at corporate.secretary@mondenissin.com.

6. Accomplished proxies should be received by MONDE on the secure online portal or via email to corporate.secretary@mondenissin.com no later than 5 p.m. PHT on June 15, 2022.

7. If a stockholder wishes to revoke his/her/its appointment of MONDE's CEO as proxy, the stockholder may do so through the secure online portal at any time prior to 5 p.m. PHT on June 15, 2022. Proxies initially submitted via email may also be revoked by sending an email to MONDE's Corporate Secretary at corporate.secretary@mondenissin.com. Proxies may no longer be revoked after 5 p.m. on June 15, 2022.

8. MONDE's Corporate Secretary and her designated assistants will tabulate votes received. An independent third party will validate the voting results.

9. The Corporate Secretary will report the preliminary results of the voting during the ASM. The final results, as certified by an independent third party, will be indicated in the minutes of the ASM.

G. MEETING PROPER

1. The ASM's live webcast will be broadcasted at https://conveneagm.com/ph/MONDE2022ASM.

2. During the ASM, each of the proposed resolutions will be shown on the screen as the relevant agenda item is taken up. Stockholders may send questions or comments pertaining to any item on the ASM's agenda through the secure online portal until 5 p.m. PHT of June 15, 2022, and during the ASM.

3. The Corporate Secretary shall report the preliminary tally of votes received and inform the stockholders if the particular resolution is carried or disapproved. The total number of votes cast for all items for approval, as of 5 p.m. PHT of June 23, 2022, shall be flashed on the screen. The final voting results, as certified by an independent third party, will be reflected in the minutes of the ASM.

4. The meeting proceedings will be recorded in audio and video format. The meeting's video recording will be accessible at www.mondenissin.com.

H. OTHER MATTERS

1. A stockholder who has successfully registered may submit a question or comment pertaining to any item on the agenda until 5 p.m. PHT on June 15, 2022 and during the meeting through the secure online portal.

2. For any questions on these guidelines, please contact the following:
   a. support@conveneagm.com
   b. corporate.secretary@mondenissin.com
   c. investor.relations@mondenissin.com

ANNEX B

Information on Directors and Executive Officers

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

Mr. Hartono Kweefanus, Indonesian, age 72, serves as the Company's Chairperson Emeritus and Director. He also serves as chairman of the board of directors of Monde M.Y. San Corporation, PT Khong Guan Biscuit Indonesia, and KBT International Holdings, Inc.; and as 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. He graduated from Nanyang University, Singapore where he majored in Industrial and Business Management. Mr. Kweefanus has served as a Director of the Company for 42 years.

Ms. Kataline Darmono, Indonesian, age 43, serves as the Company's Chairperson of the Board. She currently serves on the board of directors of PT Wahana Mekar Lestari and PT Khong Guan Biscuit Indonesia. She received her Bachelor of Arts, majoring in Finance, from Lehigh University, Pennsylvania, US, and her Master of Business Administration from Pepperdine University in California, US. Ms. Darmono joined the Company as Non-Executive Director on April 12, 2021.

Mr. Hoediono Kweefanus, Indonesian, age 70, serves as the Company's Vice Chairman of the Board and Director. He is president and director of P.T. Nissin Biscuit and P.T. Monde Makkota; and serves as a director of Monde Nissin Singapore Pte. Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, KBT International Holdings, Inc., Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. Mr. Kweefanus graduated from Nanyang University Singapore with a Bachelor of Commerce degree. Mr. Kweefanus has served as a Director of the Company for 9 years.

Ms. Betty T. Ang, Filipino, age 67, serves as the Company's President and Director. She also serves as a director of Suntrak Corporation. Ms. Ang graduated from Assumption College with a Bachelor of Science in Commerce, majoring in Business Management. Ms. Ang has served as President and a Director of the Company for more than 42 years. Ms. Ang has been with the Company since its incorporation on May 23, 1979 or for more than 42 years.

Mr. Henry Soesanto, Indonesian, age 70, serves as the Company's Executive Vice-President, Chief Executive Officer, and Director. He is the president of Monde M.Y. San Corporation, and likewise serves on the board of directors of Monde Land, Inc., Monde Rizal Properties, 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, All Fit & Popular Foods Inc., Monde Nu Agri Corporation, Suntrak Corporation, KBT International Holdings, Inc., Sarimonde Foods Corporation, Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. He is also the treasurer and a director at Monde Malee Beverage Corporation. Mr. Soesanto 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 eCornell University, US's Plant-Based Nutrition Certificate Program. Mr. Soesanto has served as Director of the Company for 33 years. Mr. Soesanto has been with the Company for 40 years.

Ms. Monica Darmono, Indonesian, age 67, serves as the Company's Treasurer and Director. She is also the treasurer of KBT Holdings, Inc. and is the treasurer and a director at Monde Malee Beverage Corporation. Ms. Darmono also serves as director of Monexco International Ltd. She graduated from the Standard College of Singapore with a Bachelor of Science, majoring in Accounting. Ms. Darmono has served as Director of the Company for 16 years.

Mr. Romeo L. Bernardo, Filipino, age 67, serves as Lead Independent Director of the Company starting May 10, 2022, replacing Mr. Delfin L. Lazaro. He also currently serves as lead independent director of Aboitiz Equity Ventures, Inc., independent director of Philippine Investment Management (PHINMA), Inc. and RFM Corporation, and is a director of Bank of Philippine Islands and Globe Telecom. He also currently serves as Chairman of ALFM Family of Funds, is a member of the Regional Board of Advisers of Vriens and Partners (Singapore), the Philippine partner of GlobalSource Partners, Senior Advisor to Wallace Business Forum, and a Governor of the Management Association of the Philippines. He is also the Co-Founder and Vice-Chairman of Foundation for Economic Freedom, a trustee of Finex Foundation, a member of the Philippine World Bank Advisory Group and the managing director of RL Bernardo and Associates, Inc. He is also a member of the Panel of Conciliators of the International Centre for Settlement of Investment Disputes of the World Bank. Mr. Bernardo received a Bachelor of Science degree in Business Economics from the University of Philippines (magna cum laude) and a Masters Degree in Development Economics from Williams College, Massachusetts, USA.

Ms. Nina Perpetua D. Aguas, Filipino, age 69, serves as an Independent Director of the Company. She also currently serves as the chairman of the boards of Insular Healthcare Inc., Insular Foundation, Inc., and Bank of Florida, and as a director of Unionbank of the Philippines, Pilipinas Shell Petroleum Corporation, and the Insurance Institute for Asia & the Pacific. She is a member of the World Bank Group's Advisory Council on Gender and Development, and an Independent Board Trustee and the Executive Chairman of Insular Life Assurance Co. She received her Bachelor of Science in Commerce, Accounting from the University of Santo Tomas. Ms. Aguas joined the Company as Independent Director on April 15, 2021.

Ms. Marie Elaine Teo, Singaporean, age 55, serves as an Independent Director of the Company. She also currently serves as a director of Mapletree Investments Pte Ltd, Mapletree Oakwood Pte Ltd, and ICHX Tech Pte Ltd; and as non-executive and independent director of Olam International Ltd, and GK Goh Holdings Ltd. Ms. Teo has around 20 years of public market investment experience. She was formerly the chairman of Capital International Research Group and managing director of Capital International Inc., Asia. At the Capital Group companies, she 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. Ms. Teo holds a Bachelor of Arts (Honours) in Experimental Psychology from Oxford University. Ms. Teo joined the Company as Independent Director on April 7, 2021.

Ms. Marivic N. Cajucom-Uy, Filipino, age 58, serves as the Company's Chief Sustainability Officer. She has been with the Company since 1989, and has served in various capacities, including Sustainability Director, Internal Consulting Director, Core Business Strategy Director, Marketing Director, and Marketing Manager. Ms. Cajucom-Uy received her Bachelor of Arts in Economics (cum laude) from the University of the Philippines. Ms. Cajucom-Uy has been with the Company for 33 years.

Mr. Samuel C. Sih, Filipino, age 58, serves as the Company's Chief Commercial. He was previously manager of the Seiko Service Center Head Office. He has degrees in BS Commerce Major in Business Management, and Graduate Studies – Management from De La Salle University. Mr. Sih has been with the Company for 32 years.

Ms. Helen G. Tiu, Filipino, age 61, serves as the Company's Chief Legal Officer (since July, 2017), and Corporate Secretary (since May, 2014). She was the Data Protection Officer of the Company from to June 26, 2019 to March 22, 2022. She also currently serves as director and corporate secretary of Sarimonde Foods Corporation and Monde Malee Beverage Corporation; as a trustee of the Harvard Law School Alumni Association of the Philippines; as assistant corporate secretary for Philstar Daily, Inc., Pilipino Star Ngayon, Inc., and Pilipino Star Printing Co., Inc.; and as corporate secretary for Philstar Global Corporation and JS Publications (The Freeman) Co., Inc. Ms. Tiu also previously served as independent director for NiHAO Mineral Resources International, Inc., Asiabest Group International, Inc., and Dizon Copper Silver Mines, Inc.; as a director in Petron Corporation; as president of the Harvard Law School Alumni Association of the Philippines; as corporate secretary for Aboitiz Transport System Corporation (now 2Go Group, Inc.); as a partner in SGV & Co.; as head executive assistant to the Secretary of Energy at the Philippine Department of Energy; and as an instructor at the College of Business Administration, University of the Philippines. She is a member of the Integrated Bar of the Philippines, the UP Women Lawyers' Circle, Inc., the Good Governance Advocates and Practitioners of the Philippines (GGAPP), the Harvard Law School Alumni Association of the Philippines, and the Harvard Club of the Philippines Foundation, Inc. Ms. Tiu 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.

Mr. Michael Stanley D. Tan, Filipino, age 50, serves as the Company's Chief Operations Officer. He has previously served in various capacities including Value Creation Officer and Supply Chain Director in his three plus years in the Company. Prior to joining MNC, Mr. Tan 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. He also was appointed as Asia Internal Consultant for integrated Work System in Product Supply. He graduated Magna cum Laude from Silliman University with a degree in Bachelor of Science in Electrical Engineering.

Mr. Jesse C. Teo, Filipino, age 50, serves as the Company's Chief Financial Officer. He also serves as director of Monde Nissin Singapore Pte. Ltd., Monde Nissin UK Ltd., Monde Nissin New Zealand Ltd., and Sarimonde Foods Corporation. He graduated from the Ateneo de Manila with a degree in BS Management – Honours Program. Mr. Teo has been with the Company for seven years.

Ms. Wendy T. Antioquia, Filipino, age 55, serves as Regional Research and Development Director of the Company. She was previously the General Manager-Biscuits and Wafer Business Unit of the Company. Ms. Antioquia has been with the Company for 28 years.

Mr. Michael J. Paska, American, age 52, serves as Corporate Business Development and Investor Relations Director of the Company. He was previously an independent consultant of ADB, 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 Central Intelligence Agency. 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. Mr. Paska has been with the Company since 2019.

Ms. Melissa Chua-Pabustan, Filipino, age 50, serves as Chief Marketing Officer of the Company. She was previously connected with RFM Corporation and has degrees in BS Applied Economics and BS Marketing Management from De La Salle University. Ms. Chua-Pabustan has been with the Company for 24 years.

Mr. Romeo L. Marañon, Jr., Filipino, age 48, serves as the Head of the Bakery Business Unit of the Company. He previously worked in Monde Nissin Thailand Co. Ltd. as its National Sales Manager and Export Business Development Manager. He was also the New Business Development Director of the Company. He has a Bachelor of Science in Business Administration, Major in Marketing Management and Masters in Management, Business Administration and Management from the University of the Philippines. Mr. Marañon, Jr. has been with the Company for 24 years.

Ms. Elvira S. Mensalvas, Filipino, age 59, serves as the Quality Assurance (QA) Department Head of the Company. She is a director of the Philippine Chamber of Food Manufacturers, Inc. and a trustee of GS1 Philippines, Inc. Ms. Mensalvas has been with the Company for 30 years.

Mr. Daniel Teichert, German, age 43, serves as the Company's Chief Risk Executive. He has served in various financial management roles, including as Vice President Finance of the IT Sourcing Division at Siemens Inc. Philippines. He was also the CFO of ATOS Philippines, and Vice President Corporate — Head of Finance at Atlantic, Gulf and Pacific. 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). Mr. Teichert has been with the Company since August, 2016.

Mr. Jon Edmarc R. Castillo, Filipino, age 35, is a member of the Philippine Bar and serves as the Company's Chief Compliance Officer. He is a Certified Compliance Officer and was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan, and Litigation, Labor, and Permits Manager of Philex Mining Corporation. He was also a researcher at the University of the Philippines Law Center. He is a member of the Philippine Institute of Arbitrators and the Good Governance Advocates and Practitioners of the Philippines. He received his J.D. from the University of the Philippines College of Law, and his Bachelor of Arts (magna cum laude), from the University of the Philippines — Diliman. Atty. Castillo has been with the Company since July, 2020.

Ms. Shiela P. Alarcio, Filipino, age 41, serves as the Company's Chief Internal Audit Executive. She was previously the Head of Group Internal Audit at AIA PhilamLife, Head of Internal Audit at Splash Corporation, and senior audit manager at PricewaterhouseCoopers (Manila and London). She received her Bachelor of Science in Accountancy from St. Scholastica's College. Ms. Alarcio has been with the Company since December, 2020.

Ms. Luzviminda M. Mercurio, Filipino, age 56, serves as the Human Resource (HR) Director of the Company. She was previously the Vice President for HR-Training and Staffing at GE Consumer Finance, the HR and Organization & Talent Development Manager at Mondelez Philippines (previously Kraft Foods Philippines), the Regional Learning and Development Leader – ASEAN Region at General Electric, and the Chief Executive Officer of Strategic

Learning and Professional Development Consulting. She has a Bachelor of Arts in Communication from the University of the Philippines and finished the Leadership & Management Development Program of Ateneo Graduate School of Business. Ms. Mercurio joined the Company in 2021.

Ms. Katherine C. Lee-Bacus, Filipino, age 33, serves as the Company's Assistant Corporate Secretary. She is a member of the Philippine Bar and was previously an Associate at SyCip Salazar Hernandez & Gatmaitan, a risk and internal audit associate at Isla Lipana & Co., and an audit specialist at Bank of the Philippine Islands. She received her J.D. from Ateneo Law School, and her Bachelor of Science in Accountancy (magna cum laude) from Saint Louis College. Atty. Lee-Bacus joined the Company in January, 2021.

Ms. Anne Katherine N. Santos, age 33, serves as the Company's Assistant Corporate Secretary starting March 23, 2022. She is a member of the Philippine Bar and was a senior associate at SyCip Salazar Hernandez & Gatmaitan. She received her J.D. from Ateneo Law School, and her B.S. in Management Engineering from Ateneo de Manila University. Atty. Santos joined the Company in September, 2021.

ANNEX C

Certifications of the Nominees for Independent Directors

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROMEO L. BERNARDO**, Filipino, of legal age and a resident of Unit 6 Forest Hills Subd., 20 Mariposa St., Brgy. B.L. Crame, Quezon City, after having been duly sworn to in accordance with law, hereby declare that:

1. I am a nominee for independent director of Monde Nissin Corporation ("**MNC**").

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
GlobalSource Partners	Philippine Partner	2007 - Present
ALFM Family of Funds, Chairman	Chairman	2003 - Present
Aboitiz Equity Ventures, inc.	Lead Independent Director	2021- Present
Bank of the Philippine Island	Director	2002 - Present
Globe Telecom	Director	2001- Present
Philippine Investment Management (PHINMA), Inc.	Independent Director	2005 - Present
RFM Corporation	Independent Director	2002 - Present
Wallace Business Forum	Senior Adviser	2015 – Present
Vriens and Partners (Singapore)	Member of Regional Board of Advisers	2017– Present
Management Association of the Philippines	Governor	2020 – Present
Foundation for Economic Freedom	Vice-Chairman and Co-Founder	1997 – Present
Finex Foundation	Trustee/Director	2020– Present
Phl World Bank Advisory Group	Member	2006-Present
International Centre for Settlement of Investment Disputes, World Bank	Panel of Conciliators	2003 – Present
RL Bernardo and Associates, Inc.,	Managing Director	2000 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of MNC, as provided for in the Revised Corporation Code, the Securities Regulation Code [and its implementing rules and regulations ("**SRC IRR**")], and circulars and other issuances of the Securities and Exchange Commission.

4. I am not related to any director/officer/substantial shareholder of MNC or its subsidiaries and affiliates including the relationship provided under Rule 38.2.3 of the SRC IRR.

5. I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Revised Corporation Code, the Securities Regulation Code and the SRC IRR, the Code of Corporate Governance and circulars and other issuances of the Securities and Exchange Commission.

7. I shall inform the Corporate Secretary of MNC of any changes in the abovementioned information within five days from its occurrence.

Done, this 22nd day of April 2022, at Makati City.

ROMEO L. BERNARDO

Affiant's Signature over Printed Name

REPUBLIC OF THE PHILIPPINES}
CITY OF MAKATI } ss.

SUBSCRIBED AND SWORN to before me this 22nd day of April 2022 at Makati City, affiant personally appeared before me and exhibited to me his OSCA ID No. 00760-I issued by the Office of the Senior Citizen Affairs – Quezon City on 09 September 2014.

Doc. No. 23;
Page No. 6;
Book No. II;
Series of 2022;

MARION NERISSE DY KHO
NOTARY PUBLIC
ROLL NO. 72076
MAKATI CITY PHILIPPINES

MARION NERISSE D. KHO
Notary Public for Makati City
Appointment No. M-230 until Dec. 31, 2022
Roll of Attorneys No. 72076
PTR No. 8853113MJ • 01/07/22 • Makati City
IBP No. 183637 • 01/03/22 • Makati Chapter
MCLE Compliance No. VII-0012542 • 03/08/2022
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, Metro Manila, Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **NINA PERPETUA D. AGUAS**, a national of the Philippines, of legal age and a resident of 322 Mango Drive, Ayala Alabang Village, Muntinlupa, MM, after having been duly sworn to in accordance with law, hereby declare that:

1. I am a nominee for independent director of Monde Nissin Corporation ("**MNC**") and have been its independent director since April 15, 2021.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Pilipinas Shell Petroleum Corporation	Non-Executive Director	August 2021-Present
Monde Nissin Corporation	Independent Director	Apr 2021 - Present
Insurance Institute for Asia & the Pacific, Director	Director	May 2018 - Present
The Insular Life Assurance Co., Ltd.	Executive Chairperson	Jan 2018 – Present
Unionbank of the Philippines	Director	January 2016-Present
Insular Healthcare, Inc.	Chairman	Jan 2016 – Present
Insular Foundation, Inc.	Chairman and Trustee	Jan 2016 – Present
The Insular Life Assurance Co., Ltd.	Board of Trustee	May 2015 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of MNC, as provided for in the Revised Corporation Code, the Securities Regulation Code [and its implementing rules and regulations ("**SRC IRR**")], and circulars and other issuances of the Securities and Exchange Commission.

4. I am not related to any director/officer/substantial shareholder of MNC or its subsidiaries and affiliates including the relationship provided under Rule 38.2.3 of the SRC IRR.

5. I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Revised Corporation Code, the Securities Regulation Code and the SRC IRR, the Code of Corporate Governance and circulars and other issuances of the Securities and Exchange Commission.

7. I shall inform the Corporate Secretary of MNC of any changes in the abovementioned information within five days from its occurrence.

Done, this 22nd day of April 2022, at Makati City.

NINA PERPETUA D. AGUAS

Affiant's Signature over Printed Name

REPUBLIC OF THE PHILIPPINES}
CITY OF MAKATI } ss.

SUBSCRIBED AND SWORN to before me this 22nd day of April 2022 at Makati City, affiant personally appeared before me and exhibited to me her Passport No. P7293536B issued at DFA Manila on 29 Jul 2021.

Doc. No. 24;
Page No. 6;
Book No. IV;
Series of 2022;

MARION NERISSE DY KHO
NOTARY PUBLIC
ROLL NO. 72076
MAKATI CITY PHILIPPINES

MARION NERISSE D. KHO
Notary Public for Makati City
Appointment No. M-230 until Dec. 31, 2022
Roll of Attorneys No. 72076
PTR No. 8853113MJ • 01/07/22 • Makati City
IBP No. 183637 • 01/03/22 • Makati Chapter
MCLE Compliance No. VII-0012542 • 03/08/2022
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, Metro Manila, Philippines

NC0M300OAD

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

I, Tay Yat Hock Cedric, NOTARY PUBLIC duly admitted, authorised to practise in the Republic of Singapore, DO HEREBY CERTIFY

that I was present in Singapore on the 19th day of April 2022, and did there and then see the original **CERTIFICATION OF INDEPENDENT DIRECTOR** hereto attached, duly signed in my presence by **MS MARIE ELAINE TEO** (holder of Singapore Passport No. K2120987Z, whose identity I had duly verified) Independent Director of **MONDE NISSIN CORPORATION**; and I CONFIRM and ATTEST that the name or signature "*Signed: Ms Marie Elaine Teo*" thereto subscribed is the true and proper signature and handwriting of the said **MS MARIE ELAINE TEO**.

REPUBLIC OF SINGAPORE NOTARY PUBLIC

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 19th day of April 2022.

NOTARY PUBLIC
SINGAPORE

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2022/0008
1 Apr 2022 – 31 Mar 2023
SINGAPORE

By virtue of Rule 8(3)(c) of the Notaries Public Rules, a Notarial Certificate must be authenticated by the Singapore Academy of Law in order to be valid.

With effect from 16 September 2021, a Notarial Certificate shall be deemed to be validly authenticated by the affixing of an Apostille to the back of the Notarial Certificate.

APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

This **Apostille** only certifies the authenticity of the signature, seal or stamp and the capacity of the person who has signed the attached Singapore public document, and, where appropriate, the identity of the seal or stamp. It does not certify the authenticity of the underlying document.

If this document is to be used in a country not party to the Hague Convention of the 5th of October 1961, it should be presented to the consular section of the mission representing that country.

To verify this **Apostille**, go to https://legalisation.sal.sg or scan QR code:

Verification code: 95196573

1. **Country:**	Singapore
This public document	
2. **Has been signed by:**	Tay Yat Hock Cedric
3. **Acting in the capacity of:**	Notary Public
4. **Bears the seal/stamp of:**	Notary Public
Certified	
5. **At:**	Singapore Academy of Law
6. **The:**	20th April 2022
7. **By:**	Melissa Goh, Head of Statutory Services, SAL
8. **No.:**	AC0M320AII
9. **Seal/Stamp:** SINGAPORE ACADEMY OF LAW CERTIFICATION SEAL	10. **Signature:** Melissa

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIE ELAINE TEO**, a national of Singapore, of legal age and a resident of 14 Coronation Road West Singapore 269389, after having been duly sworn to in accordance with law, hereby declare that:

1. I am a nominee for independent director of Monde Nissin Corporation ("**MNC**") and have been its independent director since April 7, 2021.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Tantallon Capital Advisors	Senior Advisor	Feb 2022 - Present
Monde Nissin Corporation	Independent Director	Apr 2021 - Present
Amiradou Pte. Ltd.	Director	Aug 2020 - Present
ICHX Tech Pte. Ltd.	Director	May 2020 - Present
Mapletree Oakwood Pte. Ltd.	Director	Sep 2017 - Present
GK Goh Holdings Ltd.	Non-Executive Independent Director	Sep 2017 - Present
Mapletree Investments Pte. Ltd.	Director	Feb 2016 - Present
Olam International Ltd.	Non-Executive Independent Director	Dec 2015 - Present
The TENG Ensemble Ltd.	Chairman	Apr 2017 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of MNC, as provided for in the Revised Corporation Code, the Securities Regulation Code [and its implementing rules and regulations ("**SRC IRR**")], and circulars and other issuances of the Securities and Exchange Commission.

4. I am not related to any director/officer/substantial shareholder of MNC or its subsidiaries and affiliates including the relationship provided under Rule 38.2.3 of the SRC IRR.

5. I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Revised Corporation Code, the Securities Regulation Code and the SRC IRR, the Code of Corporate Governance and circulars and other issuances of the Securities and Exchange Commission.

7. I shall inform the Corporate Secretary of MNC of any changes in the abovementioned information within five days from its occurrence.

Done, this 19th day of April, at Singapore.

MARIE ELAINE TEO

Affiant's Signature over Printed Name

[Notarial Certificate follows.]

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2022/0008
1 Apr 2022 – 31 Mar 2023
SINGAPORE

ANNEX D

Management Report

MANAGEMENT REPORT

A. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS OF DECEMBER 31, 2021

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

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

Demand and Pricing

The Group's results of operations are affected by consumers' demand for its products, and pricing, in turn, affects 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. Biscuits, beverages, and packaged cakes are less of a priority during a period of high inflation and restricted mobility. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. 2021 saw flat to declining demand for biscuits and beverages as these products are purchased for lunch boxes, between meals, and on-the-go consumption. Restricted mobility affected some occasions for use of biscuits, beverages, and packaged cakes during the COVID-19 pandemic.

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. With inflation reaching a three-year high in 2021, breaching the BSP target, such effects may be more prone to drive consumer behavior if the high-inflation scenario persists.

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 the perceived product values.

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, regulatory actions and actions of competitors, any of which may affect consumers' perception of and willingness to purchase the Group's products, which may significantly impact its results of operations.

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. For example, to cater to a preference for a healthier product, the Group adopted HSAF technology, infused its instant noodles with vegetable oil, and reduced palm oil in one of its *Lucky Me!* products. The Group believes that *Quorn* mycoprotein meat alternative products are well-placed to serve this segment for customers who demand food products that are more environment-friendly and offer health benefits. To take advantage of the "premiumization" trend of consumers, particularly from the growing 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 advertisements on television, radio programs, social media platforms (such as YouTube, Facebook, Instagram, and Twitter), its website, program sponsorships, billboards, and brand activation roadshows. Customer touchpoints at the purchase stage include in-store promotions and loyalty programs. In addition, the Group partners with celebrities and other key influencers for media or online collaborations and events.

Advertising affects consumer awareness of the Group's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The Group believes that product differentiation and brand loyalty are achieved through its marketing and image-building efforts, and consumer brand preferences are the cumulative result of exposure to the brands over an extended period. However, the effects of these sales and marketing activities may be delayed. This results 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, palm oil, flour, sugar, and coconut oil. The Group sources majority of raw materials and all of its packaging materials from both local and international third-party suppliers.

Raw materials are subject to significant price volatility caused by a number of 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 a number of 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 things, 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 loss of market share. Conversely, favorable movements of raw materials costs and other items might improve the Group's margins and results of operations. The Group has been able to mitigate price fluctuations in raw materials to some extent through a combination of (i) operational 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 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. Operational synergy is also achieved in the supply of seasoning for instant noodles production, and the Group set up 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 in order to maintain or grow sales volumes and to protect the Group's market share. As a result, any material increase in the market price of raw materials could adversely affect the Group's operating margins, which may affect its financial position and operating performance.

Product Mix

The Group has a diversified product mix which primarily includes instant noodles, biscuits, other fast-moving consumer products, and meat alternatives. The Group adopts a multi-brand approach, where each product category further consists of one or more brands or product lines. Under each brand, the Group offers products with different flavors, different package sizes and/or different types of products for variety. For example, in the instant noodles product group, there are three product lines under the *Lucky Me!* brand: (i) wet pouch; (ii) dry pouch; and (iii) cups. Each *Lucky Me!* product line offers a wide array of flavors. In the Meat Alternative Business, *Quorn* has an extensive range of vegan and vegetarian, some of which are gluten-free. *Quorn* products also cover all key shop aisles: frozen, chilled, and ambient products. 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 in a timely manner.

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, 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 noodles product group 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 noodles product group, these players compete on pricing, taste, and innovation. 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 the product group also competes with traditional meat brands. Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors, and other factors, could have a material impact on the Group's financials and results of operations.

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

Majority of the Group's assets and revenues from its APAC BFB Business are located in or derived from its business 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, although the Group is also significantly exposed to global commodity markets (mainly those for agricultural goods and energy). While the Philippine economy has experienced stable growth in recent years prior to the COVID-19 outbreak, the Philippine economy has in the past experienced periods of slow or negative growth, high inflation, interest rates, fuel prices, power rates, other costs of doing business, and significant depreciation of the Philippine Peso. It has been significantly affected by weak economic conditions and volatilities in the global economy and the Asia-Pacific region. The COVID-19 pandemic, which led to nationwide and global restrictions and lockdown, has caused global and local economic recessions, and the Philippine economy has been hard hit as a result. We expect the effects of the COVID-19 pandemic to extend well into 2022, and recovery remains challenging. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will materially influence the Group in areas such as commodity costs, supply constraints, and shipping. As consumers grapple with uncertainty, their buying behavior and preferences become more erratic. Please see further discussion under "Geopolitical Situation in Ukraine and Russia," outlining our management's response to address challenges arising geopolitical situation in Ukraine and Russia.

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, with 2022 being particularly impacted by the national elections. 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 such as restricted mobility, 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.

As the Group also conducts its APAC BFB Business (including export operations) in Thailand, economic, social, and political conditions in Thailand may also affect the Group's business, financial condition, results of operations, and prospects. In addition, the COVID-19 pandemic presented certain challenges in relation to the Group's interactions with its export distributors and assessment of the quality of in-market execution. With significant price increases in the shipping industry, availability of ships and containers and the resulting delays may influence the growth and profitability of the export business.

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 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 the ongoing COVID-19 pandemic and extended recovery period, as well as the lingering effects of its exit from the European Union. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and may persist well into 2022. The UK presently posts material inflation numbers which have reached levels that have not been experienced in more than 25 years. This strong inflation footprint may impact the consumer buying behavior, and the Company's input costs

Seasonality

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

Innovation

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

COVID-19 Pandemic

At the early onset of the COVID-19 pandemic in the Philippines, the Group faced the difficult task of ensuring the health and welfare of its employees while ensuring food supply especially noodles pouches and crackers, which are considered staples during tough times. The Group adapted quickly, and both objectives were achieved without compromises. The Group stayed in touch with the local communities, related industries, customers, suppliers, and people. The management team gathered daily to swiftly align decisions on the rapidly evolving situation. It also immediately deployed the infection control process in all of its facilities. Overall, the Group did not experience a material disruption in its production process and supply chain.

For the year ended December 31, 2020, when the COVID-19 pandemic widely spread, there was flat to declining demand for biscuits, beverages, and packaged cakes. The Group believes that this is due to these products being less of a priority during a period of weak economy. In addition, as biscuits and other snack-type products are generally purchased for lunch boxes and between-meals and on-the-go consumption, there were fewer occasions to use these products while the general public was in lockdown and relied more on home cooking. The APAC BFB Group, however, saw a spike in sales volume of instant noodles and culinary aids, especially the oyster sauce, in the same period as these are perceived to be staple products. Given that *Lucky Me!* is seen as comforting food and *Mama Sita's* oyster sauce is a versatile product, the Group believes that the public tends to resort to these products during tough times. During the COVID-19 pandemic, the Group prioritizes the safety of its employees and provides various support to ensure the well-being of its workforce. For example, the Group, in coordination with the local government, has implemented free vaccination programs, installed sanitization equipment such as alcohol gel dispensers throughout its facilities, handed out masks, allowed employees to take special leaves, and provided isolation facilities for suspected cases. The Group encourages employees to care for their health and implemented the "Commit to COVID-19 free" program, which provides incentives to employees who do not contract COVID-19 throughout the relevant period.

Geopolitical Situation in Russia and Ukraine

In February of 2022, an armed conflict between Russia and Ukraine commenced. As a result of this event, numerous sanctions were implemented against Russia. Both countries account for large parts of global agricultural supply, specifically, wheat, corn, and sunflower seeds and oil. Furthermore, the two countries are key producers of other commodities such as oil and gas, related petrochemical products, and fertilizer, among others.

The armed conflict has put the 2022 growing season in Ukraine at risk, and the export infrastructure inland and in the Black Sea inaccessible, severely damaged, or destroyed. Possible effects may continue during the 2022-2023 growing season. Such effects may be further amplified if weather conditions in other crop-growing regions of the world do not produce the necessary compensating output, impacting the already low stock-to-use ratios of most agricultural commodities globally.

The Group is impacted by the accompanying world market price movements. Thus, the sanctions imposed on Russia may likely cause shortage in certain commodities, thereby resulting in increased prices for the said commodities. Furthermore, shortage of supply in certain inputs arising from the conflict could impact the revenue and profitability of the Group.

In light of the foregoing, the Group is implementing measures to mitigate the identified risks above. Such measures include, entering into supply contracts with longer terms, increasing inventory holding of key materials, and exploring diversification of sourcing regions for supply assurance. In parallel, some pricing considerations coupled with accelerated cost savings initiatives are underway to mitigate cost headwinds.

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, including rapidly changing technologies and innovations. An investment in new technology or an enhancement of existing technology, in each case to increase capacity and utilization, may result in similar or other operational challenges. Furthermore, the effects of these investments may be delayed, resulting in delayed revenue growth which may not be fully reflected during the period in which the investments were made.

Financial Highlights and Key Indicators

The summary financial information presented below as at December 31, 2021 and 2020, and for the three years ended December 31, 2021 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 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 Philippine 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 Company's operating performance or to cash flow from operating, investing, and financing activities.

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment and intangible assets, asset impairment on noncurrent assets, financing costs, interest income, share in net earnings (losses) of associates and joint ventures, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, loss on redemption of Arran Investment Pte. Ltd. ("**Arran's**") convertible note ("**Arran CN**"), provision for (benefit from) income tax, and other non-recurring income (expenses) NRI(E). In 2021, 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 on noncurrent assets, non-recurring financing costs, 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, loss on redemption of Arran's convertible note, NRI/(E). In 2021, NRE pertains to IPO and COVID-19-related expenses. Core Income Before Tax Margin pertains to Core Income Before Tax divided by segment net sales.

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

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

The following discussion should be read in conjunction with the attached Audited Consolidated Financial Statements and related notes of the Group as at and for the year ended December 31, 2021.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

I.A CORE INCOME AFTER TAX RECONCILIATION

	in ₱ millions, except percentages								
	2021 Audited			2020 Audited			2019 Audited		
	Amount	% to Net Sales (in %)	Inc (Dec) (in %)	Amount	% to Net Sales (in %)	Inc (Dec) (in %)	Amount	% to Net Sales (in %)	Inc (Dec) (in %)
Net Sales	69,284	100.0	2.0	67,946	100.0	3.8	65,451	100.0	3.3
Less: **Cost of Goods Sold**	43,693	63.1	5.4	41,440	61.0	3.1	40,194	61.4	2.6
Gross Profit	25,591	36.9	(3.5)	26,506	39.0	4.9	25,257	38.6	4.4
Less: Sales, General & Administrative (SGA) [1]	15,095	21.8	12.6	13,409	19.7	2.0	13,141	20.1	(11.9)
Other Income (Expense)									
Less: Interest expense [2]	(81)	(0.1)	(73.2)	(302)	(0.5)	8.6	(278)	(0.4)	424.5
Foreign exchange loss (gain) - net [3]	262	0.4	*n/m*	–	–	–	–	–	–
	181	0.3	(159.9)	(302)	(0.5)	8.6	(278)	(0.4)	424.5
Core Income Before Tax	10,677	15.4	(16.6)	12,795	18.8	8.1	11,838	18.1	28.5
Less: Provision for income tax [4]	2,362	3.4	(30.8)	3,415	5.0	5.3	3,243	5.0	31.8
Core Income (After Tax)	8,315	12.0	(11.4)	9,380	13.8	9.1	8,595	13.1	27.2
Less: Non-Controlling Interest	130	0.2	(82.1)	725	1.1	(11.8)	822	1.2	19.5
Core Income (After Tax) at Ownership	8,185	11.8	(5.4)	8,655	12.7	11.3	7,773	11.9	28.1

n/m = not meaningful %

1. *[1] Excluding non-recurring expenses related to IPO and COVID-19 amounting to ₱655.3 million and ₱213.3 million, respectively (included in the SG&A)*

[2] Recurring interest expense on Loans and Trust Receipts Payable

2. *[3] Foreign exchange gain on U.S dollars balances for the Group's natural hedge*

3. [4] *Based on recurring income tax rate per entity*

I.B REPORTED INCOME AFTER TAX RECONCILIATION

	in ₱ millions, except in percentages								
	2021 Audited			2020 Audited			2019 Audited		
	Amount	% to Net Sales (in %)	Inc (Dec) (in %)	Amount	% to Net Sales (in %)	Inc (Dec) (in %)	Amount	% to Net Sales (in %)	Inc (Dec) (in %)
Core Income (After Tax)	8,315	12.0	(11.4)	9,380	13.8	9.1	8,595	13.1	27.2
Other income (expenses)									
Foreign exchange gain (loss) – net [1]	149	0.2	(83.7)	914	1.4	938.6	88	0.1	(43.9)
Share in net earnings (losses) from associates and Joint ventures	36	0.1	(136.7)	(98)	(0.1)	(61.0)	(251)	(0.4)	83.2
Gain on sale of property, plant and equipment	2	–	(33.3)	3	–	(103.7)	(81)	(0.1)	376.5
Miscellaneous income [2]	294	0.4	19.5	246	0.4	(30.7)	356	0.5	(21.5)
Impairment (loss)/reversal	(223)	(0.3)	(78.0)	(1,014)	(1.5)	28.2	(791)	(1.2)	(4.1)
Non-recurring SGA[3]	(868)	(1.2)	*n/m*	–	–	–	–	–	–
	(610)	(0.8)	*n/m*	51	0.2	*n/m*	(680)	(1.0)	83.8
Finance income (expense)									0.0
Interest expense [4]	(1,488)	(2.1)	0.3	(1,484)	(2.2)	(31.3)	(2,160)	(3.3)	6.7
Interest income	83	0.1	(68.4)	263	0.4	(13.5)	304	0.5	181.5
Loss on redemption of convertible note	(1,579)	(2.3)	*n/m*	–	–	–	–	–	–
Derivative gain (loss) – net	(2,258)	(3.3)	*n/m*	99	0.1	*n/m*	(178)	(0.3)	*n/m*
	(5,242)	(7.6)	367.2	(1,122)	(1.7)	(44.8)	(2,034)	(3.1)	7.1
Add: Provision for income tax [5]	782	1.1	*n/m*	(243)	(0.4)	*n/m*	768	1.2	341.4
Reported net income (after tax)-continuing operation	3,245	4.7	(59.8)	8,066	11.9	21.3	6,649	10.2	42.7
Net Income							6,649	10.2	143.7

n/m = not meaningful %

- *Excluding foreign exchange gain on USD reserves for the Group's natural hedge (included in the Core Income calculation above)*
- *Miscellaneous income includes the reversal of provision for expected credit losses, market valuation gain on financial instruments on FVTL, and other income.*
- *Non-recurring expenses includes related to IPO and COVID-19 amounting to ₱655.3 million and ₱213.3 million, respectively.*
- *Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)*
- *Income tax effect of Other Income(expenses), non-recurring finance income (expenses), one-off credit due to the impact of CREATE law partly offset by a one-off increase due to deferred tax liability adjustment in MNUK in 2021. To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income.*

II – OPERATING SEGMENTS OF THE GROUP

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

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

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

	in ₱ millions, except percentages					
	FY 2021 (Audited)	% to Total (in %)	FY2020 (Audited)	% to Total (in %)	FY219 (Audited)	% to Total (in %)
Net Sales						
APAC BFB	54,039	78.0	52,911	77.9	50,260	76.8
Growth vs. prior year	*2.1%*		*5.3%*		*3.9%*	
Meat Alternative	15,245	22.0	15,035	22.1	15,191	23.2
Growth vs. prior year	*1.4%*		*(1.0%)*		*1.4%*	
Total	**69,284**	**100.0**	**67,946**	**100.0**	**65,451**	**100.0**
Growth vs. prior year	***2.0%***		***3.8%***		***3.3%***	
		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)
Gross Profit						
APAC BFB	19,564	36.2	20,928	39.6	19,696	39.2

	in ₱ millions, except percentages					
	FY 2021 (Audited)	% to Total (in %)	FY2020 (Audited)	% to Total (in %)	FY219 (Audited)	% to Total (in %)
Meat Alternative	6,027	39.5	5,578	37.1	5,561	36.6
Total	**25,591**	**36.9**	**26,506**	**39.0**	**25,257**	**38.6**
Core Income before Tax						
APAC BFB	9,892	18.3	11,433	21.6	10,387	20.7
Meat Alternative	785	5.1	1,362	9.1	1,451	9.6
Total	**10,677**	**15.4**	**12,795**	**18.8**	**11,838**	**18.1**
Core Income (after tax)						
APAC BFB	7,664	14.2	8,276	15.6	7,419	14.8
Meat Alternative	651	4.3	1,104	7.3	1,176	7.7
Total	**8,315**	**12.0**	**9,380**	**13.8**	**8,595**	**13.1**
Core Income (after tax) at Ownership						
APAC BFB	7,534	13.9	7,551	14.3	6,597	13.1
Meat Alternative	651	4.3	1,104	7.3	1,176	7.7
Total	**8,185**	**11.8**	**8,655**	**12.7**	**7,773**	**11.9**
Core EBITDA (1)						
APAC BFB	11,829	21.9	13,269	25.1	12,152	24.2
Meat Alternative	1,471	9.6	2,283	15.2	2,026	13.3
Total	**13,300**	**19.2**	**15,552**	**22.9**	**14,178**	**21.7**

Note: (1) See "Other *Financial Data - Core EBITDA Reconciliation*"

RESULTS OF OPERATIONS

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%, from ₱67,946 million in 2020 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%, from ₱52,911 million in 2020 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% from ₱15,035 million in 2020 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. Cost of goods sold as a percentage of net sales slightly increased by 2.1%, from 61.0% in 2020 to 63.1% in 2021.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 7.8%, from ₱31,983 million in 2020 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%, from ₱9,457 million in 2020 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%, from ₱26,506 million in 2020 to ₱25,591 million in 2021, for the reasons discussed above. The gross margin decreased by 2.1%, from 39.0% in 2020 to 36.9% in 2021.

APAC BFB

Gross profit for the APAC BFB segment decreased by 6.5%, from ₱20,928 million in 2020 to ₱19,564 million in 2021, for the reasons discussed above. Gross margin decreased by 3.4%, from 39.6% in 2020 to 36.2% in 2021.

Meat Alternative

Gross profit for the Meat Alternative segment increased by 8.0%, from ₱5,578 million in 2020 to ₱6,027 million in 2021, for the reasons discussed above. The gross margin increased by 2.4%, from 37.1% in 2020 to 39.5% in 2021.

Sales, General and Administrative Expenses (excluding non-recurring expenses related to IPO and COVID-19 pandemic)

Sales, general and administrative expenses (excluding non-recurring expenses) increased by 12.6%, from ₱13,409 million in 2020 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%, from ₱9,462 million in 2020 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%, from ₱3,947 million in 2020 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)

Core Income (after tax) decreased by 11.4%, from ₱9,380 million in 2020 to ₱8,315 million in 2021, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership decreased by 5.4%, from ₱8,655 million in 2020 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.

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%, from ₱914 million in 2020 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 19.5%, from ₱246 million in 2020 to ₱294 million in 2021, due to reversal of allowance for doubtful accounts and impairment on advances due to effective collection efforts.

Impairment Losses

Impairment loss decreased by 78.0% from ₱1,014 million in 2020 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.

Interest Expense (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense flat by 0.3%, from ₱1,484 million in 2020 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 thechange in use of IPO proceeds approved by the Board of Directors (the "**Board**") last August 9, 2021.

Interest Income

Interest income decreased by 68.4%, from ₱263 million in 2020 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.

Loss on Convertible Note Redemption

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

The derivative loss and the loss on convertible note redemption are due to the difference between the carrying value of convertible note and related derivative liability as at June 3, 2021, redemption date, and the amount that the Group paid upon redemption.

Income Before Income Tax

Income before income tax decreased by 58.9%, from ₱11,725 million in 2020 to ₱4,825 million in 2021 due to the one-off loss related to the redemption of Arran's convertible note, IPO-related expenses, and others as discussed above.

Total Income Tax Expense

Income tax expense decreased by 56.8%, from ₱3,659 million in 2020 to ₱1,580 million in 2021, due to the lower income tax rate under the Corporate Recovery and Tax Incentives for Enterprise ("**CREATE**") Act from 30% to 25%, the recognition of the actual loss on redemption of the convertible note, and the reversal of previously recognized deferred tax liability related to the said note. The decrease was partly offset by the effect of the increase in deferred tax liability primarily in Meat Alternative. The UK tax rate was announced to increase from 19% to 25% by April 2023. As a result of the change in tax rate in UK, the Group adjusted its deferred tax liability on its *Quorn* and *Cauldron* brand by ₱1,335.6 million to reflect the expected tax rate as at December 31, 2021. MNUKL also reflected impact of the super capital allowance for qualifying capital expenditures as at December 31, 2021. In accordance with PAS 12.46, *Income Taxes*, the 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 the balance sheet date. The adjustment on deferred tax liability pertains to items such as the brand value of *Quorn* and *Cauldron*.

Reported Net Income (after tax)

As a result of the foregoing, net income declined by 59.8%, from ₱8,066 million in 2020 to ₱3,245 million in 2021. Net income as a percentage of net sales decreased by 7.2%, from 11.9% in 2020 to 4.7% in 2021.

For the year ended December 31, 2020 compared to year ended December 31, 2019

Net Sales

Net sales increased by 3.8% from ₱65,451 million in 2019 to ₱67,946 million in 2020 driven by an increase in the APAC BFB segment which was softened by a decline in the Meat Alternative segment.

APAC BFB

Net sales in the APAC BFB segment increased by 5.3% from ₱50,260 million in 2019 to ₱52,911 million in 2020. This increase was primarily due to higher net sales of noodles, culinary, and beverage products by the Company, which underwent double-digit growth in 2020 compared to 2019. This was driven mainly by volume increases and to a lesser extent, pricing. This was offset by negative product mix. Such higher sales of noodles, culinary, and beverage products in the Philippines was partially offset by lower net sales of biscuits in 2020 compared to 2019, primarily due to softer demand for this category due to the impact of the COVID-19 pandemic.

Meat Alternative

Net sales in the Meat Alternative segment decreased by 1.0% from ₱15,191 million in 2019 to ₱15,035 million in 2020. In British Pound terms, net sales increased by 2.6% from £230 million in 2019 to £236 million in 2020, primarily due to list price increases, lower promotional discounts, and product mix, partially offset by a reduction in sales volume reflecting the impacts of the COVID-19 pandemic.

Cost of Goods Sold

Cost of goods sold increased by 3.1% from ₱40,194 million in 2019 to ₱41,440 million in 2020 primarily due to an increase in volume in both segments. Cost of goods sold as a percentage of net sales slightly decreased by 0.4%, reflecting a decrease in overhead expenses as a result of increased production efficiency in APAC BFB and partially offset by the increase in direct materials and labor in both segments.

APAC BFB

Cost of goods sold in the APAC BFB segment increased by 4.6% from ₱30,564 million in 2019 to ₱31,983 million in 2020, driven by an increase in volume and an increase in prices of direct material costs, primarily palm and coconut oil. These increases were partially offset by lower prices of wheat and flour, tracking world prices for these commodities. Cost of goods sold in this segment, as a percentage of segment net sales, decreased by 0.4%, mainly due to the decrease in overhead costs as a percentage of segment net sales in 2020 resulting from increased production efficiency.

Meat Alternative

Cost of goods sold in the Meat Alternative segment decreased by 1.8% from ₱9,630 million in 2019 to ₱9,457 million in 2020 mainly due to a decrease in raw materials and overhead expense. Cost of goods sold in this segment, as a percentage of segment net sales decreased by 0.5%.

Gross Profit

Gross profit increased by 4.9% from ₱25,257 million in 2019 to ₱26,506 million in 2020, for the reasons discussed above. Gross margin increased by 0.4% from 38.6% in 2019 to 39.0% in 2020.

APAC BFB

Gross profit for the APAC BFB segment increased by 6.3% from ₱19,696 million in 2019 to ₱20,928 million in 2020, for the reasons discussed above. Gross margin increased by 0.4% from 39.2% in 2019 to 39.6% in 2020.

Meat Alternative

Gross profit for the Meat Alternative segment slightly increased by 0.3% from ₱5,561 million in 2019 to ₱5,578 million in 2020, for the reasons discussed above. Gross margin increased by 0.5% from 36.6% in 2019 to 37.1% in 2020.

Sales, General and Administrative Expenses

Sales, general and administrative expenses increased by 2.0% from ₱13,141 million in 2019 to ₱13,409 million in 2020, primarily due to increases in salaries and wages and other benefits partially offset by a reduction in miscellaneous expenses.

APAC BFB

Sales, general and administrative expenses in the APAC BFB segment increased by 2.6% from ₱9,224 million in 2019 to ₱9,462 million in 2020. The increase was mainly due to additional costs in salaries, wages and benefits, supplies and transportation costs, and donation and contributions to various institutions, partially offset by a reduction in advertising and promotional expenses and outside services due to lower merchandising fees due to the COVID-19 pandemic.

Meat Alternative

Sales, general and administrative expenses for the Meat Alternative segment slightly increased by 0.8% from ₱3,917 million in 2019 to ₱3,947 million in 2020. The slight increase was mainly due to additional costs in salaries, wages and benefits together with fringe benefits in relation to the strengthening of the management team as well as insurance costs, offset by lower miscellaneous expenses.

Core Income (After Tax)

Core Income (after tax) increased by 9.1%, from ₱8,595 million in 2019 to ₱9,380 million in 2020, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) increased by 11.3%, from ₱7,773 million in 2019 to ₱8,655 million in 2020, for the reasons discussed above.

Impairment Loss

Impairment loss increased by 28.2% from ₱791 million in 2019 to ₱1,014 million in 2020. In 2020, impairments were made mainly in the Meat Alternative segment and 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. In 2019, impairments were made mainly to plant, property, and equipment in the APAC BFB segment in the Philippines due to initiatives that were not commercialized.

Share in Net Losses of Associates and Joint Ventures

Share in the net losses of associates and joint ventures decreased by 61% from ₱251 million in 2019 to ₱98 million in 2020, as a result of the decrease in the Group's ownership of SMFC from 45% to 25% in December 2019, and the consolidation of that entity in September 2020.

Foreign Exchange Gain – Net

Net foreign exchange gain increased by 938.6% from ₱88 million in 2019 to ₱914 million in 2020, primarily due to realization of gain on payment of US dollar and pound sterling denominated loans as a result of the strengthening of the Philippine Peso against the US dollar and pound sterling and unrealized foreign exchange gain on convertible notes which was pegged at US$1: ₱52.186 while the Peso closing rate was US$1: ₱48.036.

Gain/(Loss) on Sale of Property, Plant and Equipment

The Group recorded a gain in 2020 of ₱3 million from the sale of used machineries and equipment compared to a loss in 2019 of ₱82 million.

Miscellaneous Income

Miscellaneous income decreased by 30.6% from ₱356 million in 2019 to ₱247 million in 2020 due to reversal of provision for expected credit losses in 2019 partially offset by an increase in service income from Monde Malee, Dutch Mill and Dairy Plus.

Interest Expense (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense decreased by 31.3% from ₱2,160 million in 2019 to ₱1,484 million in 2020. This decrease was primarily the result of repaying a portion of principal on the Group's borrowings as well as lower interest rates in 2020.

Interest Income

Interest income decreased by 13.5% from ₱304 million in 2019 to ₱263 million in 2020. This decrease was primarily due to settlement of MNA's loan to MNSPL in May 2019. Moreover, there was a reduction in money market placements in 2020 due to prioritization of repayment of loan and acceptances and trust receipts payable to secure favorable exchange rates. Gain on loan modification was more than offset by the decline in interest income from market placements.

Derivative Gain/(Loss)

The Group recorded derivative losses of ₱178 million in 2019 compared to derivative gains of ₱99 million in 2020, primarily due to the termination of CCS and EKO.

Income Before Income Tax

Income before income tax increased by 28.5% from ₱9,124 million in 2019 to ₱11,725 million in 2020.

Income Tax Expense

Income tax expense increased by 47.8% from ₱2,475 million in 2019 to ₱3,659 million in 2020. This increase was primarily due to the higher current income tax expense resulting from the increase in taxable income of the APAC BFB Business which was partially offset by a decline in the taxable income of the Meat Alternative segment. The effective tax rate increased by 4.1% from 27.1% in 2019 to 31.2% in 2020 primarily due to an increase in the deferred tax liability of the Meat Alternative segment where the forward-looking tax rate increased from 17% to 19%. The UK government did not proceed with its original proposals to reduce the tax rate. Further, current tax decreased in the Meat Alternative segment due to impairments relating to the BF1 production plant.

Reported Net Income (after tax)

As a result of the foregoing, net income increased by 21.3% from ₱6,649 million in 2019 to ₱8,066 million in 2020. Net income as percentage of net sales increased by 1.7% from 10.2% in 2019 to 11.9% in 2020.

For the year ended December 31, 2019 compared to year ended December 31, 2018

Net Sales

Net sales increased by 3.3% from ₱63,367 million in 2018 to ₱65,451 million in 2019. Both the APAC BFB and Meat Alternative segments grew due to a combination of list price increases and volume growth.

APAC BFB

Net sales in the APAC BFB segment increased by 3.9% from ₱48,389 million in 2018 to ₱50,260 million in 2019. The increase was primarily due to list price increases in the Philippines and volume growth, partly softened by deconsolidation of SMFC following divestment of 20% share. The noodles, biscuits, and beverage sales increased, with biscuits experiencing particularly strong growth. Noodles underwent low single digit growth as the impact of price increase was softened by volume decline. Meanwhile, biscuit experienced high single digit growth due to higher volumes driven by increased out-of-home consumption of *M.Y. San Grahams*. Beverage sales saw strong double-digit growth driven by the success in new channel development of *Dutch Mill Delight*.

Meat Alternative

Net sales in the Meat Alternative segment increased by 1.4% from ₱14,978 million in 2018 to ₱15,191 million in 2019. In British Pound terms, net sales before inter segment elimination increased by 4.5% from £220 million in 2018 to £230 million in 2019, driven by volume growth and lower promotional discounts.

Cost of Goods Sold

Cost of goods sold increased by 2.6% from ₱39,182 million in 2018 to ₱40,194 million in 2019 due to an increase in overhead costs. Cost of goods sold as a percentage of net sales decreased by 0.4% from 61.8% in 2018 to 61.4% in 2019, as increased overhead costs (as a percentage of net sales) were offset by decreased direct materials and labor costs.

APAC BFB

Cost of goods sold in the APAC BFB segment decreased by 2.3% from ₱31,289 million in 2018 to ₱30,564 million in 2019, mainly due to lower direct materials costs, in particular hard wheat and oil-based products such as palm and coconut oil, and shortening liquid, tracking world market prices for these commodities. Cost of goods sold in this segment as percentage of segment net sales decreased by 3.9% from 64.7% in 2018 to 60.8% in 2019, driven by the decline in direct materials prices as described herein.

Meat Alternative

Cost of goods sold in the Meat Alternative segment increased by 22.0% from ₱7,893 million in 2018 to ₱9,630 million in 2019 due to an increase in volume and an increase in raw materials costs, as some production was switched to third-party manufacturers, which were partly offset by lower direct labor costs. Moreover, the increase in overhead was the result of increased utility unit costs, investments in capability and capacity, higher maintenance costs and transport and delivery. Consequently, cost of goods sold as a percentage of segment net sales increased by 10.7% from 52.7% in 2018 to 63.4% in 2019.

Gross Profit

Gross profit increased by 4.4% from ₱24,185 million in 2018 to ₱25,257 million in 2019, for the reasons discussed above. Gross margin increased slightly by 0.4% from 38.2% in 2018 to 38.6% in 2019.

APAC BFB

Gross profit for the APAC BFB segment increased by 15.2% from ₱17,100 million in 2018 to ₱19,696 million in 2019, for the reasons discussed above. Gross margin increased by 3.9% from 35.3% in 2018 to 39.2% in 2019.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 21.5% from ₱7,085 million in 2018 to ₱5,561 million in 2019, for the reasons discussed above. Gross margin decreased by 10.7% from 47.3% in 2018 to 36.6% in 2019.

Sales, General and Administrative Expenses

Sales, general, and administrative expenses decreased by 11.9% from ₱14,917 million in 2018 to ₱13,141 million in 2019, primarily due to lower transportation/delivery, advertising and promotion expenses and bad debts, partially offset by an increase in miscellaneous expense as described in more detail below.

APAC BFB

Sales, general and administrative expenses in the APAC BFB segment slightly decreased by 1.2% from ₱9,336 million in 2018 to ₱9,224 million in 2019, as higher salaries and benefits and outside services were more than offset by reduced transportation/delivery and lower provision for bad debts in 2019 compared to 2018. The decrease in bad debt expense was due to the reversal in expected credit loss provision in 2019, which was booked in miscellaneous income compared to the initial expected credit loss provision from the initial adoption of PFRS 9.

Meat Alternative

Sales, general and administrative expenses in the Meat Alternative segment decreased by 29.8% from ₱5,581 million in 2018 to ₱3,917 million in 2019, primarily due to reduction in transport and delivery, advertising and promotional expense, partially offset by an increase in miscellaneous expenses due to headcount rationalization.

Core Income (After Tax)

Core Income (after tax) increased by 27.2%, from ₱6,756 million in 2018 to ₱8,595 million in 2019, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) increased by 28.1%, from ₱6,068 million in 2018 to ₱7,773 million in 2019, for the reasons discussed above.

Impairment Loss

Impairment loss decreased by 4.1% from ₱825 million in 2018 to ₱791 million in 2019. In 2019, impairments were made mainly to property, plant, and equipment in the Philippines due to initiatives that were not commercialized. In 2018, majority of the impairments for both property, plant, and equipment, as well as investments were booked in the Philippines, Thailand, and Singapore.

Share in Net Losses of Associates and Joint Ventures

Share in net losses of associates and joint ventures increased by 83.2% from ₱137 million in 2018 to ₱251 million in 2019 mainly due to losses in SMFC. Losses were driven by high customer returns, manufacturing overhead and selling and general administrative expense.

Foreign Exchange Gain – Net

Net foreign exchange gain decreased by 43.9% from ₱157 million in 2018 to ₱88 million in 2019, mainly driven by realized loss on the capital repatriation from Monde Nissin Singapore to the Company.

Gain/(Loss) on Sales of Property, Plant and Equipment

Loss on sale of property, plant and equipment increased by 382.4% from ₱17 million 2018 to ₱82 million in 2019.

Miscellaneous Income

Miscellaneous income decreased by 21.2% from ₱452 million in 2018 to ₱356 million in 2019. The decrease was mainly from the APAC BFB segment, resulted from the discontinuation of the Kellogg's/Pringles distribution arrangement and lower service income from *Dutch Mill*, partially offset by a reversal of provision for expected credit losses in 2019.

Interest Expense (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense increased by 6.7% from ₱2,025 million in 2018 to ₱2,160 million in 2019. This increase was primarily due to interest payment on additional borrowings, amortization of transaction costs relating to the issuance of convertible notes, and the impact of recognition of interest expense on lease liability due to the implementation of PFRS 16 on January 1, 2019.

Interest Income

Interest income increased by 181.5% from ₱108 million in 2018 to ₱304 million in 2019, primarily due to higher amount of money market placements.

Income before Income Tax

Income before income tax increased by 31.4% from ₱6,946 million in 2018 to ₱9,124 million in 2019. The increase was mainly from the APAC BFB segment, for the reasons discussed above.

Income Tax Expense

Income tax expense increased by 8.3% from ₱2,286 million in 2018 to ₱2,475 million in 2019, mainly due to the increase in taxable income of the APAC BFB segment. Meanwhile, the effective tax rate decreased by 5.8% from 32.9% in 2018 to 27.1% in 2019 due to the higher effective tax rate in the APAC BFB segment in 2018 primarily due to the Company's loss on the sale of shares of MNA which is non-deductible for income tax calculation purposes.

Reported Income (after tax) from continuing operations

Net income after tax from continuing operation increased by 42.7% from ₱4,660 million in 2018 compared to ₱6,649 million in 2019, as a result of the foregoing.

Net Loss after Tax from Discontinued operations

Net loss after tax from discontinued operation was ₱1,932 million in 2018 compared to nil in 2019. The loss incurred in 2018 related primarily to the disposal of MNA following impairments on goodwill.

STATEMENT OF FINANCIAL POSITION

Financial condition as at December 31, 2020, compared to as at December 31, 2021

Current Assets

The Group's current assets increased by 48.6%, from ₱20,595 million as at December 31, 2020, to ₱30,613 million as at December 31, 2021. The increase was mainly due to higher cash and cash equivalents and inventories.

	December 31, 2021		December 31, 2020		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
		in ₱ millions, except percentages				
Cash and cash equivalents	13,857	45	7,093	34	6,764	95.4
Trade and other receivables	6,249	20	6,457	31	(208)	(3.2)
Inventories	8,572	28	6,073	30	2,499	41.1
Financial assets at fair value through profit or loss (FVTPL)	1	–	–	–	1	*n/m*
Loans receivable – Current	165	1	–	–	165	*n/m*
Prepayments and other current assets	1,769	6	972	5	797	82.0
Total	**30,613**	**100.0**	**20,595**	**100**	**10,018**	**48.6**

Cash and cash equivalents increased by 95.4%, from ₱7,093 million as at December 31, 2020, to ₱13,857 million as at December 31, 2021. This was mainly due to the remaining proceeds from IPO.

Inventories increased by 41.1%, from ₱6,073 million as at December 31, 2020, to ₱8,572 million as at December 31, 2021, primarily due to the increase in inventory in both business segments. APAC BFB increased its level of inventory for wheat and palm oil as part of mitigation plan to contain costs. For Meat Alternative, the increase in inventory was due to a low base, as it was recovering from forming capacity issues, lower volume demand, and the build-up of materials ahead of the new capacity that will be available.

Prepayments and other current assets increased by 99.1%, from ₱972 million as at December 31, 2020, to ₱1,935 million as at December 31, 2021, due to the excess payment of taxes in 2020 and Q1 2021 and higher unused creditable withholding tax (CWT) due to lower taxable income in 2021 as a result of the enactment of CREATE Act.

Noncurrent Assets

The Group's noncurrent assets increased by 8.5%, from ₱63,807 million as at December 31, 2020, to ₱69,244 million as at December 31, 2021. The increase was driven by higher property, plant and equipment, and intangible assets as described below.

	December 31, 2021		December 31, 2020		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
		in ₱ millions, except percentages				
Intangible assets	35,647	51	33,600	52	2,047	6.1
Property, plant and equipment	29,952	43	26,637	42	3,315	12.4
Investments in associates and joint ventures	1,094	2	1,024	2	70	6.8
Deferred tax assets – net	885	1	843	1	42	5.0
Noncurrent receivables	500	1	655	1	(155)	(23.7)
Other noncurrent assets	1,166	2	1,048	2	118	11.3
Total	**69,244**	**100**	**63,807**	**100**	**5,437**	**8.5**

Intangible assets increased by 6.1%, from ₱33,600 million as at December 31, 2020, to ₱35,647 million as at December 31, 2021, mainly due to the effect of foreign currency translation adjustments in MNUK.

Property, plant, and equipment increased by 12.4%, from ₱26,637 million as at December 31, 2020, to ₱29,952 million as at December 31, 2021, primarily due to the continued investments in improving the production capability and capacity of the Group. APAC BFB segment continued the construction of a new manufacturing facility in Malvar, Batangas, the purchase of various machineries, and the construction of new noodle lines. The

Meat Alternative segment's major investment pertains to the construction of the new fermentation equipment in its Belasis facility.

Investment in associates and joint ventures increased by 6.8%, from ₱1,024 million as at December 31, 2020, to ₱1,094 million at as December 31, 2021, mainly due to an additional ₱60 million investment to Calaca Harvest Terminal Inc.

Noncurrent receivable decreased by 23.7%, from ₱655 million as at December 31, 2020, to ₱500 million as at December 31, 2021, due to the reclassification of loan receivable from MNSG Holdings PTE Ltd from noncurrent to current as it will mature on July 23, 2022.

Other noncurrent assets increased by 11.3%, from ₱1,048 million as at December 31, 2020, to ₱1,166 million as at December 31, 2021, due to the increased advances to suppliers and deferred input VAT related to the Group's major equipment and construction/improvements as discussed above.

Current Liabilities

The Group's current liabilities increased by 6.9%, from ₱20,956 million as at December 31, 2020, to ₱22,409 million as at December 31, 2021. The increase was mainly due accounts and trust receipts payable offset by settlement of loans payable.

	December 31, 2021		December 31, 2020		Increase (Decrease)	
	Audited	%To Total (in %)	Audited	%To Total (in %)	Amount	%
	In ₱ millions, except percentages					
Accounts payable and other current liabilities	11,156	50	10,141	48	1,015	10.0
Acceptances and trust receipts payable	3,715	17	606	3	3,109	513.0
Current portion of loans payable	6,999	31	9,559	46	(2,560)	(26.8)
Refund liabilities	304	1	280	1	24	8.6
Current portion of lease liabilities	97	–	88	1	9	10.2
Income tax payable	138	1	282	1	(144)	(51.1)
Total	**22,409**	**100**	**20,956**	**100**	**1,453**	**6.9**

Accounts payable and other current liabilities increased by 10%, from ₱10,141 million as at December 31, 2020, to ₱11,156 million as at December 31, 2021. The increase was due to higher capital expenditure this year as compared last year.

Acceptances and trust receipts payable increased by 513%, from ₱606 million as at December 31, 2020, to ₱3,715 million as at December 31, 2021. The increase was due to significant payments made in the last quarter of 2020 brought about by good cash flows and to take advantage of favourable exchange rates in 2020.

The current portion of loans payable decreased by 26.8%, from ₱9,559 million as at December 31, 2020, to ₱6,999 million as at December 31, 2021, primarily due to the repayment of outstanding loans payable of the Parent Company. As at December 31, 2021, loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassed to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to ₱5,346.0 million (£78.0 million).

Refund liabilities increased by 8.6%, from ₱280 million as at December 31, 2020, to ₱304 million as at December 31, 2021 mainly due to timely actualization of returns as effect of process improvements.

Income tax payable decreased by 51.1%, from ₱282 million as at December 31, 2020, to ₱138 million as at December 31, 2021, mainly due to the excess payments in 2020 and Q1 2021 brought about by a lower income tax rate and lower taxable income in 2021.

Noncurrent Liabilities

The Group's noncurrent liabilities decreased by 75.5%, from ₱36,906 million as at December 31, 2020, to ₱9,033 million as at December 31, 2021, primarily due to the Group's repayment of bank loans and full settlement of Arran's convertible notes.

	December 31, 2021		December 31, 2020		Increase (Decrease)	
	Audited	In %	Audited	In %	Amount	%
	in ₱ millions, except percentages					
Loans payable	0	0	19,986	54	(19,986)	(100.0)
Convertible notes	0	0	7,027	19	(7,027)	(100.0)
Deferred tax liabilities - net	5,702	64	4,200	12	1,502	35.8
Derivative liability	0	0	2,514	7	(2,514)	(100.0)
Lease liabilities	2,662	29	2,675	7	(13)	(0.5)
Pension liability	649	7	482	1	167	34.6
Other noncurrent liabilities	20	0	22	–	(2)	(9.1)
Total	**9,033**	**100**	**36,906**	**100**	**(27,873)**	**(75.5)**

Loans payable as at December 31, 2021 was nil from ₱19,986 million as at December 31, 2020, primarily due to the repayment of outstanding loans payable and reclassification of MNUK's loan from noncurrent to current. For more information on the reclassification, please refer to the discussion under current loans payable above.

Convertible notes and derivative liability were nil as at December 31, 2021 from ₱7,027 million and ₱2,514 million respectively due to the redemption of Arran's convertible note last June.

Deferred tax liabilities increased by 35.8%, from ₱4,200 million as at December 31, 2020, to ₱5,702 million at December 31, 2021, primarily due to increase in Meat Alternative. The increase pertains to increase in the tax rate in the UK from 19% to 25% by April 2023 and impact of super capital allowance of 130% on certain capital expenditures. In accordance with PAS 12.46, *Income Taxes*, the 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 at the balance sheet date. The adjustment on deferred tax liability pertains to items such as the value of the brand of *Quorn* and *Cauldron*.

Pension liability increased by 34.6%, from ₱482 million as at December 31, 2020, to ₱649 million as at December 31, 2021, which was based on December 31, 2021 actuarial valuation reports. The increase in pension liability was primarily due to change in disability benefit and death benefit.

Equity

The Group's total equity increased by 157.8%, from ₱26,540 million as at December 31, 2020, to ₱68,416 million as at December 31, 2021, due to the additional capital stock and the additional paid-in capital from the issuances of common shares during IPO and to MCI.

Financial condition as at December 31, 2019 compared to as at December 31, 2020

The following is a discussion of the Group's current and noncurrent assets and liabilities as at the year ended December 31, 2019 compared to the year ended December 31, 2020.

Current assets

The Group's current assets decreased by 15.4% from ₱24,335 million as at December 31, 2019 to ₱20,595 million as at December 31, 2020. The decrease was mainly due to lower cash and cash equivalents as discussed below.

	December 31, 2020		December 31, 2019		Increase (Decrease)	
		% to Total		% to Total		
	Audited	(In %)	Audited	(In %)	Amount	In %
		in ₱ millions, except percentages				
Cash and cash equivalents	7,093	34	10,499	43	(3,406)	(32.4)
Trade and other receivables	6,457	31	7,276	30	(819)	(11.3)
Inventories	6,073	30	5,859	24	214	3.7
Prepayments and other current assets	972	5	701	3	271	38.7
Total	**20,595**	**100**	**24,335**	**100**	**(3,740)**	**(15.4)**

Cash and cash equivalents decreased by 32.4% from ₱10,499 million as at December 31, 2019 to ₱7,093 million as at December 31, 2020. This was mainly due to repayment of acceptances and trust receipts payable and loans to secure favorable exchange rates.

Trade and other receivables decreased by 11.3% from ₱7,276 million as at December 31, 2019 to ₱6,457 million as at December 31, 2020, resulting from better trade credit management in both the APAC BFB and Meat Alternative segments.

Inventories increased by 3.7% from ₱5,859 million as at December 31, 2019 to ₱6,073 million as at December 31, 2020, primarily as a result of higher inventory in the Group's Meat Alternative segment which more than offset the lower inventory in the APAC BFB segment. The Meat Alternative segment was operating at deficient inventory level due to capacity constraint. The higher inventory level was a result of new capacity that came on-stream in 2020.

Prepayments and other current assets increased by 38.7% from ₱701 million as at December 31, 2019 to ₱972 million as at December 31, 2020, primarily as a result of consolidation of SMFC into the Group. In December 2019, the Company reduced its ownership from 45% to 25%. Subsequently, the Company entered into a share purchase agreement in September 2020 increasing its ownership from 25% to 80%. Although the purchase of the additional equity interest was completed in January 2021, the Group consolidated SMFC starting September 2020 since under the Share Purchase Agreement, management control was transferred to the Group on this date. SMFC's prepayment balances are mainly due to excess input VAT accumulated over the years. SMFC had been operating in a net purchase position.

Noncurrent assets

The Group's noncurrent assets increased by 3.6% from ₱61,619 million as at December 31, 2019 to ₱63,807 million as at December 31, 2020. The increase was mainly due to the increase in the Group's property, plant, and equipment as discussed below.

	December 31, 2020		December 31, 2019		Increase (Decrease)	
		% to Total		% to Total		
	Audited	(In %)	Audited	(In %)	Amount	In %
		in ₱ millions, except percentages				
Intangible assets	33,600	53	34,336	56	(736)	(2.1)
Property, plant and equipment	26,637	41	24,121	39	2,516	10.4
Investments in associates and joint ventures	1,024	2	993	2	31	3.1
Deferred tax assets – net	843	1	883	1	(40)	(4.5)
Noncurrent receivables	655	1	500	1	155	31.0
Other noncurrent assets	1,048	1	786	1	262	33.3
Total	**63,807**	**100**	**61,619**	**100**	**2,188**	**3.6**

Intangible assets decreased by 2.1% from ₱34,336 million as at December 31, 2019 to ₱33,600 million as at December 31, 2020, due to amortization and currency translation adjustments.

Property, plant, and equipment increased by 10.4% from ₱24,121 million as at December 31, 2019 to ₱26,637 million as at December 31, 2020, primarily as a result of the construction of a new manufacturing facility in Malvar, Batangas for the Group's APAC BFB segment and the new fermenter in the Belasis facility for the Group's Meat Alternative segment. The Group also recorded an additional ₱1,262 million right of use asset mainly for the lease of lot for the Group's Malvar, Batangas facility and amendment of the Group's lease contract for its Santa Rosa facility.

Investment in associates and joint ventures increased by 3.1% from ₱993 million as at December 31, 2019 to ₱1,024 million as at December 31, 2020, primarily as a result of an additional ₱60 million investment in Calaca Harvest Terminal Incorporated in March 2020.

Deferred tax assets decreased by 4.5% from ₱883 million as at December 31, 2019 to ₱843 million as at December 31, 2020.

Noncurrent receivables increased by 31% from ₱500 million as at December 31, 2019 to ₱655 million as at December 31, 2020.

Other noncurrent assets increased by 33.3% from ₱786 million as at December 31, 2019 to ₱1,048 million as at December 31, 2020, primarily as a result of advance payments for the Group's major equipment and construction/improvements.

Current liabilities

The Group's current liabilities decreased by 12.1% from ₱23,846 million as at December 31, 2019 to ₱20,956 million as at December 31, 2020. The decrease was mainly due to repayments of the acceptances and trust receipts payable.

	December 31, 2020		December 31, 2019		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Accounts payable and other current liabilities	10,141	49	9,016	38	1,125	12.5
Acceptances and trust receipts payable	606	3	2,594	11	(1,988)	(76.6)
Current portion of loans payable	9,559	46	11,246	47	(1,687)	(15.0)
Refund liabilities	280	1	259	1	21	8.1
Current portion of lease liabilities	88	0	31	0	57	183.9
Income tax payable	282	1	700	3	(418)	(59.7)
Total	**20,956**	**100**	**23,846**	**100**	**(2,890)**	**(12.1)**

Accounts payable and other current liabilities increased by 12.5% from ₱9,016 million as at December 31, 2019 to ₱10,141 million as at December 31, 2020. This was mainly due to phasing of the Group's trade payables.

Acceptances and trust receipts payable decreased by 76.6% from ₱2,594 million as at December 31, 2019 to ₱606 million as at December 31, 2020, primarily as a result of repayment.

Current portion of loans payable decreased by 15.0% from ₱11,246 million as at December 31, 2019 to ₱9,559 million as at December 31, 2020, primarily as a result of the settlement of loans.

Refund liabilities increased by 8.1% from ₱259 million as at December 31, 2019 to ₱280 million as at December 31, 2020. The change was based on the different year-end estimates as required by PFRS 15.

Current portion of lease liabilities increased by 183.9% from ₱31 million as at December 31, 2019 to ₱88 million as at December 31, 2020, primarily as a result of the amendment of the Group's lease contracts with respect to its Santa Rosa facility.

Income tax payable decreased by 59.7% from ₱700 million as at December 31, 2019 to ₱282 million as at December 31, 2020, mainly due to the Meat Alternative segment's operating losses and tax payment phasing.

Noncurrent liabilities

The Group's noncurrent liabilities decreased by 5.1% from ₱38,886 million as at December 31, 2019 to ₱36,906 million as at December 31, 2020, primarily due to Group's partial payments of its loans partially offset by an increase in lease and pension liabilities. Details discussed below.

	December 31, 2020		December 31, 2019		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Loans payable	19,986	54	22,776	59	(2,790)	(12.2)
Convertible notes	7,027	19	7,258	19	(231)	(3.2)
Deferred tax liabilities - net	4,200	11	3,929	10	271	6.9
Derivative liability	2,514	7	2,714	7	(200)	(7.4)
Lease liabilities	2,675	7	2,013	5	662	32.9
Pension liability	482	1	190	-	292	153.7
Other noncurrent liabilities	22	1	6	-	16	266.7
Total	**36,906**	**100**	**38,886**	**100**	**(1,980)**	**(5.1)**

Loans payable decreased by 12.2% from ₱22,776 million as at December 31, 2019 to ₱19,986 million as at December 31, 2020, primarily as a result of repayment of outstanding loans payable.

Convertible notes decreased by 3.2% from ₱7,258 million as at December 31, 2019 to ₱7,027 million as at December 31, 2020, primarily as a result of foreign exchange revaluation from the closing rate of ₱50.744 in 2019 to ₱48.036 in 2020.

Deferred tax liabilities increased by 6.9% from ₱3,929 million as at December 31, 2019 to ₱4,200 million as at December 31, 2020, primarily as a result of the adjustment in the Meat Alternative segment's forward-looking tax rate which changed from 17% to 19%. The U.K. government did not proceed with its original proposals to reduce the tax rate.

Derivative liability decreased by 7.4% from ₱2,714 million as at December 31, 2019 to ₱2,514 million as at December 31, 2020 due to the reversal of the derivative liability in the Group's GBP/PHP cross currency swap.

Lease liabilities increased by 32.9% from ₱2,013 million as at December 31, 2019 to ₱2,675 million as at December 31, 2020, primarily as a result of the Group's expansion in Malvar, Batangas and the amendment of the Group's existing lease contracts with respect to its Santa Rosa facility.

Pension liability increased by 153.7% from ₱190 million as at December 31, 2019 to ₱482 million as at December 31, 2020 based on the actuarial valuation report as of the reporting dates.

Other noncurrent liabilities increased by 266.7% from ₱6 million as at December 31, 2019 to ₱22 million as at December 31, 2020, primarily as a result of the consolidation of SMFC to the Group. In December 2019, the Company reduced its ownership from 45% to 25%. Subsequently, the Company entered in a share purchase agreement in September 2020 increasing its ownership from 25% to 80% which was completed in January 2021.

Equity

The Group's total equity increased by 14.3% from ₱23,222 million as at December 31, 2019 to ₱26,540 million as at December 31, 2020 due to the increase in retained earnings resulting from higher net income.

Financial condition as at December 31, 2018, compared to as at December 31, 2019

The following is a discussion of the Group's current and noncurrent assets and liabilities as at the year ended December 31, 2018 compared to the year ended December 31, 2019.

Current assets

The Group's current assets decreased by 5.5% from ₱25,758 million as at December 31, 2018 to ₱24,335 million as at December 31, 2019. The decrease was mainly due to the decrease in loans receivable which was offset by an increase in cash and cash equivalents.

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Cash and cash equivalents	10,499	43	6,578	26	3,921	59.6
Trade and other receivables	7,276	30	7,242	28	34	0.5
Inventories	5,859	24	6,152	24	(293)	(4.8)
Current portion of loans receivable	–	–	4,937	19	(4,937)	n/m
Prepayments and other current assets	701	3	849	3	(148)	(17.4)
Total	24,335	100	25,758	100	(1,423)	(5.5)

Cash and cash equivalents increased by 59.6% from ₱6,578 million as at December 31, 2018 to ₱10,499 million as at December 31, 2019, primarily due to higher net cash generated from operating activities which increased by 19.6% from ₱9,975 million in 2018 to ₱11,931 million in 2019. Proceeds from the issuances of convertibles notes were used to pay down long-term debt.

Trade and other receivables slightly increased 0.5% from ₱7,242 million as at December 31, 2018 to ₱7,276 million as at December 31, 2019.

Inventories decreased by 4.8% from ₱6,152 million as at December 31, 2018 to ₱5,859 million as at December 31, 2019, primarily as a result of the decrease in finished goods inventory across segments.

Current portion of loans receivable decreased by 100% from ₱4,937 million as at December 31, 2018 to nil as at December 31, 2019 due to full payment of an MNA related-party loan to MNSPL.

Prepayments and other current assets decreased by 17.4% from ₱849 million as at December 31, 2018 to ₱701 million as at December 31, 2019, primarily as a result of the decrease in the prepayments in the Group's Meat Alternative segment.

Noncurrent assets

The Group's noncurrent assets increased by 4.1% from ₱59,208 million as at December 31, 2018 to ₱61,619 million as at December 31, 2019. The increase was mainly due to the increase in the Group's property, plant and equipment primarily due to the construction of the Group's Porac, Pampanga facility and to increased capacity in the Group's Meat Alternative segment. As a result of the accounting effect of the adoption on PFRS 16, a ₱2,013 million (net of depreciation) right-of-use asset was recorded.

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
		in millions, except percentages				
Intangible assets	34,336	56	34,709	59	(373)	(1.1)
Property, plant and equipment	24,121	39	21,194	36	2,927	13.8
Investments in associates and joint ventures	993	2	1001	2	(8)	(0.8)
Deferred tax assets – net	883	1	755	1	128	17.0
Noncurrent receivables	500	1	500	1	0	n/m
Other noncurrent assets	786	1	1049	2	(263)	(25.1)
Total	**61,619**	**100**	**59,208**	**100**	**2,411**	**4.1**

Intangible assets decreased by 1.1% from ₱34,709 million as at December 31, 2018 to ₱34,336 million as at December 31, 2019, due to amortization and currency translation adjustments.

Property, plant and equipment increased by 13.8% from ₱21,194 million as at December 31, 2018 to ₱24,121 million as at December 31, 2019. This was primarily due to the construction of the Group's Porac, Pampanga facility and to increased production capacity in the Group's Meat Alternative segment. Moreover, the increase was driven by the recognition of ₱2,013 million (net of depreciation) right-of-use assets due to the accounting effects of the adoption of PFRS 16.

Investment in associates and joint ventures slightly decreased by 0.8% from ₱1,001 million as at December 31, 2018 to ₱993 million as at December 31, 2019.

Deferred tax assets, net increased by 17% from ₱755 million as at December 31, 2018 to ₱883 million as at December 31, 2019, primarily as a result of deferred tax assets related to impairment loss.

Noncurrent receivables remained the same from ₱500 million as at December 31, 2018 to ₱500 million as at December 31, 2019.

Other noncurrent assets decreased by 25.1% from ₱1,049 million as at December 31, 2018 to ₱786 million as at December 31, 2019, primarily as a result of the decrease in advances to suppliers and contractors due to completion of payment or delivery for foreign currency related Capital Expenditures.

Current liabilities

The Group's current liabilities decreased by 1.6% from ₱24,245 million as at December 31, 2018 to ₱23,846 million as at December 31, 2019. The decrease was mainly due to lower trade and non-trade payables, partially offset by an increase in income tax payable and acceptances and trust receipts payable.

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
		in millions, except percentages				
Accounts payable and other current liabilities	9,016	38	9,648	40	(632)	(6.6)
Acceptances and trust receipts payable	2,594	11	2,405	10	189	7.9
Current portion of loans payable	11,246	47	11,471	47	(225)	(2.0)
Refund liabilities	259	1	342	1	(83)	(24.3)
Current portion of lease liabilities	31	–	–	-	31	n/m
Income tax payable	700	3	379	2	321	84.7
Total	**23,846**	**100**	**24,245**	**100**	**(399)**	**(1.6)**

Accounts payable and other current liabilities decreased by 6.6% from ₱9,648 million as at December 31, 2018 to ₱9,016 million as at December 31, 2019, primarily as a result of the decrease in nontrade payables and trade payables, which were partially offset by the increase in accrued expenses.

Acceptances and trust receipts payable increased by 7.9% from ₱2,405 million as at December 31, 2018 to ₱2,594 million as at December 31, 2019.

Current portion of loans payable decreased by 2.0% from ₱11,471 million as at December 31, 2018 to ₱11,246 million as at December 31, 2019, primarily as a result of the repayment of loans.

Refund liabilities slightly decreased by 24.3% from ₱342 million as at December 31, 2018 to ₱259 million as at December 31, 2019. The change was based on the different year-end estimates as required by PFRS 15.

Current portion of lease liabilities increased by ₱31 million from nil as at December 31, 2018 to ₱31 million as at December 31, 2019, primarily as a result of the accounting effect of the adoption of PFRS 16.

Income tax payable increased by 84.7% from ₱379 million as at December 31, 2018 to ₱700 million as at December 31, 2019 partly due to higher tax income and income tax payment phasing.

Noncurrent liabilities

The Group's noncurrent liabilities increased by 3.7% from ₱37,491 million as at December 31, 2018 to ₱38,886 million as at December 31, 2019, reflecting the Group's significant payment of its loans. The decrease in loans payable by ₱9,757 million offset increases from (1) the issuance of convertible notes (2) derivative liability and (3) accounting effects of the adoption of PFRS 16 resulting in recognition of lease liabilities of ₱2,013 million.

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Loans payable	22,776	59	32,533	87	(9,757)	(30.0)
Convertible notes	7,258	19	–	–	7,258	n/m
Deferred tax liabilities – net	3,929	10	4,005	10	(76)	(1.9)
Derivative liability	2,714	7	718	2	1,996	278.0
Lease liabilities	2,013	5	–	–	2,013	n/m
Pension liability	190	–	235	1	(45)	(19.1)
Other noncurrent liabilities	6	–	–	–	6	n/m
Total	**38,886**	**100**	**37,491**	**100**	**1,395**	**3.7**

Loans payable and other curent liabilities decreased by 30.0% from ₱32,533 million as at December 31, 2018 to ₱22,776 million as at December 31, 2019, primarily as a result of the repayment of outstanding loan from the proceeds of the convertible notes.

Convertible notes increased by ₱7,258 million from nil as at December 31, 2018 to ₱7,258 million as at December 31, 2019, as a result of the issuance of convertible notes to Arran Investment Pte. Ltd. on February 5, 2019.

Deferred tax liabilities, net decreased by 1.9% from ₱4,005 million as at December 31, 2018 to ₱3,929 million as at December 31, 2019.

Derivative liability increased by 278% from ₱718 million as at December 31, 2018 to ₱2,714 million as at December 31, 2019, primarily due to the mark-to-market valuation of the derivative liability related to the convertible notes and GBP/PhP cross currency swap.

Lease liabilities increased by ₱2,013 million from nil as at December 31, 2018 to ₱2,013 million as at December 31, 2019 due the adoption of PFRS 16.

Pension liability decreased by 19.1% from ₱235 million as at December 31, 2018 to ₱190 million as at December 31, 2019 based on the actuarial valuation report as of the reporting dates.

Other noncurrent liabilities increased by ₱6 million from nil as at December 31, 2018 to ₱6 million as at December 31, 2019.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal sources of liquidity are cash flows from its operations, borrowings, and IPO proceeds. For the year ended December 31, 2021, and December 2019 the Group's cash flows from operations have been sufficient to provide cash for its operation, capital expenditures, and dividends requirements. The Group's borrowings in the year ended December 31, 2020, have been primarily used to refinance the Group's existing indebtedness. For the twelve months ended December 31, 2021, the Group's cash flows from operations were sufficient to provide for its operations, partial settlement of outstanding loans payable, and dividend payments. The IPO proceeds financed the Company's capital expenditures requirements, the redemption of Arran's convertible notes, and the settlement of Parent's outstanding loans payable as part of the change in use of IPO proceeds approved by the Board last August 2021, see Note 17 of Audited Consolidated FS.

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 for the foreseeable future. The Group also maintains long- and short-term credit facilities with various financial institutions, which can support any temporary liquidity requirements. Part of the operating cash flow will also be used to fund capital expenditures (CapEx). Any excess CapEx beyond the operating cash flow will be funded by the IPO proceeds or bank borrowings.

Cash Flows

The following discussion of the Group's cash flows for the year ended December 31, 2021, December 31, 2020, and December 31, 2019 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.

	2021	2020	2019
		in millions	
Net cash flows provided by operating activities	13,474	11,397	11,931
Net cash flows used in investing activities	(7,471)	(4,493)	1,178
Net cash flows from (used in) financing activities	686	(10,241)	(9,187)
Net increase in cash and cash equivalents	6,689	(3,337)	3,922
Effect of foreign exchange rate changes on cash and cash equivalents	75	(69)	-
Cash and cash equivalents at beginning of year	7,093	10,499	6,578
Cash and cash equivalents as at December 31,	**13,857**	**7,093**	**10,500**

Net cash flow provided by operating activities

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.

The net cash flows provided by operating activities were ₱11,397 million for the year ended December 31, 2020. The Group's income before income tax for this period was ₱11,725 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱14,912 million. The Group generated cash from interest received amounting to ₱97 million and paid income taxes of ₱3,612 million.

Net cash flows provided by operating activities were ₱11,931 million for the year ended December 31, 2019. The Group's income before income tax for this period was ₱9,124 million. Cash generated from operations (after adjusting for, among other things, depreciation and amortization, and working capital changes) was ₱13,948 million. The Group generated cash from interest received of ₱303 million and paid income taxes of ₱2,320 million.

Net cash flows used in investing activities

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%.

The Group's net cash flows used in investing activities were ₱4,493 million for year ended December 31, 2020. The cash outflow primarily for the Group's payments for CapEx of ₱3,753 million.

The Group's net cash inflows from investing activities were ₱1,178 million for the year ended December 31, 2019. The main cash inflow from the Group's investing activities was the proceeds from loans receivable of ₱4,937 million, which was offset by cash outflows primarily from payments by the Group for Capital Expenditure of ₱3,660 million and investment in associates and joint ventures of ₱372 million.

Net cash flows used in financing activities

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.

The net cash flows used in financing activities were ₱10,241 million for the year ended December 31, 2020. This amount consisted primarily of the payment of loans of ₱4,336 million, cash dividends of ₱3,509 million and interest expense of ₱1,477 million, and the payment of lease liability of ₱846 million.

Net cash flows used for financing activities were ₱9,187 million for the year ended December 31, 2019. Proceeds from availment of loans of ₱14,454 million and convertible notes of ₱9,123 million were used to finance the Group's loan payments of ₱23,803 million. Moreover, key cash outflows were payment for interest expense of ₱2,361 million, the payment of debt issue costs of ₱467 million, and the payment of principal position of lease liability of ₱240 million. Cash dividends amounting to ₱5,878 million were paid during the period.

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

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

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

	December 31, 2021	December 31, 2020	December 31, 2019
Current ratio	1.37	0.98	1.02
Acid test ratio	0.90	0.65	0.75
Solvency ratio	0.18	0.17	0.13

Debt-to-equity ratio	0.46	2.29	2.89
Asset-to-equity ratio	1.46	3.34	3.96

	For the 12 months ended December 31,		
	2021	2020	2019
Net Sales Growth	2.0%	3.8%	3.3%
Gross Margin	36.9%	39.0%	38.6%
Core Net Income After Tax margin (at ownership)	11.8%	12.7%	11.9%
Core EBITDA Margin	19.2%	22.9%	21.7%
Core Return on equity	17.5%	36.9%	35.7%
Core Return on assets	8.9%	10.2%	13.9%
Interest rate coverage ratio	4.0	7.4	4.6

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

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

Note:
* (average) means the average of the amounts from the beginning and end of the same period.

OTHER FINANCIAL DATA

I. 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 Dec 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
Loss on Convertible Note Redemption	1,579	–	1,579
Derivative Loss	2,258	–	2,258
Foreign Exchange Loss (Gain) – Net	(412)	1	(410)
Non-recurring (IPO & COVID-19-related included in SG&A)	869	–	869
Impairment	(61)	284	223
Depreciation and Amortization Expense	1,829	642	2,471
EBITDA	**11,829**	**1,471**	**13,300**

	For the twelve months ended December 31, 2020 (Audited)		
	APAC BFB	Meat Alternative	Total
	(in ₱ millions)		
Income before Income Tax	11,137	588	11,725
Interest Expense	1,517	269	1,786
Interest Income	(257)	(6)	(263)
EBIT	12,397	851	13,248
Derivative Gain	(99)	–	(99)
Foreign Exchange Gain – Net	(901)	(13)	(914)
Depreciation and Amortization Expense	1,642	661	2,303
Impairment	230	784	1,014
EBITDA	**13,269**	**2,283**	**15,552**

	For the twelve months ended December 31, 2019 (Audited)		
	APAC BFB	Meat Alternative	Total
	(in ₱ millions) (audited)		
Income before Income Tax	7,913	1,211	9,124
Interest Expense	2,245	193	2,438
Interest Income	(298)	(6)	(304)
EBIT	9,860	1,398	11,258
Derivative (Gain) /Loss	178	—	178
Impairment Loss	679	112	791
Foreign Exchange Gain – Net	(136)	48	(88)
(Gain)/Loss on Sale of Shares	(14)	—	(14)
Depreciation and Amortization Expense	1,585	468	2,053
EBITDA	**12,152**	**2,026**	**14,178**

FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at December 31, 2021 and December 31, 2020.

	2021 In ₱, in thousands					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Liabilities						
Accounts payable and other current liabilities*	3,096,780	6,942,309	64,012	–	–	10,103,101
Loans payable	–	31	7,064,161	–	–	7,064,192
Acceptance and trust receipts payable	–	–	3,714,690	–	–	3,714,690
Lease liabilities	–	65,324	240,554	1,011,071	7,155,601	8,472,550
	3,096,780	7,007,664	11,083,417	1,011,071	7,155,601	29,354,533

	2020 In ₱, in thousands					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Liabilities						
Accounts payable and other current liabilities*	4,694,075	4,986,731	59,042	–	–	9,739,848
Loans payable	–	518,168	9,839,682	21,227,318	–	31,585,168
Acceptance and trust receipts payable	–	–	605,902	–	–	605,902
Convertible note	–	–	603,370	7,818,485	–	8,421,855
Lease liabilities	–	35,731	151,811	1,124,135	7,598,833	8,910,510
	4,694,075	5,540,630	11,259,807	30,169,938	7,598,833	59,263,283

* Includes principal amount and interest expense.

Capital Expenditures

The Group's Capital Expenditures 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 CapEx for the twelve months ended December 31, 2021, December 31, 2020, and December 31, 2019 of the Group:

	Twelve-Months ended December 31,		
	2021	**2020**	**2019**
		(in ₱ millions)	
APAC BFB	3,399	1,969	2,138
Meat Alternative	1,817	1,784	1,522
Total	**5,216**	**3,753**	**3,660**

In 2019, the Group completed the construction of a new facility in Porac, Pampanga at ₱1,021 million. The construction started in 2017.

In 2020, the Group started the construction of a new facility in Malvar, Batangas costing ₱815 million as at December 31, 2020. Moreover, the Group completed the construction of a new production line in M.Y San Calamba at ₱705 million. The construction started in 2019.

In 2021, 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 machineries to improve operational machineries and new Noodles production line.

The Group's major Capital Expenditure in its Meat Alternative segment was mainly to increase production capacity primarily by investing in the fermenting and forming process in its Belasis facility from 2019 to 2020, as well as upgrade of its IT system.

In 2021, the Group's major CapEx in its Meat Alternative segment was mainly due to continued investment in capacity and capability, in particular in its Belasis Plant.

In 2022, the Company has budgeted but not yet disbursed capital expenditures as follows:

- Improving production capacity and capability for its Meat Alternative business for growth.
- Improving production and capacity and capability for its bread business.
- Improvement and maintenance capex to improve efficiency/cost savings programs on various plants across the Philippines.
- Maintenance capital for its office facility.

No assurance can be given that the Company'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.

Off-Balance Sheet Arrangements

As at December 31, 2021, the Group did not have any material off-balance sheet arrangements or obligations (including contingent obligations), and other relationships of the Group will 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.

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 into derivative transactions to manage foreign currency risks, including currency swaps and currency options. For more information regarding the Group's foreign currency rate risk exposure and related derivative instruments, see Note 26 to the Audited Consolidated Financial Statements.

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 longer tenor contracts for commodities such as flour and palm oil. In the past, the Group utilized derivative instruments to mitigate the price movement of certain commodities.

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. For more information regarding the Group's interest rate risk exposure, see Note 26 to the Audited Consolidated Financial Statements

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. For more information regarding the Group's liquidity risk exposure, see Note 26 to Audited Consolidated Financial Statements.

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. For more information regarding the Group's credit risk exposure, see Note 26 to the Audited Consolidated Financial Statements.

Contingencies

As at December 31, 2021, 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.

Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,423.5 million, ₱1,624.8 million, and ₱1,333.3 million as at 2021, 2020 and 2019, respectively (see Note 27).

OTHER MATTERS

- 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.

- As at December 31, 2021, loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassed to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective and covers the December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to ₱5,346.0 million (£78.0 million).

- There were no known trends, demand, commitments, events, or uncertainties that will have a material impact on the Group's liquidity.

- There were no 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 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,	
	2021	2020	2021	2020
1GBP	67.7991	63.6620	68.5347	64.6228
1USD	49.2815	49.6241	50.2980	48.0360

B. Management's Discussion and Analysis of Financial Condition and Results of Operations as of March 31, 2022

Group Overview

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

The APAC BFB Business comprises three product groups: (i) instant noodles; (ii) biscuits; and (iii) other products (such as beverages, baked goods, and culinary aids). According to Nielsen, a global marketing research company, for the three months ended March 31, 2022, the Group's APAC BFB Business ranked first based on retail sales value in the Philippines in the instant noodles and biscuits, as well as in the oyster sauce and yogurt drinks, sub-categories of the Others product group. Flagship brands contributing to the APAC BFB Business' market-leading position include: *Lucky Me!* for instant noodles; *SkyFlakes*, *Fita, Nissin*, and *M.Y. San Grahams* for biscuits; *Mama Sita's* for culinary aids; and *Dutch Mill* for yogurt drinks.

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

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

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

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

Demand and Pricing

The Group's results of operations are affected by consumers' demand for its products, and pricing, in turn, affects 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. Biscuits, beverages, and packaged cakes are less of a priority during a period of high inflation and restricted mobility. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. 2021 saw flat to declining demand for biscuits and beverages as these products are purchased for lunch boxes, between meals, and on-the-go consumption.

Restricted mobility affected some occasions for use of biscuits, beverages, and packaged cakes during the COVID-19 pandemic.

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. With the inflation continuing to breach the BSP target in Quarter 1 2022, such effects may be more prone to drive consumer behavior if the high inflation scenario persists.

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 the perceived product values.

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, regulatory actions and actions of competitors, any of which may affect consumers' perception of and willingness to purchase the Group's products, which may significantly impact its results of operations.

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. For example, to cater to a preference for a healthier product, the Group adopted high-speed airflow technology, infused its instant noodles with vegetable oil, and reduced palm oil in one of its *Lucky Me!* products. The Group believes that Quorn mycoprotein meat alternative products are well-placed to serve this segment for customers who demand food products that are more environment-friendly and offer health benefits. To take advantage of the "premiumization" trend of consumers, particularly from the growing rising middle class seeking higher quality and higher value products, the Group expanded its mass premium segment (the segment between premium and mainstream price points) by launching instant noodles with Asian flavors and instant pasta under the *Lucky Me!* brand and introducing *Monde Specials* as its mass premium packaged baked goods line offering high-quality baked products such as sponge cake, among other initiatives.

Effectiveness of Sales and Marketing Activities

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

Advertising affects consumer awareness of the Group's products and brands, which, in turn, affects purchase decisions and, consequently, sales volumes. The Group believes that product differentiation and brand loyalty are achieved through its marketing and image-building efforts, and consumer brand preferences are the cumulative result of exposure to the brands over an extended period of time. However, the effects of these sales and marketing activities may be delayed, resulting in a 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, palm oil, flour, sugar, and coconut oil. The Group sources a majority of raw materials and all of its packaging materials from third parties in the Philippines and internationally.

Raw materials are subject to significant price volatility caused by a number of 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 a number of 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 things, 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 loss of market share. Conversely, favorable movements of raw materials costs and other items might improve the Group's margins and results of operations. The Group has been able to mitigate price fluctuations in raw materials to some extent through a combination of (i) operational synergy, (ii) the use of long-term contracts with suppliers to lock in pricing, (iii) diversification of sources of supply, and (iv) the Government price control of sugar, its second most consumed raw material.

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. Operational synergy is also achieved in the supply of seasoning for instant noodles production, and the Group set up 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 in order to maintain or grow sales volumes and to protect the Group's market share. As a result, any material increase in the market price of raw materials could adversely affect the Group's operating margins, which may affect its financial position and operating performance.

Product Mix

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

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 noodles product group 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 noodles product group, these players compete on pricing, taste, and innovation. The Meat Alternative Business competes with a broad category of market participants such as multi-national corporates, venture capital-backed newer entrants, and private labels, and the product group also competes with traditional meat brands. Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors, and other factors, could have a material impact on the Group's financials and results of operations.

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

The majority of the Group's assets and revenues from its APAC BFB Business are located 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. Although the Philippine economy has experienced stable growth in recent years prior to the COVID-19 outbreak, the Philippine economy has in the past experienced periods of slow or negative growth, high inflation, interest rates, fuel prices, power rates, 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. The COVID-19 pandemic, which led to nationwide and global restrictions and lockdown, has caused global and local economic recessions, and the Philippines economy has been hard hit as a result. We expect the effects of the COVID-19 pandemic will extend well into 2022, and recovery remains challenging. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will materially influence the group in areas such as commodity costs, supply constraints and shipping. As consumers grapple with uncertainty, their buying behavior and preferences become more erratic. Please see further discussion under "Geopolitical Situation in Ukraine and Russia", outlining our management response to address challenges arising from geopolitical situation in Ukraine and Russia.

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, with 2022 being particularly impacted by the national elections. 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 such as restricted mobility, the Group offers products that are considered as staple items or components to staple items which are less sensitive to income changes and adverse economic, social and political conditions. These include instant noodles, bread, and culinary aids.

The Group also conducts its APAC BFB Business in Thailand, including its export operations. As such, economic, social, and political conditions in Thailand may also affect the Group's business, financial condition, results of operations, and prospects. In addition, the COVID-19 pandemic presented certain challenges in relation to the Group's interactions with its export distributors and assessment of the quality of in-market execution. As a main factor the global situation in the shipping industry with significant price increases, availability of ships and containers, and resulting delays may influence growth and profitability of the export business.

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 U.K. Therefore, economic, social, and political conditions in the United Kingdom may also affect the Group's business and financial condition results of operations and prospects. The UK continues to be affected by the ongoing Covid pandemic and extended recovery period, as well as the lingering effects of the exit from the EU. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and may persist well into 2022. The UK presently posts material inflation numbers which reached levels not experienced in more than 25 years. This strong inflation footprint may impact the consumer buying behavior, and the company's input costs.

Seasonality

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

Innovation

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

COVID-19 Pandemic

During the COVID-19 pandemic, the Group prioritizes the safety of its employees and provides various support to ensure the well-being of its workforce. For example, the Group, in coordination with the local government, has implemented free vaccination programs, installed sanitization equipment such as alcohol gel dispensers throughout its facilities, handed out masks, allowed employees to take special leaves, and provided isolation facilities for suspected cases. The Group encourages employees to care for their health and implemented the "Commit to COVID-19 free" program, which provides incentives to employees who do not contract COVID-19 throughout the relevant period.

In the quarter ending March 31st, we experienced a gradual reduction in lockdowns, and a return of pre-pandemic consumer behavior due to increased mobility. APAC BFB saw increased offtake in modern trade as shoppers return to supermarkets, while the Meat Alternative segment saw strong increases in food service as out of home consumption rebounded.

The group is continuously monitoring the situation as infection case resurgences may impact the ongoing economic recovery, and operations. The group has supply exposure to regions with continued lockdowns during Q1 2022 and may experience disruptions due to delayed shipments of raw or packaging materials.

Geopolitical Situation in Russia and Ukraine

In February of 2022, an armed conflict between Russia and Ukraine commenced. Due to this action, numerous sanctions were implemented against Russia. Both countries account for large parts of global agricultural supply, specifically, wheat, corn, and sunflower seeds and oil. Furthermore, the two countries are key producers of other commodities such as oil and gas, related petrochemical products, and fertilizer, among others.

The armed conflict has put the 2022 growing season in Ukraine at risk, and the export infrastructure inland and in the Black Sea inaccessible, severely damaged, or destroyed. Possible effects may continue during the 2022-2023 growing season. Such effects may be further amplified if weather conditions in other crop-growing regions of the world do not produce the necessary compensating output, impacting the already low stock-to-use ratios of most agricultural commodities globally.

The Group is impacted by the accompanying world market price movements. Thus, the sanctions imposed on Russia may likely cause shortage in certain commodities, thereby resulting in increased prices for the said commodities. Furthermore, shortage of supply in certain inputs arising from the conflict could impact the revenue and profitability of the Group.

In light of the foregoing, the Group is implementing measures to mitigate the identified risks above. Such measures include, entering into supply contracts with longer terms, increasing inventory holding of key materials, and exploring diversification of sourcing regions for supply assurance. In parallel, some pricing considerations coupled with accelerated cost savings initiatives are underway to mitigate cost headwinds.

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, including in rapidly changing technologies and innovations. An investment in new technology or an enhancement of existing technology, in each case to increase capacity and utilization, may result in similar or other operational challenges. Furthermore, the effects of these investments may be delayed, resulting in a delayed revenue growth which may not be fully reflected during the period in which the investments were made.

Financial Highlights and Key Indicator

The summary financial information presented as at December 31, 2021, and for the three months ended March 31, 2022, and March 31, 2021, was derived from the Group's unaudited interim consolidated financial statements, prepared in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*. The information below is not necessarily indicative of the results of future operations.

In this report and as defined below, Core 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 Company's operating performance or to cash flow from operating, investing, and financing activities.

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment and intangible assets, asset impairment on noncurrent assets, financing costs, interest income, share in net earnings (losses) of associates and joint ventures, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, loss on redemption of Arran's convertible note, and provision for (benefit from) income tax. 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 on noncurrent assets, non-recurring financing costs, 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, loss on redemption of Arran's convertible note, NRI/(E). Core Income Before Tax Margin pertains to Core Income Before Tax divided by segment net sales.

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

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

The following discussion should be read in conjunction with the attached Unaudited Consolidated Financial Statements and related notes of Monde Nissin Corporation ("MNC" or "the Parent Company" and its subsidiaries (collectively, referred to as the "Group") as at and for the three months ended March 31, 2022.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

I.A CORE INCOME AFTER TAX RECONCILIATION

	in PhP millions, except percentages					
	YTD 2022 (Unaudited)	% to Net Sales (in %)	YTD 2021 (Unaudited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Net Sales	18,298	100.0	17,076	100.0	1,222	7.2
Less: **Cost of Goods Sold**	11,876	64.9	10,364	60.7	1,512	14.6
Gross Profit	6,422	35.1	6,712	39.3	(290)	(4.3)
Less: Sales, General & Administrative (SGA)	3,517	19.2	3,341	19.6	176	5.3
Other Income (Expense)						
Less: Interest expense (1)	(74)	(0.4)	(29)	(0.1)	(45)	155.2
Foreign exchange loss (gain) - net (2)	(35)	(0.2)	–	–	(35)	*n/m*
	(109)	(0.6)	(29)	(0.1)	(80)	275.9
Core Income Before Tax	2,796	15.3	3,342	19.6	(546)	(16.3)
Less: Provision for income tax(3)	672	3.7	767	4.5	(95)	(12.4)
Core Income (After Tax)	2,124	11.6	2,575	15.1	(451)	(17.5)
Less: Non-Controlling Interest	3	–	124	0.7	(121)	(97.6)
Core Income (After Tax) at Ownership	2,121	11.6	2,451	14.4	(330)	(13.5)

n/m = not meaningful %
(1) *Recurring interest expense on Loans and Trust Receipts Payable*
(2) *Foreign exchange gain on U.S dollars balances for the Group's natural hedge*
(3) *Based on recurring income tax rate per entity*

I.B REPORTED INCOME AFTER TAX RECONCILIATION

	in PhP millions, except percentages					
	YTD 2022 (Unaudited)	% to Net Sales (in %)	YTD 2021 (Unaudited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Core Income (After Tax)	2,124	11.6	2,575	15.1	(451)	(17.5)
Other income (expenses)						
Foreign exchange gain (loss) – net (1)	68	0.4	8	–	60	750.0
Share in net earnings (losses) from associates and Joint ventures	9	–	10	0.1	(1)	(10.0)
Gain on sale of property, plant and equipment	1	–	1	–	–	-
Miscellaneous income(2)	29	0.2	28	0.2	1	3.6
Impairment (loss)/reversal	(1)	–	–	–	(1)	*n/m*
	106	0.6	47	0.3	59	*125.5*
Finance income (expense)						
Interest expense (3)	(52)	(0.3)	(888)	(5.2)	836	(94.1)
Interest income	9	–	17	0.1	(8)	(47.1)

	in PhP millions, except percentages					
	YTD 2022 (Unaudited)	% to Net Sales (in %)	YTD 2021 (Unaudited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)
Derivative gain (loss) - net	75	0.4	382	2.2	(307)	(80.4)
	32	0.2	(489)	(2.9)	521	*n/m*
Add: Provision for income tax [(4)]	73	0.4	224	1.3	(151)	(67.4)
Reported net income (after tax)	2,335	12.8	2,357	13.8	(22)	(0.9)

n/m = not meaningful %

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

(2) *Miscellaneous income includes the reversal of provision for expected credit losses, market valuation gain on financial instruments on FVTL, and other income.*

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

(4) *Income tax effect of Other Income(expenses). To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income.*

II – OPERATING SEGMENTS OF THE GROUP

As mentioned in the business overview section, the Group's two core businesses are the Asia-Pacific Branded Food and Beverage Business (**APAC BFB Business**) and the Meat Alternative Business (**Meat Alternative Business**).

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

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

	in PhP millions, except percentages					
	YTD 2022 (Unaudited)	% to Total (in %)	YTD 2021 (Unaudited)	% to Total (in %)	Inc/(Dec)	Inc/(Dec) (in %)
Net Sales						
APAC BFB	14,539	79.5	13,394	78.4	1,145	8.6
Meat Alternative	3,759	20.5	3,682	21.6	77	2.1
Total	**18,298**	**100.0**	**17,076**	**100.0**	**1,222**	**7.2**
Gross Profit						
APAC BFB	4,995	34.4	5,204	38.9	(209)	(4.0)
Meat Alternative	1,427	38.0	1,508	41.0	(81)	(5.4)
Total	**6,422**	**35.1**	**6,712**	**39.3**	**(290)**	**(4.3)**
Core Income before Tax						
APAC BFB	2,808	19.3	3,144	23.5	(336)	(10.7)
Meat Alternative	(12)	(0.3)	198	5.4	(210)	(106.1)
Total	**2,796**	**15.3**	**3,342**	**19.6**	**(546)**	**(16.3)**
Core Income (after tax)						
APAC BFB	2,137	14.7	2,407	18.0	(270)	(11.2)
Meat Alternative	(13)	(0.3)	168	4.6	(181)	(107.7)
Total	**2,124**	**11.6**	**2,575**	**15.1**	**(451)**	**(17.5)**
Core Income (after tax) at Ownership						
APAC BFB	2,134	14.7	2,283	17.0	(149)	(6.5)

	in PhP millions, except percentages					
	YTD 2022 (Unaudited)	% to Total (in %)	YTD 2021 (Unaudited)	% to Total (in %)	Inc/(Dec)	Inc/(Dec) (in %)
Meat Alternative	(13)	(0.3)	168	4.6	(181)	(107.7)
Total	**2,121**	**11.6**	**2,451**	**14.4**	**(330)**	**(13.5)**
Core EBITDA [1]						
APAC BFB	3,382	23.3	3,613	27.0	(231.0)	(6.4)
Meat Alternative	218	5.8	382	10.4	(164.0)	(42.9)
Total	**3,600**	**19.7**	**3,995**	**23.4**	**(395.0)**	**(9.9)**

Note: (1) See "Other *Financial Data - Core EBITDA Reconciliation*"

RESULTS OF OPERATIONS

For the three months ended March 31, 2022, compared to three months ended March 31, 2021

Net Sales

Net sales continued to grow, up by 7.2%, from ₱17,076 million in YTD 2021 to ₱18,298 million in YTD 2022, driven by 10.5% growth in domestic business.

APAC BFB

Net sales in the APAC BFB segment increased by 8.6%, from ₱13,394 million in YTD 2021 to ₱14,539 million in YTD 2022. The increase was driven by improving performance of the domestic business, which grew 10.5% on price increases and continued volume growth for the noodles, culinary and package cakes. Biscuits continued to stabilize, volume grew high single-digit compared with YTD 2021 and at par with Q1 2019 level. Biscuits growth was driven by successful campaigns and improvement in mobility. Beverage also saw recovery; overall volume grew double-digit, driven by accelerated growth of *Dutch Mill Yoghurt* and partial supply recovery of *Dutch Mill Delight.* Meanwhile, international business declined by 15.4%, mainly due to shipping constraints during the quarter. This was tapered by continued growth of biscuits in Thailand market, driven by successful campaigns and new products launch.

Meat Alternative

Net sales in the Meat Alternative segment increased by 2.1% from ₱3,682 million in YTD 2021 to ₱3,759 million in YTD 2022, driven by the positive effect of forex and price increase in UK. Excluding the effect of forex, Meat Alternative's overall net sales growth was slightly down by 1.3% as the UK grocery market remains in decline and as the country continues to experience challenging macroeconomic conditions. Retail sales posted a decline as the market rebalances to out of home consumption. Meanwhile, foodservice delivered a record quarter growth of 124%

Cost of Goods Sold

Cost of goods sold increased by 14.6%, from ₱10,364 million in YTD 2021 to ₱11,876 million in YTD 2022, primarily due to increase in volume in APAC BFB and effect of continuing commodity and energy price increases across business segment. Cost of goods sold as a percentage of net sales increased by 4.2%, from 60.7% in YTD 2021 to 64.9% in YTD 2022.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 16.5%, from ₱8,190 million in YTD 2021 to ₱9,544 million in YTD 2022, primarily due to higher volume and continuing commodity and energy price increases. Prices of key raw materials and ingredients such wheat/flour, palm oil, coconut oil, and shortening liquid have increased significantly in YTD 2022 as compared last year. The effect of rising commodity and energy prices was contained mainly through hedging of wheat and palm oil, maximizing internal flour supply, inventory management and on-going productivity initiatives.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 7.3%, from ₱2,174 million in YTD 2021 to ₱2,332 million in YTD 2022, primarily due higher commodity and energy prices heightened by recent geopolitical situation in Ukraine and Russia.

Gross Profit

Gross profit decreased by 4.3%, from ₱6,712 million in YTD 2021 to ₱6,422 million in YTD 2022, due to on-going margin recovery from rising commodity and energy prices. The gross margin decreased by 4.2%, from 39.3% in YTD 2021 to 35.1% in YTD 2022.

APAC BFB

Gross profit for the APAC BFB segment decreased by 4.0%, from ₱5,204 million in YTD 2021 to ₱4,995 million in YTD 2022, for the reasons discussed above. Gross margin decreased by 4.5%, from 38.9% in YTD 2021 to 34.4% in YTD 2022.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 5.4%, from ₱1,508 million in YTD 2021 to ₱1,427 million in YTD 2022, for the reasons discussed above. The gross margin decreased by 3.0%, from 41.0% in YTD 2021 to 38.0% in YTD 2022.

Sales, General and Administrative Expenses

Sales, general and administrative expenses increased by 5.3%, from ₱3,341 million in YTD 2021 to ₱3,517 million in YTD 2022, primarily due to higher volume, forex, salary inflation, and carry-over effect of the investment decisions, particularly to improve research and development and administrative capabilities in Meat Alternative business. Advertising and promo were contained, slightly lower than last year and significantly lower than Q4 2021 level.

APAC BFB

Sales, general and administrative (SG&A) expenses in the APAC BFB segment increased by 3.8%, from ₱2,057 million in YTD 2021 to ₱2,136 million in YTD 2022. The increase was mainly due to higher sales volume, and salary inflation. Overall, the SG&A was contained, SG&A as % of sales was lower by 0.7%, from 15.4% in YTD 2021 to 14.7% in YTD 2022.

Meat Alternative

Sales, general, and administrative expenses for the Meat Alternative segment increased by 7.6%, from ₱1,284 million in YTD 2021 to ₱1,381 million in YTD 2022. The increase was due to effect of forex and the carry-over effect of the investment decision made in 2021 primarily in improving research development and administrative capabilities. In British pound terms, SG&A increased by 3.5% from £19,289 million in YTD 2021 to £19,963 million in YTD 2022.

Core Income (After Tax)

Core Income (after tax) decreased by 17.5%, from ₱2,575 million in YTD 2021 to ₱2,124 million in YTD 2022, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership declined by 13.5%, from ₱2,451 million in YTD 2021 to ₱2,121 million in YTD 2022. Core Income attributable to non-controlling interest was significantly down by 97.6%, from ₱124 million to ₱ 3 million, due to acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MY Cracker Inc. (MCI).

Share in Net Gains of Associates and Joint Ventures

Share in net gains of associates and joint ventures decreased by 10%, from ₱10 million in YTD 2021 to ₱9 million in YTD 2022 due to lower income from KBT International Holdings, Inc.

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

Net foreign exchange (forex) gain increased by 750.0%, from ₱8 million in YTD 2021 to ₱68 million in YTD 2022, primarily due to realized gains from market placement of the outstanding balance of IPO proceeds.

Interest Expense (excluding recurring interest on Loans Payable and Trust Receipts Payable)

Interest expense significantly decreased by 94.1%, from ₱888 million in YTD 2021 to ₱52 million in YTD 2022 mainly due to redemption of Arran's convertible notes and bank loans. YTD 2021 includes ₱658 million related to accretion of interest on Arran's convertible notes.

Interest Income

Interest income from cash and cash equivalents decreased by 47.1%, from ₱17 million in YTD 2021 to ₱9 million in YTD 2022 due to lower interest.

Derivative Gain (Loss)

Derivative gains decreased by 80.4% from ₱382 million in YTD 2021 to ₱75 million in YTD 2022 mainly due to redemption of Arran's convertible. Derivative gain for YTD 2021 came from fair market valuation of convertible note. In YTD 2022, the derivative gains from Marlow Foods changed in fair value of the interest rate swap to eliminate the cash flow risk around the interest on loans payable.

Income Before Income Tax

Income before income tax increased by 1.2%, from ₱2,900 million in YTD 2021 to ₱2,934 million in YTD 2022 mainly due to lower interest expense, as discussed above.

Total Income Tax Expense

Income tax expense increased by 10.3%, from ₱543 million in YTD 2021 to ₱599 million in YTD 2022 due to overpayment of tax in 2020 due to Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act from 30% to 25%. The benefit from overpayment was recognized in Q1 2021 resulting to lower income tax expense.

Reported Net Income (after tax)

As a result of the foregoing, net income slightly declined by 0.9%, from ₱2,357 million in YTD 2021 to ₱2,335 million in YTD 2022. Net income as a percentage of net sales decreased by 1.0%, from 13.8% in YTD 2021 to 12.8% in YTD 2022.

STATEMENT OF FINANCIAL POSITION

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

Current Assets

The Group's current assets slightly increased by 1.0%, from ₱30,613 million as at December 31, 2021, to ₱30,934 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	In PhP millions, except percentages					
Cash and cash equivalents	13,481	44	13,857	45	(376)	(2.7)
Trade and other receivables	6,916	22	6,249	20	667	10.7
Inventories	8,885	29	8,572	28	313	3.7
FVTPL	2	–	–	–	2	*n/m*
Loans Receivable – Current	164	–	165	1	(1)	(0.6)
Prepayments and other current assets	1,486	5	1,770	6	(284)	(16.0)
Total	**30,934**	**100**	**30,613**	**100**	**321**	**1.0**

[1] *Financial assets at fair value through profit or loss (FVTPL)*

Trade and other receivables increased by 10.7%, from ₱6,249 million as at December 31, 2021, to ₱6,916 million as at March 31, 2022 due to higher sales. Days sales outstanding improved by 2 days from 34 days as at December 31, 2021 to 32 days as at March 31, 2022.

Prepayments and other current assets decreased by 16.0%, from ₱1,770 million as at December 31, 2021, to ₱1,486 million as at March 31, 2022, due to usage of prepaid income tax due to higher taxable income in Q1 2022 resulting to payable position.

Noncurrent Assets

The Group's noncurrent assets slightly increased by 0.6%, from ₱69,245 million as at December 31, 2021, to ₱69,683 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in PhP millions, except percentages					
Intangible assets	35,522	51	35,647	51	(125)	(0.4)
Property, plant and equipment	30,370	44	29,952	43	418	1.4
Investments in associates and joint ventures	1,103	2	1,094	2	9	0.8
Deferred tax assets – net	999	1	886	1	113	12.8
Derivative asset	45	–	–	–	45	*n/m*
Noncurrent receivables	500	1	500	1	–	–
Other noncurrent assets	1,144	1	1,166	2	(22)	(1.9)
Total	**69,683**	**100**	**69,245**	**100**	**438**	**0.6**

Deferred tax asset increased by 12.8%, from ₱886 million as at December 31, 2021, to ₱999 million as at March 31, 2022, due to mark to market adjustment for British pounds hedge amounting ₱479 million.

Current Liabilities

The Group's current liabilities decreased by 7.1%, from ₱22,409 million as at December 31, 2021, to ₱20,815 million as at March 31, 2022. The decrease was mainly due lower acceptances and trust receipts payable.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
		% to Total		% to Total		
	Unaudited	(In %)	Audited	(In %)	Amount	In %
	In PhP millions, except percentages					
Accounts payable and other current liabilities	10,941	53	11,156	50	(215)	(1.9)
Acceptances and trust receipts payable	2,248	11	3,715	17	(1,467)	(39.5)
Current portion of loans payable	6,980	34	6,999	31	(19)	(0.3)
Refund liabilities	305	1	304	1	1	0.3
Current portion of lease liabilities	90	–	97	–	(7)	(7.2)
Income tax payable	251	1	138	1	113	81.9
Total	**20,815**	**100**	**22,409**	**100**	**(1,594)**	**(7.1)**

Acceptances and trust receipts payable decreased by 39.5%, from ₱3,715 million as at December 31, 2021, to ₱2,248 million as at March 31, 2022. The decrease was due to retirement of some trust receipts payable.

The current portion of loans payable as at December 31, 2021 and March 31, 2022 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 reclassed to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to ₱5,346.0 million (£78.0 million).

Income tax payable increased by 81.9%, from ₱138 million as at December 31, 2021, to ₱251million as at March 31, 2022, mainly due to income tax payable of MMYSC related to Q1 2022 taxable income.

Noncurrent Liabilities

The Group's noncurrent liabilities flat, from ₱9,033 million as at December 31, 2021, to ₱9,017 million as at March 31, 2022.

	March 31, 2022		December 31, 2021		Increase (Decrease)	
	Unaudited	In %	Audited	In %	Amount	%
	in PhP millions, except percentages					
Deferred tax liabilities – net	5,666	63	5,702	64	(36)	(0.6)
Lease liabilities	2,670	30	2,662	29	8	0.3
Pension liability	661	7	649	7	12	1.8
Other noncurrent liabilities	20	–	20	–	–	–
Total	**9,017**	**100**	**9,033**	**100**	**(16)**	**(0.2)**

Equity

The Group's total equity increased by 3.4%, from ₱68,416 million as at December 31, 2021, to ₱70,785 million as at March 31, 2022 due to recognition of the results of operations in Q1 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 three months ended March 31, 2021, the Group's cash flow from operations were sufficient to provide for its operations, partial settlement of outstanding loans and dividend payments. For the three months ended March 31, 2022, the Group's cash flows from operations were sufficient to provide for its operations. The IPO proceeds financed the Company's capital expenditures requirements for YTD 2022.

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 for the foreseeable future. The Group also maintains long- and short-term credit facilities with various financial institutions, which can support any temporary liquidity requirements. Part of the operating cash flow will also be used to fund capital expenditures. Any excess CapEx beyond the operating cash flow will be funded by the IPO proceeds or bank borrowings.

Cash Flows

The following discussion of the Group's cash flows for the year ended March 31, 2022, and March 31, 2021 should be read in conjunction with the statements of cash flows and notes included in Unaudited Interim Consolidated Financial Statements.

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

	Three months ended March 31,	
	2022	2021
	In PhP millions	
Net cash flows provided by operating activities	809	3,339
Net cash flows used in investing activities	(1,088)	(3,424)
Net cash flows from (used in) financing activities	(72)	(1,137)
Net increase in cash and cash equivalents	(351)	(1,222)
Effect of foreign exchange rate changes on cash and cash equivalents	(25)	17
Cash and cash equivalents at beginning of year	13,857	7,093
Cash and cash equivalents as at March 31,	**13,481**	**5,888**

Net cash flow provided by operating activities

The net cash flows provided by operating activities were ₱809 million for the three months ended March 31, 2022. The Group's income before income tax for the year was ₱2,934 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱1,413 million. The Group paid income taxes of ₱614 million.

The net cash flows provided by operating activities were ₱3,339 million for three months ended March 31, 2021. The Group's income before income tax for this period was ₱2,900 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱3,685 million. The Group generated cash from interest received amounting to ₱18 million and paid income taxes of ₱365 million.

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱1,088 million for the three months ended March 31, 2022. The cash outflow primarily for the Group's payments for CapEx of ₱1,106 million.

The Group's net cash flows used in investing activities were ₱3,424 million for three months ended March 31, 2021. The cash outflow primarily for the Group's payments for CapEx of ₱1,231 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 ₱72 million for the three months ended March 31, 2022. The net cash outflow primarily consists of payment of interest expense and lease liabilities.

The net cash flows used in financing activities were ₱1,137 million for the three months ended March 31, 2021. The cash outflow primarily for the payment of dividends, loans, and related interest expense. The cash inflow primarily for issuance of additional capital of ₱1,815 million from MCI.

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

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

The top 5 key performance indicators are Sales Growth, Gross Margin, Net Profit margin, Core EBITDA margin, and Core Return on equity.

	March 31, 2022	December 31, 2021
Current ratio	1.49	1.37
Acid test ratio	0.99	0.90
Solvency ratio	0.19	0.18
Debt-to-equity ratio	0.42	0.46
Asset-to-equity ratio	1.42	1.46

	For the three months March 31,	
	2022	2021
Net Sales Growth	7.2%	1.8%
Gross Margin	35.1%	39.3%
Core Net Income After Tax margin (at ownership)	11.6%	14.4%
Core EBITDA Margin	19.7%	23.4%
Core Return on equity *	11.3%	17.5%
Core Return on assets *	7.8%	8.9%
Interest rate coverage ratio	24.2	4.1

*Annualized

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

Financial ratios	Formula
Current ratio	Current assets / Current liabilities
Acid test ratio	Cash and cash equivalents + Current receivables+ Current Financial Assets / Current liabilities
Solvency ratio	Net income attributable to equity holders of the Company + Depreciation and amortization ** / Total liabilities

Financial ratios	Formula
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Equity attributable to equity holders of the Company
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to equity holders of the Company
Interest rate coverage ratio	EBIT / Interest Expense
Net Sales Growth	Current period net sales – prior period net sales / Prior period net sales
Gross margin	Gross profit / Net sales
Core EBITDA Margin	Core EBITDA / Net sales
Net profit margin	Core Income after-tax at Ownership / Net sales
Core Return on equity	Core income after-tax at Ownership ** / Equity attributable to equity holders of the Company (average)*
Core Return on assets	Core income after tax at Ownership ** / Total assets (average)*

Note:

* (average) means the average of the amounts from the beginning and end of the same period.

** January to March 2022 and April to December 2021 to get annualized results.

OTHER FINANCIAL DATA

I. EBITDA Reconciliation

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

	For the three months ended March 31, 2022 (Unaudited)		
	APAC BFB	Meat Alternative	Total
	(in PhP millions)		
Income before Income Tax	2,867	67	2,934
Interest Expense	65	61	126
Interest Income	(8)	(1)	(9)
EBIT	2,924	127	3,051
Derivative Gain	-	(75)	(75)
Foreign Exchange (Gain) – Net	(27)	(6)	(33)
Impairment	1	-	1
Depreciation and Amortization Expense	484	172	656
EBITDA	**3,382**	**218**	**3,600**

	For the three months ended March 31, 2021 (Unaudited)		
	APAC BFB	Meat Alternative	Total
	(in PhP millions)		
Income before Income Tax	2,707	193	2,900
Interest Expense	889	28	917
Interest Income	(17)	-	(17)
EBIT	3,579	221	3,800
Derivative Gain	(382)	-	(382)
Foreign Exchange Gain – Net	(11)	3	(8)
Depreciation and Amortization Expense	427	158	585
EBITDA	**3,613**	**382**	**3,995**

FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at March 31, 2022:

	In PhP millions					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Liabilities						
Trade and other payables *	2,403	7,951	44	-	-	10,398
Loans Payable **	-	-	7,037	-	-	7,037
Convertible note	-	-	-	-	-	-
Lease liabilities	-	112	174	1,078	7,097	8,462
Acceptance and trust receipts payable	-	-	2,249	-	-	2,249
	2,403	8,063	9,504	1,078	7,097	28,146

* Including statutory payable

**Includes principal amount and interest expense.

Capital Expenditures

The Group's Capital Expenditures 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 CapEx for the three months ended March 31, 2022 and March 31, 2021 of the Group:

	For the three months ended March 31,	
	2022	2021
	(in PhP millions)	
APAC BFB	639	972
Meat Alternative	467	258
Total	**1,106**	**1,231**

In 2021 and 2022, the Group's major CapEx in its APAC BFB segment was primarily for additional investment for new manufacturing plant in Malvar Batangas, investment in machineries to improve operational efficiencies and new noodles production lines.

In 2021 and 2022, the Group's major Capital Expenditure in its Meat Alternative segment was mainly to increase production fermentation capacity.

In 2022, the Company has budgeted but not yet disbursed capital expenditures as follows:

- Improving production capacity and capability for its Meat Alternative business for growth.
- Improving production and capacity and capability for its bread business.
- Improvement and maintenance capex to improve efficiency/cost savings programs on various plants across the Philippines.
- Maintenance capital for its office facility.

Off-Balance Sheet Arrangements

As at March 31, 2022, the Group did not have any material off-balance sheet arrangements or obligations (including contingent obligations), and other relationships of the Group will 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, please see Note 26 to the Unaudited Consolidated Financial Statements.

1. Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising from currency fluctuations in respect of business transactions denominated in foreign currencies. The Group enters into 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 in longer tenor contracts such as flour and palm oil. In the past, the Group utilized derivative instruments to mitigate the price movement of certain commodities.

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 March 31, 2022, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosure may seriously prejudice the Group's position and negotiating strategy.

Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,433.8 million and ₱1,423.5 million as at March 31, 2022 and December 31, 2021, respectively.

OTHER MATTERS

- 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.

- As at December 31, 2021, loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassed to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to ₱5,346.0 million (£78.0 million).

- There were no known trends, demand, commitments, events, or uncertainties that will have a material impact on the Group's liquidity.

- There were no 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 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.

	Three Months Average Rate		Closing Rate	
	2022	2021	March 31, 2022	December 31, 2021
1 GBP	69.1711	66.5575	68.2702	68.5347
1 USD	51.5730	48.2800	51.7400	50.2980

C. NATURE AND SCOPE OF BUSINESS

Monde Nissin Corporation is a publicly-listed company incorporated and registered with the SEC on May 23, 1979 primarily 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 candies, confectionaries, biscuits, cakes and other foods, drugs, and cosmetics. It is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, or the Revised Corporation Code of the Philippines.

The Group is 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 ("**APAC BFB Business**") and the meat alternative business (which includes the production, marketing, and sales of the *Quorn* and *Cauldron* meat alternatives brands) ("**Meat Alternative Business**"). The APAC BFB Business comprises three product groups: (i) instant noodles; (ii) biscuits; and (iii) Others (such as beverages, baked goods, and culinary aids). The Group operates its Meat Alternative Business through Quorn Foods under the *Quorn* and *Cauldron* brands.

D. MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common shares are listed with the Philippine Stock Exchange ("**PSE**").

The high and low closing prices for the Company's common shares for each quarter since its Listing Date until the end of the most recent quarter (*i.e.*, March 31, 2022) are as follows:

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

*from June 1, 2021 until June 30, 2021

Quarter	2022	
	High (in ₱)	Low (in ₱)
1st	18.16	13.42

Holders

The Company's STA, BDO – Trust and Investments Group reports that there are seventeen (17) stockholders of record as of April 30, 2022, ranked in terms of number of shareholdings as follows:

	Name of Stockholder	Number of Shares Held	% of Total Shares Outstanding Held
1	PCD Nominee Corp. (Non-Filipino)	4,291,936,740	23.886
2	Hartono Kweefanus	4,214,244,600	23.453
3	Betty T. Ang	3,265,920,000	18.176
4	Henry Soesanto	1,508,681,396	8.396
5	PCD Nominee Corp. (Filipino)	1,360,695,160	7.573
6	My Crackers, Inc.	1,228,611,496	6.838
7	Hoediono Kweefanus	948,324,600	5.278
8	Monica Darmono	765,897,596	4.262

	Name of Stockholder	Number of Shares Held	% of Total Shares Outstanding Held
9	AU Mountain Investments Corporation	381,060,000	2.121
10	Carousel Holdings, Inc.	3,000,000	0.017
11	David John Nicol	234,900	0.001
12	Elvira M. Cruz or Bernardo A. Cruz	5,000	0.000
13	Nina Perpetua D. Aguas	2	0.000
14	Kataline Darmono	2	0.000
15	Delfin L. Lazaro	2	0.000
16	Marie Elaine Teo	2	0.000
17	Romeo L. Bernardo	1	0.000

Dividend Policy

The Board is authorized to declare dividends only from the Company's unrestricted retained earnings, representing the net accumulated earnings of the Company with its unimpaired capital, which have not been allocated 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 the Company's capital. The Company 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 stockholders representing at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose and the approval by the SEC.

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

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 plans approved by the corporation's board of directors; (ii) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such required consent has not been secured; (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a government office.

Pursuant to existing SEC regulations, cash dividends declared by the Company must have a record date not less than ten (10) days nor more than thirty (30) days from the date the cash dividends are declared.

With respect to stock dividends, the record date is to be not less than ten (10) days and not more than thirty (30) days from the date of shareholder approval. In either case, the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration. If no record date is set, under prevailing SEC regulations, the record date will be deemed fixed at fifteen (15) days from the date of declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Pursuant to the SEC's Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends, all cash dividends and stock dividends accruing to shares lodged with the Philippine Depository & Trust Corporation ("**PDTC**") shall be remitted to the PDTC for immediate distribution to its participants not later than 18 trading days from the record date set by the SEC, provided, that in case of stock dividends, payment date shall in no case be later than the stock dividends' listing date.

In accordance with the PSE's Listing and Disclosure rules, for all cash and stock dividends accruing to shares lodged with the PDTC, whether from unissued capital or resulting from an increase in capital stock, the same shall be remitted/credited to the PDTC for immediate distribution to its participants not later than eighteen (18) trading days from the record date. For cash dividends accruing to shares not lodged with the PDTC, the same shall be remitted/credited directly to the individual stockholders not later than 18 trading days from the record date.

Dividends

The following table sets out cash dividends declared by the Company in the two (2) most recent years:

Declaration Date	Record Date	Payment Date	Dividend/ share (in ₱)	Total dividend (₱ in millions)
June 26, 2019	June 26, 2019[1]	June 30, 2019	46.50	3,055.10
November 6, 2019	November 6, 2019[2]	November 30, 2019	0.32	2,102.4
October 1, 2020	October 1, 2020	October 31, 2020	0.15	985.5
November 5, 2020	November 5, 2020	November 30, 2020	0.23	1,511.1
January 22, 2021	January 22, 2021	March 31, 2021	0.23	1,511.1
March 1, 2021	March 1, 2021[3]	October 1, 2021 and December 20, 2021	1.19	8,549.3

As disclosed in the Company's final offering memorandum for its IPO, at the meeting of the Board held on March 12, 2021, the Board resolved to adopt and maintain an annual dividend payment ratio of 60% of the preceding calendar year's net income after tax, subject to the requirements of applicable laws and regulations, capital expenditure requirements, compliance with the Company's loan covenants, and other circumstances which restrict the payment of dividends. As of the date hereof, the Company's loan covenants do not impose any restrictions that limit the payment of dividends on the Company's common shares.

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

In April 2019, the Company issued a convertible note in favor of Arran at an issue price of ₱9,122,684,658.00. The Arran CN is convertible into common shares of the Company representing 7.0% of the Company's total issued and outstanding capital stock on a fully-diluted basis (in 2021, was amended to approximately 6.44% of the Company's issued and outstanding shares as a result of the issuance of the Company's common shares to My Crackers, Inc.). *See Note 17 of the Audited Consolidated Financial Statements for more information*. The Arran CN's issue price was fully paid upon its issuance on April 12, 2019. The Arran CN is 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), the Arran CN's issuance being an isolated transaction made by the Company in favor of only one investor, i.e., only to Arran and to no other.

In a disclosure to the regulators and to the market posted on June 4, 2021, the Company reported that it had received confirmation that Arran was in receipt of the listing redemption amount equal to ₱13,351,934,700.00, in full settlement by the Company of the Arran CN. This was in accordance with the use of proceeds declared in the Company's final offering memorandum that the net proceeds from the IPO will be used, among others, for the Arran CN's full redemption.

E. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company'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 and the Board Committees, as well

[1] Par Value per share at the time of the dividend declaration was ₱100.00.
[2] Par Value per share at the time of the dividend declaration was ₱1.00.
[3] Par Value per share at the time of the dividend declaration was still ₱1.00.

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. The inclusion of good governance principles in the foregoing documents, and the adoption of the best practices of corporate governance Company-wide, highlight the Company's commitment to observing the highest standards of corporate governance.

Adherence to Good Corporate Governance Principles

The Company's 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 Publicly-Listed Companies* ("**CG Code**"), the Board has approved the adoption of the Company'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 policies (*e.g*., 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).

To promote an exchange of diverse viewpoints, the Board is made up of nine (9) individuals with diverse ethnic, professional, business, educational, and cultural backgrounds. To enhance its ability to perform its oversight function over management, the Board has six (6) non-executive directors who are not involved in the day-to-day operations of the Company. To show its commitment to gender diversity, the Company has appointed five (5) female directors as the majority members of its nine (9)-member Board, and for which it has received recognition from the SEC. One-third of the members of the Board comprises independent directors who are known in the business sector as men and women of competence, integrity and probity.

In compliance with leading practices on corporate governance, the Board has created a five-member Executive Committee where at least one (1) director out of its five (5) members is an independent director so that the interest of the minority shareholders may be considered, and 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 directoBrs.

The Board and the Board Committees meet regularly in accordance with the Company's Amended By-Laws and CG Manual to discuss corporate matters as well as to formulate, review, and assess governance controls and procedures.

In compliance with prevailing SEC regulations and the disclosure requirements implemented by the PSE, the Company's structured and unstructured reports, submissions, and disclosures and other information [including its recently-submitted 2021 Annual Report (SEC Form 17-A) and 2021 Integrated Annual Corporate Governance Report ("**I-ACGR**")], as well as its Articles of Incorporation, Amended 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 the Company's website and the PSE's EDGE portal.

From the effectivity of its CG Manual and up to the date of this Information Statement, there is no known material deviation from the Company's compliance with its CG Manual.

Evaluating Compliance

The Company's CG Manual recognizes that the best measure of compliance evaluation is an assessment process. Accordingly, MNC has submitted to the SEC and the PSE its first ever I-ACGR (for the fiscal year ended December 21, 2021) on May 30, 2022. Also, the Board has conducted its annual self-evaluation for the year 2021 as required by the Company's CG Manual.

Continuing Improvement

In accordance with the CG Manual, the Board, together with Management, have completed their annual training on corporate governance for the year 2021. The training was for eight hours and administered by the Institute of

Corporate Directors, an SEC-accredited training provider. The Board and the Company's key executive officers intend to regularly participate and attend compliance and governance trainings and seminars given by leading service providers to ensure that they are aligned with the developments in and/or best practices on good corporate governance, ESG initiatives and/or financial reporting.

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

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

F. COPIES OF THIS INFORMATION STATEMENT

Upon the written request of a stockholder and when circumstances permit, the Company undertakes to furnish such stockholder with a copy of the Company's annual report on SEC Form 17-A, free of charge. At the Company's discretion, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits. Written requests should be addressed to:

The Corporate Secretary
Monde Nissin Corporation
21st Floor, 6750 Office Tower
Ayala Avenue, Makati City
Metro Manila 1223 Philippines

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
Secretariat Bldg., PICC Complex
Roxas Boulevard, Manila

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, 2021, 2020 and 2019, 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 consolidated 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 C. Teo
Chief Financial Officer

Signed this 11th day May of 2022

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

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

SUBSCRIBED AND SWORN TO before me this 11th day of May 2022:

NAME	TIN No	Competent Evidence of Identity	Place and Date of Issue
Henry Soesanto	100-574-508	Passport No. C1226256	KBRI Manila; 16 July 2019
Jesse C. Teo	146-443-245	Passport No. P0044240B	DFA NCR West; 27 December 2018

Doc. No. 26;
Page No. 7;
Book No. II;
Series of 2022.

MARION NERISSE DY KHO
NOTARY PUBLIC
ROLL NO. 72076
MAKATI CITY PHILIPPINES

MARION NERISSE D. KHO
Notary Public for Makati City
Appointment No. M-230 until Dec. 31, 2022
Roll of Attorneys No. 72076
PTR No. 8853113MJ • 01/07/22 • Makati City
IBP No. 183637 • 01/03/22 • Makati Chapter
MCLE Compliance No. VII-0012542 • 03/08/2022
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, Metro Manila, Philippines

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						8	6	3	3	5

COMPANY NAME

MONDE NISSIN CORPORATION AND SUBSIDIARIES

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

FELIX REYES ST., BARANGAY BALIBAGO, CITY OF SANTA ROSA, LAGUNA

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.mondenissin.com	810-3550	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16	4th Tuesday of November	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrico Peñas	mnc-sec.communications @mondenissin.com	+632 7759-7519	09688548548

CONTACT PERSON's ADDRESS

Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna

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

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

MONDE NISSIN CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2021
(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, 2021, 2020 and 2019

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

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

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

INDEPENDENT AUDITOR'S REPORT

The 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, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (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.

Recoverability of Goodwill and Brand

Under PFRSs the Group is required to test annually the recoverability of its goodwill and brand. As at December 31, 2021, the Group has goodwill and brand amounting to ₱16.8 billion and ₱18.1 billion, respectively, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically sales growth rate, long-term growth rate and discount rate.

The related disclosures on the Group's goodwill and brand are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and assumptions used. We compared the forecasted cash flow assumptions used in the recoverability testing such as sales growth rate against the historical performance, taking into consideration the impact associated with the coronavirus pandemic. In addition, we compared the long-term growth rates used with those reflected in published economic forecasts, as well as relevant industry outlook. Likewise, we evaluated the discount rate used and assessed whether this is consistent with market participant assumptions for similar assets. We also reviewed the Group's disclosures about those assumptions to which the outcome of the recoverability test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and brand.

Other Information

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 on regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is 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
SEC Partner Accreditation No. 91269-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 8853492, January 3, 2022, Makati City

May 10, 2022

MONDE NISSIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱13,856,814**	₱7,093,015
Trade and other receivables (Note 6)	**6,248,732**	6,456,718
Inventories (Note 7)	**8,572,363**	6,073,003
Current financial assets (Notes 9, 23 and 26)	**165,937**	–
Prepayments and other current assets (Note 8)	**1,769,157**	972,253
Total Current Assets	**30,613,003**	20,594,989
Noncurrent Assets		
Intangible assets (Note 13)	**35,646,756**	33,600,331
Property, plant and equipment (Note 12)	**29,952,260**	26,636,574
Investments in associates and joint ventures (Notes 4 and 11)	**1,094,087**	1,024,068
Deferred tax assets - net (Note 24)	**885,485**	843,075
Noncurrent receivables (Notes 9 and 23)	**500,000**	655,521
Other noncurrent assets (Note 14)	**1,166,037**	1,047,858
Total Noncurrent Assets	**69,244,625**	63,807,427
	₱99,857,628	₱84,402,416
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	**₱11,156,419**	₱10,140,676
Current portion of loans payable (Note 17)	**6,998,805**	9,559,594
Acceptances and trust receipts payable (Notes 7 and 16)	**3,714,690**	605,902
Refund liabilities (Note 15)	**303,878**	279,696
Current portion of lease liabilities (Note 25)	**97,280**	88,073
Income tax payable	**137,842**	282,397
Total Current Liabilities	**22,408,914**	20,956,338
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 24)	**5,702,436**	4,199,918
Lease liabilities (Note 25)	**2,661,581**	2,674,959
Pension liability (Note 22)	**648,692**	481,481
Loans payable (Note 17)	–	19,986,408
Convertible note (Note 17)	–	7,027,163
Derivative liability (Note 26)	–	2,513,886
Other noncurrent liabilities	**20,425**	22,226
Total Noncurrent Liabilities	**9,033,134**	36,906,041
Total Liabilities	**31,442,048**	57,862,379
Equity		
Capital stock (Note 18)	**8,984,306**	6,570,000
Additional paid-in capital (Note 18)	**46,515,847**	–
Retained earnings (Note 18):		
Appropriated	**4,095,257**	11,155,336
Unappropriated	**12,612,644**	12,497,957
Fair value reserve of financial assets at FVOCI (Note 10)	**(235,130)**	(235,130)
Remeasurement losses on pension liability (Note 22)	**(289,263)**	(289,889)
Equity reserve (Note 18)	**(622,335)**	(89,762)
Cumulative translation adjustments (Note 18)	**(2,783,253)**	(4,366,784)
Equity Attributable to Equity Holders of the Parent Company	**68,278,073**	25,241,728
Non-controlling Interests (Notes 4 and 18)	**137,507**	1,298,309
Total Equity	**68,415,580**	26,540,037
	₱99,857,628	₱84,402,416

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		
	2021	2020	2019
NET SALES (Note 19)	**₱69,284,188**	₱67,945,511	₱65,450,875
COST OF GOODS SOLD (Notes 7 and 19)	**43,692,769**	41,439,516	40,194,132
GROSS PROFIT	**25,591,419**	26,505,995	25,256,743
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**15,963,355**	13,409,329	13,141,233
	9,628,064	13,096,666	12,115,510
OTHER INCOME (EXPENSES)			
Foreign exchange gain - net (Notes 4 and 17)	**410,402**	914,239	88,321
Impairment loss - net (Notes 11, 12, 13, and 21)	**(223,061)**	(1,013,838)	(790,837)
Share in net earnings (losses) of associates and joint ventures (Note 11)	**36,367**	(98,300)	(251,333)
Market valuation gain on financial instruments at fair value through profit or loss (FVTPL) (Note 9)	**12,543**	–	–
Miscellaneous income (Notes 6, 9 and 21)	**283,820**	250,166	274,830
	520,071	52,267	(679,019)
INCOME BEFORE FINANCE INCOME (EXPENSES)	**10,148,135**	13,148,933	11,436,491
FINANCE INCOME (EXPENSES)			
Derivative gain (loss) (Note 26)	**(2,258,075)**	99,409	(178,459)
Loss on convertible note redemption (Note 17)	**(1,579,324)**	–	–
Interest expense (Notes 16, 17, 21 and 25)	**(1,568,821)**	(1,786,143)	(2,438,390)
Interest income (Notes 5, 9, 17 and 21)	**82,971**	262,530	304,431
	(5,323,249)	(1,424,204)	(2,312,418)
INCOME BEFORE INCOME TAX	**4,824,886**	11,724,729	9,124,073
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**392,588**	3,194,375	2,641,204
Deferred	**1,187,173**	464,647	(166,402)
	1,579,761	3,659,022	2,474,802
NET INCOME	**3,245,125**	8,065,707	6,649,271
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive loss to be reclassified to profit and loss in subsequent periods:			
Exchange losses on foreign currency translation (including effective portion of the net investment hedge) (Notes 18 and 26)	**1,583,531**	(1,100,427)	(758,156)
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Note 22)	**(337)**	(330,765)	34,170
Income tax effect	**963**	98,483	(12,036)
	626	(232,282)	22,134
Other comprehensive income (loss) - net of tax	**1,584,157**	(1,332,709)	(736,022)
TOTAL COMPREHENSIVE INCOME	**₱4,829,282**	₱6,732,998	₱5,913,249

(Forward)

	Years Ended December 31		
	2021	2020	2019
Net income attributable to:			
Equity holders of the Parent Company	**₱3,115,032**	₱7,340,901	₱5,827,171
Non-controlling interests	**130,093**	724,806	822,100
	₱3,245,125	₱8,065,707	₱6,649,271
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱4,699,189**	₱6,013,011	₱5,108,179
Non-controlling interests	**130,093**	719,987	805,070
	₱4,829,282	₱6,732,998	₱5,913,249
Earnings per Share (EPS) (Note 18)			
Basic, income attributable to equity holders of the parent	**₱0.19**	₱0.56	₱0.44
Diluted, income attributable to equity holders of the parent	**₱0.19**	₱0.53	₱0.48

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** (Note 18) **Appropriated**	**Retained Earnings** (Note 18) **Unappropriated**	**Fair Value Reserve of Financial Assets at FVOCI (Note 10)**	**Remeasurement Losses on Pension Liability**	**Equity Reserve** (Note 18)	**Cumulative Translation Adjustments** (Note 18)	**Total**	**Non-controlling Interests** (Notes 4 and 18)	**Total Equity**
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 (loss)	–	–	–	**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**
Balance as at January 1, 2020	₱6,570,000	₱–	₱8,961,452	₱9,847,540	(₱235,130)	(₱62,426)	(₱89,762)	(₱3,266,357)	₱21,725,317	₱1,496,689	₱23,222,006
Net income	–	–	–	7,340,901	–	–	–	–	7,340,901	724,806	8,065,707
Other comprehensive loss, net of tax	–	–	–	–	–	(227,463)	–	(1,100,427)	(1,327,890)	(4,819)	(1,332,709)
Total comprehensive income (loss)	–	–	–	7,340,901	–	(227,463)	–	(1,100,427)	6,013,011	719,987	6,732,998
Acquisition during the year (Note 4)	–	–	–	–	–	–	–	–	–	94,823	94,823
Appropriation during the year (Note 18)	–	–	11,110,884	(11,110,884)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	–	(8,917,000)	8,917,000	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	–	(2,496,600)	–	–	–	–	(2,496,600)	(1,013,190)	(3,509,790)
Balance as at December 31, 2020	₱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
Balance as at January 1, 2019	₱6,570,000	₱–	₱9,794,274	₱8,344,997	(₱235,130)	(₱94,624)	(₱96,728)	(₱2,515,167)	₱21,767,622	₱1,411,919	₱23,179,541
Net income	–	–	–	5,827,171	–	–	–	–	5,827,171	822,100	6,649,271
Other comprehensive income (loss), net of tax	–	–	–	–	–	32,198	–	(751,190)	(718,992)	(17,030)	(736,022)
Total comprehensive income (loss)	–	–	–	5,827,171	–	32,198	–	(751,190)	5,108,179	805,070	5,913,249
Equity reserve (Notes 4 and 18)	–		–	–	–	–	6,966	–	6,966	–	6,966
Appropriation during the year (Note 18)	–		6,933,578	(6,933,578)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–		(7,766,400)	7,766,400	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	–	(5,157,450)	–	–	–	–	(5,157,450)	(720,300)	(5,877,750)
Balance as at December 31, 2019	₱6,570,000	₱–	₱8,961,452	₱9,847,540	(₱235,130)	(₱62,426)	(₱89,762)	(₱3,266,357)	₱21,725,317	₱1,496,689	₱23,222,006

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,824,886**	₱11,724,729	₱9,124,073
Adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 12, 13, 19 and 20)	**2,470,872**	2,303,319	2,052,517
Derivative loss (gain) (Note 26)	**2,258,075**	(99,409)	178,459
Loss on convertible note redemption (Note 17)	**1,579,324**	–	–
Interest expense (Notes 16, 17, 21 and 25)	**1,568,821**	1,786,143	2,438,390
Impairment loss - net (Notes 11, 12, 13 and 21)	**223,061**	1,013,838	790,837
Unrealized foreign exchange gain - net	**(155,593)**	(544,601)	(183,608)
Movement in pension liability (Notes 19, 20 and 22)	**168,126**	(28,050)	(11,998)
Interest income (Notes 5, 9 and 21)	**(82,971)**	(262,530)	(304,431)
Share in net losses (gain) of associates and joint venture (Note 11)	**(36,367)**	98,300	251,333
Market valuation gain on financial instruments at FVTPL (Note 9)	**(12,543)**	–	–
(Gain) loss on sale of property, plant and equipment (Note 12)	**(2,292)**	(2,702)	81,338
Gain on lease modification	**(2,704)**	(297)	–
Fair value adjustment on previously held interest in investment in associate (Note 11)	**–**	(2,146)	–
Bargain purchase (Note 4)	**–**	(18,250)	–
Gain on sale of a subsidiary/associate (Note 4)	**–**	–	(13,937)
Working capital adjustments:			
Decrease (increase) in:			
Inventories	**(2,499,360)**	(214,442)	293,807
Prepayments and other current assets	**(796,904)**	(51,107)	147,353
Trade and other receivables	**109,848**	707,502	(163,440)
Increase (decrease) in:			
Accounts payable and other current liabilities	**1,192,182**	434,295	(888,852)
Acceptance and trust receipts payable	**3,098,092**	(1,952,849)	238,662
Refund liabilities	**24,182**	20,313	(82,592)
Net cash generated from operations	**13,928,735**	14,912,056	13,947,911
Income tax paid	**(537,143)**	(3,612,030)	(2,320,258)
Interest received	**82,844**	97,087	303,213
Net cash flows from operating activities	**13,474,436**	11,397,113	11,930,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Current financial assets (Note 9)	**(7,401,000)**	–	–
Property, plant and equipment (Notes 12 and 28)	**(5,216,267)**	(3,753,474)	(3,660,224)
Intangible assets (Note 13)	**(113,459)**	(14,352)	(54,980)
Investment in associates and joint venture (Note 11)	**(60,000)**	(248,125)	(371,540)
Noncurrent receivables (Notes 9 and 23)	**–**	(245,521)	–
Proceeds from:			
Disposal of current financial assets (Note 9)	**7,412,542**	–	–
Sale of property, plant and equipment (Note 12)	**5,572**	27,926	4,279
Loans receivable (Note 23)	**–**	–	4,937,019
Sale of investment in associate (Note 4)	**–**	–	48,080
Acquisition of non-controlling interest (Note 4)	**(1,822,500)**	–	–
Acquisition of a subsidiary, net of cash acquired (Note 4)	**(194,247)**	(16,915)	–
Dividends from an associate (Note 11)	**26,348**	16,000	12,063
Decrease (increase) in other noncurrent assets	**(108,130)**	(258,211)	263,333
Net cash flows from (used in) investing activities	**(7,471,141)**	(4,492,672)	1,178,030

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans (Note 17)	**(₱23,115,381)**	(₱4,335,786)	(₱23,803,448)
Convertible note (Note 17)	**(13,351,935)**	–	–
Cash dividends (Note 18)	**(10,061,392)**	(3,509,790)	(5,877,750)
Interest	**(1,437,102)**	(1,477,031)	(2,361,117)
Principal portion of lease liabilities (Note 25)	**(276,715)**	(846,389)	(240,063)
Debt issue costs	**–**	–	(466,544)
Derivatives	–	(72,985)	(20,491)
Issuance of capital stock, net of transaction cost (Note 18)	**48,930,153**	–	–
Availment of loans	**–**	–	14,453,758
Proceeds from convertible note (Note 17)	**–**	–	9,122,685
Increase (decrease) in other noncurrent liabilities	**(1,801)**	771	5,531
Net cash used in financing activities	**685,827**	(10,241,210)	(9,187,439)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,689,122**	(3,336,769)	3,921,457
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**74,677**	(69,507)	(220)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**7,093,015**	10,499,291	6,578,054
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱13,856,814**	₱7,093,015	₱10,499,291

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

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

On June 1, 2021, the Parent Company completed its 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 palace 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 May 10, 2022. On the same date, the BOD also approved and authorized the issuance of the consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
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.

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.

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.

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 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if all of the criteria are met.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The Group adopted the amendments beginning January 1, 2021. In March 2022, MNUKL transitioned its interest rate from London IBOR to Sterling Overnight Index Average (SONIA). The change is a direct consequence of IBOR reform, and the new basis for determining cash flows is economically equivalent to the previous one. This does not affect the overall fixed interest payable.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. The amendments also add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 per cent" test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the originalfinancial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other'sbehalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in sales, general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

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

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

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

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. 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 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.

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

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 designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as at December 31, 2021 and 2020 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 2021, 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 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.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the consolidated statement of financial position) when:

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

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 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, loans payable and convertible note.

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

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.

c. Offsetting of Financial Instruments

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

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 changes in fair 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 Group uses cross-currency swap to manage its foreign currency exposures in its net investment. In order to manage such risk, the Group applies hedge accounting for transactions that meet specified criteria. At inception of the hedge accounting relationship, the Group formally 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 Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity hedged item

At each reporting date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was highly effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken both at inception and at each period end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods.

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.

Fair Value Measurement
The Group measures financial instruments such as derivative liabilities and equity instruments at FVOCI and FVTPL at fair value. The Group also discloses the fair values of financial instruments measured at amortized cost.

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

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

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

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

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

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

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

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

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

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

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
Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statement of comprehensive income when incurred.

Withholding Tax and Other Credits. Withholding tax and other credits represents the amount withheld by the Group's customers. These are recognized upon collection of the related billings and are utilized as tax credits against tax due as allowed by the taxation laws and regulations. Withholding tax and other credits is stated at its estimated NRV.

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 represents 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.

It is the Group's policy to classify 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 initial 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.

<u>Intangible Assets</u>
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
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 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'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 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, 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 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 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 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.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of capital stock are recognized as deductions from equity, net of any tax effects. Proceeds and fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Retained Earnings. Retained earnings includes all current and prior period financial performance as reported in the consolidated statement of comprehensive income and reduced by dividends on capital stock.

Dividends on Capital Stock. The Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the SEC. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved for payment by the BOD. Dividends for the year that are approved after the financial reporting date are recognized as an event after the financial reporting period.

Remeasurement Gains (Losses). Remeasurement gains (losses) comprise actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability). Remeasurement gains (losses) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to remeasurement gains (losses) on pension liability in OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 and Scrap Items. Revenue from 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 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). 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.

Revenue outside the scope of PFRS 15:
Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Miscellaneous Income. Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, bargain purchase, reversal of ECL (see Notes 6 and 9), gain on sale of a subsidiary/associate, gain/loss on sale of property, plant and equipment and other miscellaneous items which are recorded under the "Miscellaneous income" account in the consolidated statements of comprehensive income.

Right-of-return Assets
A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products. The Group's right-of-return assets are included in inventories.

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.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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. 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
Subsidiaries:	
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 Italy SRL	European Euro
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:

1. Assets and liabilities using the spot rate of exchange prevailing at the financial reporting date;
2. Components of equity using historical exchange rates; and
3. 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 recognized in profit or loss.

<u>Employee Benefits</u>
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 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 reporting period.

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.

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.

Earnings 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 contact, 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.

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

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. Significant 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.

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

Revenue recognition on sale of goods and scrap items. 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 has 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.

Recognition of right of return assets. The Group assesses the value of its right of return assets by reference to the carrying amount of the products less any expected costs to recover those products, including potential decreases in the value of the returned products. At the end of each reporting date, the Group updates the measurement of the return asset arising from changes in expectations about products to be returned, including possible impairment.

As at December 31, 2021 and 2020, the Group assessed that the value of any return assets is nil given the perishable nature of the products.

Determination of uncertain tax positions. The Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review and in consultation with its tax advisers, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the Group has determined its accounting for income taxes consistently with the related tax treatment in accordance with the requirements of IFRIC 23, *Uncertainty over Income Tax Treatments*.

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, Trademark and License. Brand, trademark and license pertain to the distinctive name of the businesses, knowledge, technical know-how and recipes 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, 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.

Evaluation of Intangible Assets. In 2014, the Group entered into a Distribution, Marketing and Sales Agreement with Sandpiper Spices and Condiments Corporation (SSCC) under which the Group became the exclusive distributor of all of SSCC's products in the Philippines until 2034. Under the agreement, the Group shall pay SSCC a non-reimbursable and non-recoupable sum of ₱727.6 million payable in 5 equal annual installments (see Note 13). The Group assessed that the amount paid or to be paid to SSCC qualifies for recognition as an intangible asset since (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and (b) the cost of the asset can be measured reliably. The Group has assessed the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

The carrying value of the distribution rights amounted to ₱457.8 million and ₱494.1 million as at December 31, 2021 and 2020, respectively (see Note 13).

Determination of acquisition date of Sarimode Foods Corporation (SFC). On September 7, 2020, MNC acquired 55% ownership interest of PT Nippon Indosari Corpindo TBK. (NIC) in SFC, through a Share and Purchase Agreement (SPA) between MNC and NIC, subject to certain conditions precedent to closing. The acquisition increased MNC's ownership interest from 25% to 80%.

Management assessed that the acquisition date or the date on which MNC obtained control of SFC is September 7, 2020 since under the SPA, management control of SFC shall be transferred to MNC on that date. Although the SPA enumerated certain conditions that should be satisfied before the transaction is deemed closed, these are merely administrative in nature and does not significantly inhibit MNC from exercising control over SFC.

<u>Estimates and Assumptions</u>
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, trademark and license) 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. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash 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 rate.

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.

- *Goodwill and Brand.* 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:

    - Sales growth – Sales revenue is assumed to increase an average of 14.80% each year from 2022 to 2026, an average of 15.00% from 2021 to 2025, and an average of 16.00% from 2020 to 2023 for both Quorn and Cauldron.

    - Long-term growth rate – The long-term growth rate used was 2.00% in 2021, 2020 and 2019, 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 6.00% in 2021, and 6.51% in 2020 and 5.50% in 2019, based on the strength of the brand and the risk profile of the industry.

The COVID-19 pandemic did not have a significant impact on the impairment assessment of the Group's goodwill and brand in 2021 since the Group manufactures and distributes essential goods. Considering the evolving nature of this pandemic, the Group will continue to monitor the situation. Uncertainties in market trends and economic conditions may persist due to COVID-19 pandemic, which may impact actual results and differ materially from the impairment assessment of goodwill and brand.

Based on the assumptions above, no impairment loss is recognized on goodwill and brand in 2021, 2020 and 2019. The Group's goodwill and brand amounted to ₱16,811 million and ₱18,128 million, respectively, as at December 31, 2021 and ₱15,851 million and ₱17,094 million, respectively, as at December 31, 2020.

- *Trademark.* The Group performed its annual impairment test on Parent Company's trademark with indefinite useful life as of reporting date. The recoverable amount of the trademark was determined based on VIU calculation using cash flow projection from financial budgets approved by management covering a 5-year period:

  - Growth rates – The 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% from 2022 to 2026.

  - Discount rate – The pre-tax discount rate of 11.75% in 2021 was estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

  Based on the assumptions above, no impairment loss is recognized on trademark and license in 2021, 2020 and 2019. The Group's trademark and license amounted to ₱14,459 million and ₱34,639 million, respectively, as at December 31, 2021 and ₱14,459 million and nil as at December 31, 2020.

- *Property, plant and equipment.* The Group assess 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 Group consider important, which could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results; significant changes in the manner of use of the acquired assets or the strategy for overall business; and significant negative industry and economic trends.

  a. *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 ₱52.4 million in 2021, ₱230.0 million in 2020 and ₱598.7 million in 2019.

     The Parent Company determined that the VIU of these impaired property, plant and equipment, assets are zero since these assets pertain to discontinued product lines with no expected future cashflows. Management assessed that any scrap value (FVLCD) is not material.

b. *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 10-year period, which is consistent with the estimated useful life of the property, plant and equipment. MNUKL applied a post-tax discount rate of 6.0% in 2021, 6.51% in 2020, and 5.50% in 2019 on the cash flow projections.

   - *Growth rate estimates* – growth rates 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 up to the end of the useful life was 14.8% in 2021 and 15.00% in 2020 and 2019.

   - *Discount rates* – discount rates were estimated based on the industry WACC, which includes the cost of equity and debt after considering the gearing ratio.

   Based on the assumptions above, MNUKL recognized additional impairment loss amounting to ₱283.7 million in 2021, ₱783.8 million in 2020 and ₱112.3 million in 2019.

c. *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 weighted average cost of capital (WACC), is 8.81% based weight of debt and equity for food industry under emerging market.

   In 2020 and 2019, there has been no change in the assumptions used to determine the MNTH's building and plant machinery and fixtures recoverable amount since the last impairment loss was recognized.

   Based on the assumptions above, MNTH reversed accumulated impairment loss amounting to ₱113.0 million in 2021. No additional impairment loss was recognized in 2020 and 2019.

There are no impairment indicators identified on other property, plant and equipment of the Group. Based on this assessment, the Group recognized net impairment loss amounting to ₱223.1 million in 2021, ₱1,013.8 million in 2020 and ₱711.0 million in 2019 (see Notes 12 and 21). Accumulated impairment losses amounted to ₱3,172.6 million and ₱2,837.5 million as at December 31, 2021 and 2020, respectively. The carrying value of the Group's property, plant and equipment amounted to ₱29,952.3 million and ₱26,636.6 million as at December 31, 2021 and 2020, respectively (see Note 12).

- *Investments in associates and joint ventures.* The Group assess 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 consider 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 NAMZ Pte Ltd., YCE Group Pte Ltd and Honey Droplet Hong Kong.

  a. *NAMZ Pte Ltd* – The Group determined that the recoverable amount of its investment in NAMZ Pte Ltd is its VIU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing.

     - *Sales growth* – Sales growth for the CGU is at 294.00% for 2018, the second year of operations, and 10.00% from 2019 to 2022.

     - *Long-term growth rate* – Rates are based on published industry research. Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonable possible alternative to the estimated long-term growth rate of 0.40%.

     - *Discount rate* – The discount rate calculation is based on the specific circumstances of MNSPL and is derived from its WACC. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rate applied to the cash flow projections is 8.50%.

     Based on the assumptions above, the Group fully impaired its investment in NAMZ Pte Ltd and recognized impairment loss amounting to ₱79.8 million in 2019. Management assessed that the impairment indicators identified in 2019 still exists since NAMZ Pte Ltd is still operating at net loss in 2021 and 2020, thus, no reversal of impairment loss is recognized in 2021 and 2020 (see Notes 11 and 21).

  b. *YCE Group Pte Ltd and Honey Droplet Hong Kong* – The Group determined that the recoverable amount of its investments in YCE Group Pte Ltd and Honey Droplet Hong Kong is its FVLCD. The Group determined that the carrying amount of its investments in YCE Group Pte Ltd and Honey Droplet Hong Kong were no longer recoverable due to the current and forecasted performance of the entities.

     Based on the assumptions above, the Group's investment in YCE Group Pte Ltd are fully impaired as at December 31, 2021 and 2020 (see Note 11).

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. See Note 26 for further disclosures.

Estimating Fair Value of Equity Conversion and Redemption Options. The fair value of embedded derivatives related to the issuance of convertible note is measured using the Jarrow-Rudd Binomial Lattice model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the embedded derivatives and impact profit or loss. The inputs considered in the calculation which involves judgement and estimates are stock price, option-adjusted credit spread, dividend yield, probability of default and stock volatility.

The carrying value of the embedded derivative liability amounted to nil and ₱2,513.9 million as at December 31, 2021 and 2020, respectively (see Note 26).

Assessment for ECL on Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information on macro-economic factors. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The COVID-19 pandemic did not have a significant impact on the collectability of the Group's trade receivables in 2021 and 2020. The customers' payment terms were not extended due to the pandemic. The percentage of overdue trade receivables as at December 31, 2021 decreased as compared to December 31, 2020. However, considering the evolving nature of this pandemic, the Group will continue to monitor the situation. Uncertainties in market trends and economic conditions may persist due to COVID-19 pandemic, which may impact actual results and differ materially from the estimates of ECL.

In 2021, the Group recognized reversal of provision for ECL on trade receivables amounting to ₱31.2 million due to effective collection efforts during the period. In 2020, the Group recognized provision for ECL amounting to ₱98.5 million. Trade and other receivables written off amounted to ₱6.0 million in 2021 and ₱399.7 million in 2020. Allowance for ECL on trade receivables amounted to ₱31.4 million and ₱67.6 million as at December 31, 2021 and 2020, respectively. The carrying amount of trade and other receivables amounted to ₱6,248.7 million and ₱6,456.7 million as at December 31, 2021 and 2020, respectively (see Note 6).

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.

In 2021, the Group recognized reversal of ECL noncurrent receivables as a result of settlement of advances to YCE amounting to ₱77.4 million. In 2020, the Group recognized provision for ECL on noncurrent receivables amounting to ₱8.9 million. Noncurrent receivables written off amounted to ₱1.0 million in 2021 and nil in 2020. Allowance for ECL on noncurrent receivables and other receivables amounted to ₱115.3 million, and ₱193.6 million as at December 31, 2021 and 2020, respectively. The carrying amount of noncurrent receivables and other receivables amounted to ₱500.0 million and ₱81.3 million, respectively, as at December 31, 2021, ₱655.5 million and ₱51.8 million, respectively, as at December 31, 2020 (see Notes 6 and 9).

Estimating Useful Life of Property, Plant and Equipment. In 2021, MNUKL engaged an external party to review its certain plant machinery and fixtures. Based on the review of the external party, the useful economic lives should be extended from 35 to 50 years as the rate of deterioration is low. This resulted to a reduction on depreciation of MNUKL amounting to ₱40.1 million (£0.6 million) in 2021. The change is expected to decrease the future monthly depreciation expense by ₱3.3 million.

Leases – Estimating the 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).

The Group's lease liabilities amounted to ₱2,758.9 million, and ₱2,763.0 million as at December 31, 2021 and 2020, respectively (see Note 25).

Estimation of Refund Liabilities. The Group uses two-year average historical return and discount data to estimate the refund liabilities. These percentages are applied to determine the expected value of the variable consideration. Estimates of expected returns and volume discounts are sensitive to changes in circumstances and the Group's past experience regarding returns and discount entitlements may not be representative of customers' actual returns and discount entitlements in the future. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group. The Group updates its assessment of expected return and volume discounts annually and refund liabilities are adjusted accordingly. As at December 31, 2021 and 2020, the amount recognized as refund liabilities for the expected returns and volume discounts are ₱303.9 million and ₱279.7 million, respectively (see Note 15).

Estimation of Pension and Other Benefits Costs. The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 22). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

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.

On May 1, 2021, the Parent Company amended its retirement plan as follows:

- Change in disability benefit from 60 days to 75 days
- Change in death benefit from ₱0.2 million plus gratuity pay or ₱1.0 million, to 75 days per year of service or ₱2.0 million, whichever is higher, with the exemption of self-inflicted cause of death

As a result of the amendment, the Group recognized ₱75.1 million past service cost in 2021.

As at December 31, 2021 and 2020, 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 (see Note 24).

Net deferred tax assets recognized in the consolidated financial statements amounted to ₱885.5 million and ₱843.1 million as at December 31, 2021 and 2020, respectively (see Note 24).

Deferred tax assets amounting to ₱578.2 million, and ₱676.3 million were not recognized in the consolidated financial statements as at December 31, 2021 and 2020, respectively, since the Group believes that it will not be utilized in the future. Deferred tax assets on cumulative translation adjustments amounting to ₱695.8 million and ₱1,310.0 million as at December 31, 2021 and 2020, respectively, were not recognized since it is not probable that taxable profit will be available against which the temporary difference can be utilized (see Note 24).

As at December 31, 2021 and 2020, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱2,240.4 million, and ₱2,831.5 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.

Estimation of Legal contingencies and Regulatory Assessments. As at December 31, 2020 and 2021, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiating strategy.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the Group financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at December 31, 2021, management has developed an estimate of the probable cash outflow to settle these assessments and has recognized provision for these liabilities.

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

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

The 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, 2021 and 2020, are set out below:

			Percentage of Ownership			
		Country of	**2021**		2020	
Subsidiaries	Principal Activity	Incorporation	**Direct**	**Indirect**	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	–	100.00	–
MNUKL	Investment holding	United Kingdom	–	**100.00**	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	–	**100.00**	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States 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	–	**N/A**	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	–	**100.00**	–	100.00
MNNZ	Distribution of food related goods	New Zealand	–	**100.00**	–	100.00
MNHTL***	Investment company	Thailand	–	**6.50**	–	6.50
MIL	Manufacture of seasonings	Thailand	–	**100.00**	–	100.00
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	**56.40**	–	56.40

(Forward)

Subsidiaries	Principal Activity	Country of Incorporation	Percentage of Ownership 2021 Direct	2021 Indirect	2020 Direct	2020 Indirect
MNIIL	Investment company	British Virgin Islands	**100.00**	–	100.00	–
MNHTL***	Investment company	Thailand	–	**93.50**	–	93.50
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	**43.60**	–	43.60
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	**95.69**	–	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	–	90.91	–
SFC****	Manufacture and process of bread	Philippines	**80.00**	–	80.00	–
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	–	**80.00**	–	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**100.00**	–	60.00	–

**Dormant*
***Dissolved in 2021*
****The Group effectively owns 100%*
*****Subsidiary effective September 7, 2020*

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
	(In Thousands, Except No. of Shares)		
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

ii. MNIIL

On May 29, 2020, the BOD approved the MNIIL's repurchase of its 18,420,870 ordinary shares and repatriation of a portion of its capital to Parent Company amounting to ₱920.1 million ($18.4 million).

iii. 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 (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 now owns 100% of the outstanding shares of MNTH. The Parent Company recognized equity reserve from this transaction (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 now owns 100% of the outstanding shares of MNTH. The Parent Company recognized equity reserve from this transaction (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). MNIIL 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%.

iv. 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% to 95.69% in 2018. The Parent Company recognized equity reserve from this transaction amounting to ₱33.4 million (see Note 18).

v. MNAC

On June 10, 2016, the Parent Company and Agricology 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. As at December 31, 2021 and 2020, the Group's allowance for impairment losses on MNAC's assets are as follow:

	2021	2020
Other current assets (see Note 8)	**₱3,603**	₱3,603
Advances to suppliers and contractors (see Note 14)	**55,787**	55,787
Property, plant and equipment (see Note 12)	**7,664**	7,664
	₱67,054	₱67,054

vi. SFC

In 2016, the Parent Company entered into a Joint Venture Agreement with NIC, an Indonesian-based company, primarily engaged in the manufacture and distribution of packaged bread, cakes, and packaged baked goods, to set-up 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. As a result of this agreement, the Group recognized a gain of ₱13.9 million recorded under the "Miscellaneous income" account in the consolidated statement of comprehensive income (see Note 21).

In April 2020, prior to the acquisition of the 55% ownership interest of NIC in SFC, the Parent Company made additional investments in SFC amounting to ₱188.1 million. NIC has also made additional investments to SFC to retain its ownership interest in SFC.

On September 7, 2020, the Parent Company acquired NIC's 55% equity interest in SFC, through a Share and Purchase Agreement between the Parent Company and NIC, which increased the Parent Company's ownership interest in SFC from 25% to 80%, for a total consideration of ₱256.2 million. As a majority stockholder of SFC, the Parent Company accounted the investment in SFC as investment in a subsidiary starting September 7, 2020 from investment in an associate in 2019. The Parent Company acquired SFC to gain control of the latter's business and increase its market share by creating synergies with the Parent Company's existing products and route to market strategies.

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.

The fair values of the identifiable assets and liabilities of SFC as at the date of acquisition were:

	Fair Value Recognized on Acquisition
Assets	
Cash	₱34,315
Trade and other receivables (see Note 6)	39,983
Prepayments and other current assets	219,917
Property, plant and equipment (see Note 12)	1,095,471
Intangible assets (see Note 13)	14,721
Other noncurrent assets	4,237
	₱1,408,644

(Forward)

	Fair Value Recognized on Acquisition
Liabilities	
Accounts payable	₱193,336
Other current liabilities	155,823
Loans payable	390,000
Lease liability (see Note 25)	157,901
Other liabilities	15,924
Deferred tax liability	21,332
	934,316
Total identifiable net assets at fair value	₱474,328

	Amount
Fair value of previously-held equity interest	₱105,105
Non-controlling interest measured at fair value	94,823
Purchase consideration transferred	256,150
Total value	456,078
Total identifiable net assets at fair value	(474,328)
Bargain purchase*	(₱18,250)

**Recorded under "Miscellaneous income" in the consolidated statement of comprehensive income.*

The fair value and the gross amount of the trade and other receivables amounted to ₱40.0 million which is expected to be collected in full.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. ROU assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable terms of the lease relative to market terms.

In 2020, SFC contributed ₱156.1 million of revenue and a loss before income tax of ₱83.9 million to the Group. If the acquisition had taken place at the beginning of the year, contribution to the revenue would have been ₱402.2 million and loss before income tax from continuing operations for the Group would have been ₱565.9 million.

The net cash outflow from the acquisition is as follows:

Net cash acquired from the subsidiary	₱34,315
Cash paid*	(51,230)
	(₱16,915)

**20% of total acquisition price*

As at December 31, 2021 and 2020, unpaid portion of the total acquisition price amounted to ₱10.7 million and ₱204.9 million, respectively and is recorded under "Accounts payable and other current liabilities" account (see Note 15).

viii. 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 as at January 28, 2021 (see Note 18).

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.

	2021			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱54,039,015**	**₱15,245,173**	**–**	**₱69,284,188**
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	**₱5,300,253**	**(₱2,055,128)**	**₱–**	**₱3,245,125**
Other information				
Total assets	**₱69,493,886**	**₱54,170,503**	**(₱23,806,761)**	**₱99,857,628**
Total liabilities	**₱15,139,545**	**₱40,109,264**	**(₱23,806,761)**	**₱31,442,048**
Investment in associates and joint venture	**₱1,094,087**	**₱–**	**₱–**	**₱1,094,087**
Capital expenditures	**₱3,399,408**	**₱1,816,859**	**₱–**	**₱5,216,267**

	2020			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱52,910,573	₱15,034,938	₱–	₱67,945,511
Costs and expenses	(39,802,436)	(12,743,090)	–	(52,545,526)
Depreciation and amortization	(1,642,275)	(661,044)	–	(2,303,319)
Finance income	1,436,836	5,565	(1,080,462)	361,939
Finance expense	(1,517,312)	(1,349,293)	1,080,462	(1,786,143)
Foreign exchange gain (loss) - net	900,877	13,362	–	914,239
Impairment loss	(229,980)	(783,858)	–	(1,013,838)
Share in profit (loss) of associates and joint venture	(98,300)	–	–	(98,300)
Other income (expense)	258,889	(8,723)	–	250,166
Income before income tax	12,216,872	(492,143)	–	11,724,729
Provision for income tax	3,292,153	366,869	–	3,659,022
Net income	₱8,924,719	(₱859,012)	₱–	₱8,065,707
Other information				
Total assets	₱54,462,663	₱49,251,201	(₱19,311,448)	₱84,402,416
Total liabilities	₱43,373,262	₱33,800,565	(₱19,311,448)	₱57,862,379

	2020			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Investment in associates and joint venture	₱1,024,068	₱–	₱–	₱1,024,068
Capital expenditures	₱1,968,780	₱1,784,694	₱–	₱3,753,474

	2019			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱50,259,882	₱15,190,993	₱–	₱65,450,875
Costs and expenses	(38,203,794)	(13,079,054)	–	(51,282,848)
Depreciation and amortization	(1,584,997)	(467,520)	–	(2,052,517)
Finance income	1,402,386	5,785	(1,103,740)	304,431
Finance expense	(2,423,859)	(1,296,730)	1,103,740	(2,616,849)
Foreign exchange gain (loss) - net	136,667	(48,346)	–	88,321
Impairment loss	(678,523)	(112,314)	–	(790,837)
Share in profit (loss) of associates and joint venture	(251,333)	–	–	(251,333)
Other income (expense)	360,138	(85,308)	–	274,830
Income before income tax	9,016,567	107,506	–	9,124,073
Provision for income tax	2,222,427	252,375	–	2,474,802
Net income	₱6,794,140	(₱144,869)	₱–	₱6,649,271
Other information				
Total assets	₱54,680	₱49,875	(₱18,601)	₱85,954
Total liabilities	₱48,046	₱33,287	(₱18,601)	₱62,732
Investment in associates and joint venture	₱993,202	₱–	₱–	₱993,202
Capital expenditures	₱2,137,759	₱1,522,465	₱–	₱3,660,224

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:

	2021	2020	2019
Domestic	**₱50,356,983**	₱49,880,008	₱46,843,920
Foreign	**18,927,205**	18,065,503	18,606,955
	₱69,284,188	₱67,945,511	₱65,450,875

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, other noncurrent assets (advances to employees and withholding tax receivables), and deferred tax assets.

	2021	2020
Domestic:		
Property, plant and equipment (see Note 12)	**₱16,616,860**	₱15,161,639
Investments in associates and joint ventures	**1,094,087**	1,024,068
Intangible assets (see Note 13)	**657,953**	648,474
Other noncurrent assets (see Note 14)	**992,831**	944,164
Total	**19,361,731**	17,778,345
Foreign:		
Property, plant and equipment (see Note 12)	**13,335,400**	11,474,935
Intangible assets (see Note 13)	**34,988,803**	32,951,857
Other noncurrent assets (see Note 14)	**104,295**	13,825
	48,428,498	44,440,617
	₱67,790,229	₱62,218,962

5. **Cash and Cash Equivalents**

	2021	2020
Cash on hand and in banks	**₱4,773,728**	₱3,620,374
Cash equivalents	**9,083,086**	3,472,641
	₱13,856,814	₱7,093,015

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

Interest income from cash and cash equivalents amounted to ₱72.2 million in 2021, ₱81.6 million in 2020 and ₱288.3 million in 2019 (see Note 21).

6. **Trade and Other Receivables**

	2021	2020
Trade receivables:		
Non-related parties	**₱6,164,997**	₱6,414,107
Related parties (Note 23)	**33,777**	58,397
Other receivables	**81,330**	51,789
	6,280,104	6,524,293
Allowance for ECL	**31,372**	67,575
	₱6,248,732	₱6,456,718

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

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

Movements in the allowance for ECL follow:

	2021	2020
Balance at January 1	**₱67,575**	₱368,807
(Reversal of) provision for ECL (see Note 20)	**(31,189)**	98,544
Write-off	**(5,989)**	(399,702)
Currency translation adjustments	**975**	(74)
Balance at end of period	**₱31,372**	₱67,575

The Group directly wrote off receivables amounting to nil in 2021 and ₱6.9 million in 2020 as management assessed that there is no reasonable expectation of recovery. These are recorded under the “Provision for ECL and write-off” account in the consolidated statements of comprehensive income (see Note 20).

Trade and other receivables from related parties that were eliminated upon consolidation amounted to ₱2,556.1 million in 2021 and ₱2,351.1 million in 2020.

7. Inventories

	2021	2020
At cost:		
In-transit	**₱319,180**	₱124,561
Raw materials	**124,999**	120,275
Finished goods	**190,468**	85,659
Packaging and other materials	**12,128**	14,580
Work in-process	**1,813**	5,177
	648,588	350,252
At NRV:		
Finished goods	**₱3,079,954**	₱2,528,918
Raw materials	**2,702,461**	1,677,530
Work in-process	**1,425,579**	823,835
Packaging and other materials	**715,781**	692,468
	7,923,775	5,722,751
	₱8,572,363	₱6,073,003

The costs of inventories carried at NRV as at December 31 are as follows:

	2021	2020
Finished goods	**₱3,317,671**	₱2,692,979
Raw materials	**2,752,449**	1,744,293
Work in-process	**1,463,761**	852,405
Packaging and other materials	**833,914**	732,300
	₱8,367,795	₱6,021,977

Movements in the allowance for inventory obsolescence for raw materials and finished goods are as follows:

	2021	2020
Balance at beginning of year	**₱299,226**	₱287,276
Provision	**194,045**	361,508
Write-off	**(55,656)**	(348,745)
Currency translation adjustments	**6,405**	(813)
Balance at end of year	**₱444,020**	₱299,226

The cost of inventories recognized under “Cost of goods sold” account amounted to ₱43,692.8 million in 2021, ₱41,439.5 million in 2020 and ₱40,194.1 million in 2019 (see Note 19).

The carrying value of the Group’s right of return assets amounted to nil as at December 31, 2021 and 2020 (see Note 3).

Under the terms of the agreements covering liabilities under trust receipts totaling ₱3,714.7 million, and ₱605.9 million as at December 31, 2021 and 2020, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds (see Note 16).

8. Prepayments and Other Current Assets

	2021	2020
Creditable withholding tax (CWT) and other credits	**₱686,087**	₱16,021
Prepayments	**538,754**	239,837
Deferred input VAT	**294,801**	335,950
Input VAT	**201,610**	364,713
Other current assets	**48,664**	19,335
	1,769,916	975,856
Allowance for non-recoverability of other current assets	**(759)**	(3,603)
	₱1,769,157	₱972,253

CWT and other credits include the overpayment of 2020 income tax due to CREATE Act.

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.

Movement in allowance for non-recoverability of other current assets pertains to write-off of input VAT in 2021.

9. Financial Assets

	2021	2020
Loans receivable	**₱780,202**	₱849,093
Financial assets at FVTPL	**1,001**	–
	781,203	849,093
Allowance for ECL	**(115,266)**	(193,572)
	₱665,937	₱655,521

	2021	2020
Current portion	**₱165,937**	₱–
Noncurrent portion (see Note 27)	**500,000**	65,521
	₱665,937	₱655,521

Loans receivables. Noncurrent loans receivables mainly consist of interest-bearing loans receivable from SSCC and MNSG Holdings Pte. Ltd. The loan receivable from MNSG Holdings Pte. Ltd. amounting to ₱164.9 million ($3.0 million) will mature on July 23, 2022. In 2021 and 2020, 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 noncurrent receivables amounted to ₱10.8 million in 2021, ₱15.9 million in 2020 and ₱16.2 million in 2019 (see Note 21).

Movements in the allowance for ECL follow:

	2021	2020
Balance at January 1	**₱193,572**	₱184,642
(Reversal of) provision for ECL (see Notes 20, 21 and 23)	**(77,369)**	8,930
Write-off	**(937)**	–
Balance at end of period	**₱115,266**	₱193,572

Financial assets at FVTPL. Movements in the fair value of financial assets at FVTPL are as follows:

	2021
Acquisitions	**₱7,401,000**
Disposal	**(7,412,542)**
Fair value change during the year	**12,543**
	₱1,001

10. Financial Assets at FVOCI

Unquoted equity securities

As at December 31, 2021 and 2020, unquoted equity securities pertain to investment in Wide Faith Foods and Co. Ltd, which have been written-down to nil as at December 31, 2021 and 2020.

Fair value reserve of financial assets are as follows:

	2021	2020
Balance, at January 1	**(₱235,130)**	(₱235,130)
Fair value change on financial assets at FVOCI during the year	**–**	–
Balance, at December 31	**(₱235,130)**	(₱235,130)

The acquisition cost of these unquoted equity securities amounted to ₱235.1 million as at December 31, 2021 and 2020.

11. Investments in Associates and Joint Venture

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership	Amount 2021	Amount 2020
Associates					
Monde Land Inc. (MLI)	Buying, leasing and acquiring of real estate	Philippines	40.00	**₱925,304**	₱909,598
NAMZ 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	**140,000**	80,000
YCE Group Pte Ltd*	Manufacturing of ice	Singapore	32.00	**78,249**	78,249
				1,467,764	1,392,058
Joint Venture					
Honey Droplet Hong Kong*	Purchasing, processing, exporting, and selling honey worldwide (excluding Japan)	Hong Kong	50.00	**₱218,748**	₱218,748
Monde Malee Beverage Corporation (MMBC)	Importation, marketing, promotion, and sale of beverage products	Philippines	48.99	**28,783**	34,470
				247,531	253,218
Less allowance for impairment loss on investments in (Note 3):					
NAMZ Pte Ltd				**324,211**	324,211
YCE				**78,249**	78,249
Honey Droplet Hong Kong				**218,748**	218,748
				621,208	621,208
				₱1,094,087	₱1,024,068

** Indirect ownership through MNSPL*

Investments in Associates

	2021	2020
Acquisition costs, beginning of year	**₱1,240,322**	₱1,466,302
Additions	**60,000**	248,125
Step-up acquisition (see Note 4)	**–**	(474,105)
Acquisition costs, end of year	**1,300,322**	1,240,322
Accumulated equity share in net earnings:		
Balance at beginning of year	**151,736**	(110,691)
Share in net earnings (losses)*	**42,054**	(92,719)
Dividends from MLI	**(26,348)**	(16,000)
Step-up acquisition (see Note 4)	**–**	369,000
Fair value adjustment on step-up acquisition	**–**	2,146
	167,442	151,736
	1,467,764	1,392,058
Accumulated impairment loss	**(402,460)**	(402,460)
	₱1,065,304	₱989,598

**Includes share in net losses of SFC before the step-up acquisition in September 2020 amounting to ₱127.8 million.*

Summarized consolidated financial information of MLI, a material associate, follows:

	2021	2020
Consolidated Statement of Financial Position		
Current assets	**₱190,615**	₱145,016
Noncurrent assets	**1,333,186**	1,361,928
Current liabilities	**(93,000)**	(121,157)
Noncurrent liabilities	**(47,871)**	(42,123)
Equity	**₱1,382,930**	₱1,343,664
Group's share in equity	**₱553,172**	₱537,466
Goodwill	**372,132**	372,132
Group's carrying amount of the investment	**₱925,304**	₱909,598

	2021	2020	2019
Consolidated Statement of Comprehensive Income			
Revenue	**₱270,810**	₱224,805	₱186,539
Cost of sales	**(106,328)**	(67,292)	(53,238)
Sales, general and administrative expenses	**(23,720)**	(20,680)	(18,724)
Other expenses	**(3,256)**	(4,486)	(6,490)
Income before income tax	**137,506**	132,347	108,087
Provision for income tax	**32,371**	44,533	37,943
Income after income tax	**105,135**	87,814	70,144
Other comprehensive income	**–**	–	648
Total comprehensive income	**₱105,135**	₱87,814	₱70,792
Group's share of profit for the year	**₱42,054**	₱35,126	₱28,317

The Group's share in the aggregated summarized financial information for immaterial associates follow:

	2021	2020	2019
Consolidated Statement of Comprehensive Income			
Revenue	**₱107,262**	₱86,551	₱64,178
Cost of sales	**(97,513)**	(63,401)	(45,553)
Sales, general and administrative expenses	**(31,998)**	(10,704)	(52,734)
Other income (expenses)	**(23,199)**	(15,019)	(14,098)
Loss before income tax	**(45,448)**	(2,573)	(48,207)
Provision for (benefit from) income tax	–	–	506
Loss after income tax	**(45,448)**	(2,573)	(47,701)
Other comprehensive income (loss)	–	–	(513)
Total comprehensive loss	**(₱45,448)**	(₱2,573)	(₱48,214)

The Group did not recognize its share in net losses in associates amounting to ₱45.4 million in 2021, ₱2.6 million in 2020 and ₱40.7 million in 2019. The accumulated share in net losses in associates not recognized amounted to ₱92.6 million and ₱47.2 million as at December 31, 2021 and 2020, respectively.

a. MLI
The Group's carrying amount of its investment in MLI is ₱925.3 million and ₱909.6 million as at December 31, 2021and 2020, respectively. The difference between the carrying amount of the Group's investment in MLI as at December 31, 2021 and 2020 and its share in the total equity of MLI attributable to the equity holders of the Parent is attributable to goodwill.

b. NAMZ Pte Ltd
In 2020, an entity made additional investments in NAMZ Pte Ltd which resulted in the dilution of the Group's ownership interest from 30.0% to 21.2%.

c. *CHTI*
In March 2020, the Group made an additional investment amounting to ₱60.0 million. As at December 31, 2020, CHTI has ₱400.0 million of registered capital, of which the Group owns 20%.

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%.

The associates had no contingent liabilities or capital commitments as at December 31, 2021 and 2020.

Investment in Joint Venture

	2021	2020
Cost	**₱379,623**	₱379,623
Accumulated equity share in net earnings:		
Balance at beginning of year	**(126,405)**	(120,824)
Share in net losses	**(5,687)**	(5,581)
	(132,092)	(126,405)
	247,531	253,218
Accumulated impairment loss	**(218,748)**	(218,748)
	₱28,783	₱34,470

The Group's shares in the aggregate summarized financial information of individually-immaterial joint ventures follow:

	2021	2020	2019
Revenue	**₱27,988**	₱36,459	₱51,518
Expenses	**(33,472)**	(85,619)	(68,096)
Other income (expenses)	**(218)**	6,405	3,587
Loss before income tax	**(5,702)**	(42,755)	(12,991)
Provision for (benefit from) income tax	**(15)**	–	317
Loss after income tax	**(5,687)**	(42,755)	(13,308)
Other comprehensive loss	**–**	(349)	(369)
Total comprehensive loss	**(₱5,687)**	(₱43,104)	(₱13,677)

In 2021, Honey Droplet Hong Kong has no operations due to factory shut down. The Group did not recognized share in net losses in joint ventures amounting to nil in 2021, ₱37.5 million in 2020 and ₱11.5 million in 2019. The accumulated share in net losses in joint ventures not recognized amounted to ₱85.9 million as at December 31, 2021 and 2020 and ₱48.4 million as at December 31, 2019, respectively.

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.

The Group determined that the negative results of operations 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, 2021 and 2020.

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.

The unrecognized share in net losses of MMBC amounting to ₱31.3 million were recognized by the Group in 2019.

The joint ventures have no contingent liabilities or capital commitments as at December 31, 2021 and 2020.

12. **Property, Plant and Equipment**

2021

	Land	Land Improvements	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	ROU Building	ROU Leasehold Improvements	ROU Others	Total
Cost																
Balance at beginning of year	₱456,119	₱5,577	₱8,613,002	₱1,643,602	₱145,198	₱30,313,880	₱362,439	₱115,322	₱234,304	₱1,863,902	₱3,933,034	₱2,906,919	₱325,391	₱42,697	₱289,829	₱51,251,215
Additions	–	–	7,552	4,323	2,591	191,209	13,939	13,676	14,788	1,777,948	3,281,159	–	2,586	24,172	105,730	5,439,673
Disposals	–	–	(6,288)	–	–	(453,657)	(71,305)	(6,649)	(1,142)	–	(373)	–	(67,165)	–	(1,371)	(607,950)
Reclassifications	–	–	1,453,586	320,917	1,500	2,523,225	55,408	33,242	20,250	(2,293,781)	(2,114,347)	–	–	–	–	–
Foreign currency translation adjustments	(15,036)	(294)	720,164	(2,879)	–	(74,520)	(3,200)	(53)	(4,053)	26,575	(14,068)	–	–	–	–	632,636
Balance at end of year	441,083	5,283	10,788,016	1,965,963	149,289	32,500,137	357,281	155,538	264,147	1,374,644	5,085,405	2,906,919	260,812	66,869	394,188	56,715,574
Accumulated Depreciation																
Balance at beginning of year	–	3,690	3,761,226	778,907	90,693	16,326,942	274,737	67,338	161,726	–	–	134,512	101,054	10,431	65,856	21,777,112
Depreciation (see Notes 19 and 20)	–	270	399,627	102,400	7,431	1,549,919	96,852	17,316	39,009	–	–	86,367	77,676	8,776	10,964	2,396,607
Disposals	–	–	(4,716)	–	(53)	(452,748)	(71,270)	(6,253)	(1,094)	–	–	–	(23,238)	–	–	(559,372)
Foreign currency translation adjustments	–	(158)	47,330	(18,862)	–	(44,294)	(3,756)	(53)	(3,869)	–	–	–	–	–	–	(23,662)
Balance at end of year	–	3,802	4,203,467	862,445	98,071	17,379,819	296,563	78,348	195,772	–	–	220,879	155,492	19,207	76,820	23,590,685
Accumulated Impairment Loss																
Balance at beginning of year	–	–	694,313	104,167	967	1,343,318	–	–	36	543,684	151,044	–	–	–	–	2,837,529
(Reversal of) provision for impairment loss – net (see Notes 3 and 21)	–	–	(4,240)	–	–	174,874	–	–	–	28,081	24,346	–	–	–	–	223,061
Foreign currency translation adjustments	–	–	138,347	–	–	(26,308)	–	–	–	–	–	–	–	–	–	112,039
Balance at end of year	–	–	828,420	104,167	967	1,491,884	–	–	36	571,765	175,390	–	–	–	–	3,172,629
Net Book Value	₱441,083	₱1,481	₱5,756,129	₱999,351	₱50,251	₱13,628,434	₱60,718	₱77,190	₱68,339	₱802,879	₱4,910,015	₱2,686,040	₱105,320	₱47,662	₱317,368	₱29,952,260

2020

	Land	Land Improvements	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	ROU Building	ROU Leasehold Improvements	ROU Others	Total
Cost																
Balance at beginning of year	₱470,301	₱5,891	₱7,916,783	₱1,631,740	₱145,003	₱25,896,529	₱313,768	₱102,408	₱186,911	₱1,211,891	₱5,587,262	₱1,764,382	₱276,025	₱39,301	₱87,083	₱45,635,278
Additions	–	–	551,684	6,722	195	108,679	30,998	7,753	35,585	725,760	2,286,098	1,157,910	63,703	3,396	36,721	5,015,204
Acquisition of a subsidiary (see Note 4)	–	–	457,349	–	–	396,586	12,282	6,510	2,538	69,554	–	(15,373)	–	–	166,025	1,095,471
Disposals	–	–	(21,324)	–	–	(10,583)	(3,384)	(9,837)	(5,002)	–	–	–	(14,337)	–	–	(64,467)
Reclassifications	–	–	43,912	7,469	–	3,994,148	11,370	8,554	2,017	(113,321)	(3,954,149)	–	–	–	–	–
Foreign currency translation adjustments	(14,182)	(314)	(335,402)	(2,329)	–	(71,479)	(2,595)	(66)	12,255	(29,982)	13,823	–	–	–	–	(430,271)
Balance at end of year	456,119	5,577	8,613,002	1,643,602	145,198	30,313,880	362,439	115,322	234,304	1,863,902	3,933,034	2,906,919	325,391	42,697	289,829	51,251,215
Accumulated Depreciation																
Balance at beginning of year	–	3,603	3,458,531	663,695	75,306	14,858,206	236,872	59,334	138,089	–	–	60,589	52,862	5,309	34,854	19,647,250
Depreciation (see Notes 19 and 20)	–	278	345,435	116,167	15,387	1,507,036	43,226	15,089	30,011	–	–	73,923	54,325	5,122	31,002	2,237,001
Disposals	–	–	–	–	–	(10,007)	(2,903)	(7,033)	(4,963)	–	–	–	(6,133)	–	–	(31,039)
Foreign currency translation adjustments	–	(191)	(42,740)	(955)	–	(28,293)	(2,458)	(52)	(1,411)	–	–	–	–	–	–	(76,100)
Balance at end of year	–	3,690	3,761,226	778,907	90,693	16,326,942	274,737	67,338	161,726	–	–	134,512	101,054	10,431	65,856	21,777,112
Accumulated Impairment Loss																
Balance at beginning of year	–	–	191,335	–	967	1,044,600	–	–	36	530,351	99,921	–	–	–	–	1,867,210
Impairment loss (see Notes 3 and 21)	–	–	511,873	104,167	–	333,342	–	–	–	13,333	51,123	–	–	–	–	1,013,838
Foreign currency translation adjustments	–	–	(8,895)	–	–	(34,624)	–	–	–	–	–	–	–	–	–	(43,519)
Balance at end of year	–	–	694,313	104,167	967	1,343,318	–	–	36	543,684	151,044	–	–	–	–	2,837,529
Net Book Value	₱456,119	₱1,887	₱4,157,463	₱760,528	₱53,538	₱12,643,620	₱87,702	₱47,984	₱72,542	₱1,320,218	₱3,781,990	₱2,772,407	₱224,337	₱32,266	₱223,973	₱26,636,574

Machineries under installation pertain to plant equipment for various product lines that are still under installation which are expected to be completed in 2022 to 2023. 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 2022 to 2023. There were no capitalized borrowing costs as the construction in-progress were funded by cash from operations.

In 2021, 2020 and 2019, the Group sold property, plant and equipment with a total net book value of ₱3.3 million, ₱25.2 million and ₱85.6 million, respectively, for a cash consideration of ₱5.6 million in 2021, ₱27.9 million in 2020 and ₱4.3 million in 2019. The net gains on these disposals were recognized under the “Miscellaneous income” account in the consolidated statement of other comprehensive income.

There are no idle property, plant and equipment as at December 31, 2021 and 2020. The Group has no property, plant and equipment used as collateral as at December 31, 2021 and 2020.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,423.5 million, ₱1,624.8 million, and ₱1,333.3 million as at 2021, 2020 and 2019, respectively (see Note 27).

13. **Intangible Assets**

	2021							
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks with definite useful life**	**Trademarks with indefinite useful life**	**Software**	**Total**
Cost								
Balance at beginning of year	**₱15,851,354**	**₱17,224,878**	**₱727,560**	**₱–**	**₱3,412**	**₱14,459**	**₱272,742**	**₱34,094,405**
Additions	–	–	–	**34,639**	**424**	–	**78,396**	**113,459**
Foreign currency translation adjustments	**959,552**	**1,037,240**	–	–	**(1,385)**	–	**11,195**	**2,006,602**
Balance at end of year	**16,810,906**	**18,262,118**	**727,560**	**34,639**	**2,451**	**14,459**	**362,333**	**36,214,466**
Accumulated Amortization								
Balance at beginning of year	–	**40,605**	**233,426**	–	**2,602**	–	**127,299**	**403,932**
Amortization (see Notes 19, 20 and 21)	–	–	**36,378**	–	**218**	–	**37,669**	**74,265**
Foreign currency translation adjustments	–	**2,458**	–	–	**(1,351)**	–	**(1,736)**	**(629)**
Balance at end of year	–	**43,063**	**269,804**	–	**1,469**	–	**163,232**	**477,568**
Accumulated Impairment Loss	–	**90,142**	–	–	–	–	–	**90,142**
Net Book Value	**₱16,810,906**	**₱18,128,913**	**₱457,756**	**₱34,639**	**₱982**	**₱14,459**	**₱199,101**	**₱35,646,756**

	2020							
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	Total
Cost								
Balance at beginning of year	₱16,187,353	₱17,588,080	₱727,560	₱–	₱3,483	₱–	₱259,762	₱34,766,238
Additions	–	–	–	–	–	–	14,352	14,352
Acquisition of a subsidiary (see Note 4)	–	–	–	–	–	14,459	262	14,721
Foreign currency translation adjustments	(335,999)	(363,202)	–	–	(71)	–	(1,634)	(700,906)
Balance at end of year	15,851,354	17,224,878	727,560	–	3,412	14,459	272,742	34,094,405
Accumulated Amortization								
Balance at beginning of year	–	41,466	197,048	–	2,174	–	99,028	339,716
Amortization (see Notes 19, 20 and 21)	–	–	36,378	–	428	–	29,512	66,318
Foreign currency translation adjustments	–	(861)	–	–	–	–	(1,241)	(2,102)
Balance at end of year	–	40,605	233,426	–	2,602	–	127,299	403,932
Accumulated Impairment Loss	–	90,142	–	–	–	–	–	90,142
Net Book Value	₱15,851,354	₱17,094,131	₱494,134	₱–	₱810	₱14,459	₱145,443	₱33,600,331

In 2021, the Group acquired intellectual property license with indefinite useful life amounting to ₱34.6 million. This pertains to acquisition of know-how and other intellectual property from a third party.

Goodwill and brand were acquired through business combinations.

Goodwill, brand, trademark and license per entity are as follows:

	2021				2020		
	Goodwill	**Brand**	**Trademark**	**License**	Goodwill	Brand	Trademark
MNUKL	**₱16,810,906**	**₱18,128,913**	**₱–**	**₱–**	₱15,851,354	₱17,094,131	₱–
MNC	**–**	**–**	**14,459**	**34,639**	–	–	14,459
Total	**₱16,810,906**	**₱18,128,913**	**₱14,459**	**₱34,639**	₱15,851,354	₱17,094,131	₱14,459

The Group performed its annual impairment test in December 2021 and 2020 (see Note 3).

Trademarks with indefinite useful life amounted to ₱14.5 million as at December 2021 and 2020. No impairment loss was recognized in 2021 and 2020.

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

	2021	2020
Advances to suppliers and contractors	**₱705,290**	₱637,525
Deferred input VAT for amortization	**360,263**	279,133
Refundable and other deposits	**74,586**	75,806
Advances to employees	**68,911**	42,524
Withholding tax receivables	**–**	47,345
Others	**12,774**	21,312
	1,221,824	1,103,645
Less allowance for advances to suppliers and contractors (see Note 4)	**55,787**	55,787
	₱1,166,037	₱1,047,858

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.

Refundable and other deposits are deposits for office and warehouse spaces which are refundable upon the termination of the lease contract.

Withholding tax receivables represent tax refunds from tax regulators in the form of cash.

Advances to employees are long-term advances granted to employees.

15. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	2021	2020
Trade payables		
Non-related parties	**₱4,962,761**	₱4,648,497
Related parties (see Note 23)	**21,888**	35,708
Nontrade payables	**2,450,725**	2,449,582
Accruals for:		
Advertising and promotions	**1,196,211**	936,724
Trade spend	**382,207**	235,041
Selling, general and administrative expenses	**368,792**	337,169
Personnel costs	**319,150**	436,263
Freight	**93,572**	63,787
Interest	**1,081**	166,288
Other accruals	**58,463**	77,880
Provisions	**118,891**	150,361
Statutory payables	**1,053,318**	400,828
Others	**129,360**	202,548
	₱11,156,419	₱10,140,676

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.

Accrued expenses mainly represent accruals for payroll, employee benefits, non-trade services and are generally settled the following month.

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 ₱2,556.1 million in 2021, ₱2,351.1 million in 2020.

Refund Liabilities
As at December 31, 2021 and 2020, the Group's refund liabilities consist of the following:

	2021	2020
Refund liabilities:		
Arising from rights of return	**₱181,697**	₱166,970
Arising from retrospective volume discount	**122,181**	112,726
	₱303,878	₱279,696

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 2.5% in 2021 and 3.25% in 2020.

The Group has outstanding acceptance and trust receipts payable amounting to ₱3,714.7 million, ₱605.9 million as at December 31, 2021 and 2020, respectively.

The Group recognized interest expense amounting to ₱37.1 million in 2021, ₱32.8 million in 2020 and ₱85.6 million in 2019 (see Note 21).

17. Loans Payable and Convertible Note

Loans Payable

	2021	2020
MFL	**₱7,059,040**	₱7,302,376
Parent Company	**5,000**	22,325,000
SFC	**−**	110,000
	7,064,040	29,737,376
Unamortized debt issue costs	**(65,235)**	(191,374)
Noncurrent portion	**−**	(19,986,408)
	₱6,998,805	₱9,559,594

Details of the Group's loans are as follow:

Description	Maturities	Interest Rates	**2021** US$/£ Balances	**2021** Php Equivalent	2020 US$/£ Balances	2020 Php Equivalent
Parent						
₱18,700.0 million Floating Rate Corporate Notes (FRCNs)	December 2022	Higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the BSP overnight borrowing rate + 30 bps per annum effective April 5, 2021; Effective after December 31, 2021, the interest will be the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate.	**$–**	**₱5,000**	$–	₱8,736,667
₱9,000.0 million FRCN	October 2021	Average 3-month BVAL rate + 100 bps or BSP RRP rate + 25 bps, whichever is higher	**–**	–	–	5,486,667
₱4,550.0 million FRCN	November 2023	Average 3-month BVAL rate + 125 bps	**–**	–	–	1,001,666
₱7,100.0 million Fixed Rate Note (FXCN)	October 2023	4.50% until October 2020 and 3.75% thereafter until maturity	**–**	–	–	7,100,000
Total Parent Company loan				**₱5,000**		22,325,000
MFL						
£113.0 million term loan	March 2022	Margin and LIBOR	**£103,000**	**7,059,040**	£113,000	7,302,376
SFC						
₱110.0 million short term loan	January 2021	Floating between 5.00% to 5.25%				110,000
				₱7,064,040		₱29,737,376

a. *Parent Company*
The Parent Company has outstanding unsecured loans payable with various financial institutions. These loans have the following financial covenants and shall be computed on a consolidated basis:

i. The Group is required to maintain a debt to equity ratio of not greater than 4.00x.

ii. The Group is required to maintain a Gross Leverage of less than 6.0x from January 1, 2019 onwards.

iii. The Group is required to maintain a debt service cover ratio greater than 1.20x.

Financial testing shall be done every 6 months and reported the following month of such period.

In addition and as stated in the loan agreements, the Group may declare or pay dividends to its stockholders or make any other capital or other asset distribution to its stockholders as long as it is in compliance with the above financial covenants and no event of default has occurred.

As at December 31, 2021 and 2020, the Group is in compliance with the financial covenants.

In 2020, the Parent Company and a major financial institution amended the fixed rate from 4.50% to 3.75% and extended maturity from October 26, 2020 to October 26, 2023. Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities. As a result of this modification, the Group recognized a gain amounting to ₱165.1 million, which is recorded under "Interest income" account in the consolidated statement of comprehensive income (see Note 21).

In May 2021, the Parent Company and a major financial institution amended the rate from 3-day average of the 3-Month BVAL + 75 bps (subject to floor rate of the BSP overnight borrowing rate) to the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the BSP overnight borrowing rate + 30bps per annum effective April 5, 2021. Effective after December 31, 2021, the interest will be the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate. The remaining balance of the loan's principal after January 4, 2021 shall be paid in full at maturity date of December 29, 2022.

In 2021, the Parent Company prepaid its loan amounting to ₱22,041.0 million as part of the change in use of IPO approved by BOD in August 2021 (see Note 29).

b. *MFL Loan*
MFL has an outstanding unsecured loans payable amounting to ₱7,059.0 million (£103.0 million) and ₱7,302.4 million (£113.0 million) as at December 31, 2021 and 2020, respectively. Interest rate is based on Margin and LIBOR.

These loans have the following financial covenants:

i. MFL is required to maintain a Gross Leverage of less than 3.5x from March 31, 2019 and each quarter thereafter up to and including September 30, 2020. Afterwards, MNUKL is required to maintain a Gross Leverage of less than 3.0x from December 31, 2020 and each quarter thereafter.

ii. The Group is required to maintain a Gross Leverage of less than 6.0x from March 31, 2019 onwards.

iii. MFL is required to maintain an interest cover of greater than 4.0x from March 31, 2019 and each quarter thereafter.

As at December 31, 2020, the Group is in compliance with the financial covenants.

As at December 31, 2021, a portion of the loans of MFL, a wholly owned UK-based indirect subsidiary, was reclassed to current portion as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million) (see Note 29). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. Long-term loans payable presented as current as at December 31, 2021 amounted to ₱5,346.0 million (£78.0 million). On April 29, 2022, the financial institutions subsequently granted the same waiver for the relevant period ended March 31, 2022.

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. The swap matches the ₱7,742.4 million (£113.0 million) term loan in all particulars. Under the swap agreement, MFL receives interest quarterly equivalent to three-months LIBOR on the loans and 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.

In March 2022, MFL transitioned its interest rate from LIBOR to SONIA. The change is a direct consequence of IBOR reform, and the new basis for determining cash flows is economically equivalent to the previous one. This does not affect the overall fixed interest payable.

c. *SFC*
In 2020, SFC obtained additional unsecured short-term loan from a financial institution amounting to ₱110.0 million with floating interest between 5% to 5.25% per annum and is payable monthly. This loan was fully settled by SFC in January 2021.

Interest expense related to the loans amounted to ₱442.1 million in 2021, ₱1,163.6 million in 2020 and ₱1,919.1 million in 2019 (see Note 21).

<u>Convertible Note</u>
On February 5, 2019, the Parent Company and Arran Investment Pte. Ltd. (Arran or Investor), a company incorporated in the Republic of Singapore, entered into a Subscription Agreement wherein the Parent Company agreed to issue a Convertible Note with a face amount of ₱9,122.7 million and convertible at the option of the holder upon the occurrence of a contingent event into 494,516,100 shares as adjusted for the stock split in September 2019 representing 7.00% of the issued and outstanding shares of the Parent Company on a fully-diluted basis. In 2021, the equivalent ownership interest of the Convertible Note has decreased from 7.00% to 6.44% of the Parent Company's issued and outstanding shares as a result of the issuance of Parent Company's common shares to MCI) (see Note 18). On April 12, 2019, the Parent Company issued to Arran the Convertible Note subject to certain terms and conditions, including the redemption features which result in the treatment of the Convertible Note as a USD-denominated instrument with a principal amount of $174.8 million. The Convertible Note is mandatorily redeemable at the Philippine peso equivalent of the redemption amount computed based on a formula after five years from its issue date. In addition, the Convertible Note has an optional redemption feature exercisable by the holder upon the happening of the same contingent event for the conversion feature. The Parent Company also entered into an Investor Rights Agreement on April 12, 2019 that gave certain rights to the Investor pending redemption of the Convertible Note.

When establishing the accounting treatment for the Convertible Note, the Group classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with PAS 32, *Financial Instrument: Presentation*. The Convertible Note is assessed to be a hybrid instrument containing a host financial liability component and derivative components for the equity conversion and redemption options. The equity conversion and redemption options were identified as embedded derivatives and were separated and accounted for separately from the host contract on issuance date of the Convertible Note.

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 removal of certain rights and entitlements of the Investor from the Parent Company's Articles of Incorporation which are further disclosed in Note 18.

On June 3, 2021, the Parent Company redeemed the Convertible Note. The Parent Company paid the listing redemption of ₱13,351.9 million. This resulted to loss on redemption of convertible note amounting to ₱1,579.3 million in 2021 (i.e. difference between the listing redemption amount and the carrying value of the Convertible Note and the related derivative liability).

Shown below are the movements in the value of the host liability:

	2021	2020
Host liability:		
Beginning balance	**₱7,027,163**	₱7,257,980
Accretion of interest (see Note 21)	**746,999**	489,911
Foreign exchange loss (gain)	**(73,445)**	(580,436)
Amortization of debt issue cost	**20,988**	47,624
Payments of cash variable interest	**(113,739)**	(187,916)
Redemption	**(7,607,966)**	–
	₱–	₱7,027,163

Cash variable interest is an amount equal to the amount of the 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 ₱601.2 million in 2019 (see Note 21).

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

	2021	2020
Loans Payable		
Balance at January 1	**₱191,374**	(₱94,243)
Amortization during the period (see Note 21)	**(133,534)**	122,614
Foreign currency translation adjustments	**7,395**	(2,063)
Additions during the period	**–**	165,066
Total	**65,235**	191,374
Convertible Note		
Balance at January 1	**173,929**	221,553
Redemption of convertible note	**(152,941)**	–
Amortization during the period (see Note 21)	**(20,988)**	(47,624)
	–	173,929
	₱65,235	₱365,303

18. **Equity**

Capital Stock and Additional Paid-in Capital (APIC)
The details of the Parent Company's common stock as at December 31, 2021 and 2020 follows:

	2021	2020
Authorized number of shares	**20,400,000,000**	12,000,000,000
Par value per share	**₱0.50**	₱1
Issued and outstanding common shares:		
Balance at January 1	**6,570,000,000**	6,570,000,000
Issuance to MCI	**614,305,748**	–
Reduction in par	**7,184,305,748**	–
Issuance during IPO	**3,600,000,000**	–
Balance at end of period	**17,968,611,496**	6,570,000,000

The balance of the Parent Company's additional paid-in capital net of share issuance cost amounted to ₱46,515.8 million and nil as at December 31, 2021 and 2020. The details of the Parent Company's additional paid-in capital as at December 31, 2021 and 2020 follows:

	2021	2020
Balance at January 1	**₱–**	₱–
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	**₱46,515,847**	₱–

On September 25, 2019, the Philippine Securities and Exchange Commission approved the reduction of the Group's par value per share from ₱100.00 to ₱1.00.

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 Philippine Stock Exchange, Inc. (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 16 and 12 as at December 31, 2021 and 2020, respectively. With respect to the Parent Company's stockholders as at December 31, 2021, the shares were either held through stock certificates directly issued to the shareholders or in scripless form, held in the account of the PCD Nominee Corporation (PCD Nominee) through 136 trading participants (e.g. brokers and custodians) of the Philippine Depository and Trust Corporation, Inc. (PDTC). More specifically, the shares lodged with PCD Nominee is counted as two stockholders (i.e., 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, 2021.

Retained Earnings

Parent Company

On the following dates, the BOD approved the following cash dividends, all of which have been previously appropriated:

Dividend declaration and stockholders of record date	Dividend per share	Amount
January 22, 2021	₱0.23	₱1,511,100
March 1, 2021	1.19	8,549,324
October 1, 2020	0.15	985,500

Dividend declaration and stockholders of record date	Dividend per share	Amount
November 5, 2020	₱0.23	1,511,100
June 26, 2019	46.50	3,055,050
November 6, 2019	0.32	2,102,400

The BOD approved the following:

- On December 12, 2019, reversal of the 2018 appropriation for ₱6,948.4 million for dividends, expansions, and other capital requirements.

- On December 12, 2019, appropriation of ₱6,200.0 million from the Parent Company’s retained earnings for dividends, expansions, and other capital requirements, and to comply with the financial covenants in 2020.

- On November 5, 2020, reversal of the 2019 appropriation for ₱6,200.0 million for dividends, expansions, and other capital requirements.

- On December 16, 2020, additional reversal of the 2019 appropriation for ₱2,000.0 million for dividends, expansions, and other capital requirements.

- On December 16, 2020, appropriation of ₱10,700.0 million from the Parent Company’s retained earnings for dividends, expansions, and other capital requirements, and to comply with the financial covenants in 2021.

- On March 1, 2021, reversal of the 2020 appropriation for ₱6,800.0 million for dividends, expansions, and other capital requirements.

MMYSC
The BOD approved the following:

- On December 28, 2019, release of the 2018 appropriation for ₱818.0 million for plant capacity expansion.

- On December 28, 2019, appropriation of ₱717.0 million for expansion and other capital requirements which are expected to be completed in 2020-2021.

- On December 28, 2020, release of 2019 appropriation of ₱717.0 million for plant capacity expansion.

- On December 28, 2020, appropriation of ₱410.9 million for expansion and other capital requirements which are expected to be completed in 2021-2022.

- 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.

MIL
Under Section 1202 of the Thai Civil and Commercial Code, MIL is required to set aside to a statutory reserve at least 5% of its income each time MIL pays a dividend, until the reserve reaches 10% of the registered capital. The statutory reserve can neither be offset against deficit nor used for dividend payment. In 2019, MIL made additional appropriation amounting to ₱16.6 million. The statutory reserve of MIL amounted to ₱44.5 million as at December 31, 2021, 2020 and 2019.

The Group's appropriated retained earnings follows:

	2021		2020		2019	
	Expected Completion	**Amount**	Expected Completion	Amount	Expected Completion	Amount
Expansions and capital expenditures*	**2022-2023**	**₱4,050,805**	2021-2022	₱4,410,884	2020-2021	₱5,417,000
Appropriation to comply with financial covenants (see Note 17)		**–**		4,200,000		2,000,000
Dividends		**–**	2021	2,500,000	2020	1,500,000
MIL statutory reserve	**Indefinite**	**44,452**	Indefinite	44,452	Indefinite	44,452
		₱4,095,257		₱11,155,336		₱8,961,452

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, 2021 and 2020, undistributed retained earnings of subsidiaries amounting to ₱11,766.9 million and ₱12,177.2 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 ₱2,195.3 million and ₱2,455.3 million as at December 31, 2021 and 2020, respectively.

Equity Reserve (see Note 4)

	2021	2020
MMYSC	**(₱532,573)**	₱–
MNTH	**(115,390)**	(115,390)
MNAC	**(7,733)**	(7,733)
KBT	**33,361**	33,361
	(₱622,335)	(₱89,762)

Cumulative Translation Adjustments
Cumulative translation adjustments attributable to equity holders of the Parent Company are as follows:

	2021	2020
MNSPL	**₱2,326,573**	₱4,046,231
MNIIL	**186,001**	186,342
MNTH	**176,761**	68,096
MIL	**93,918**	66,115
	₱2,783,253	₱4,366,784

Changes on Dividend Policy
On March 12, 2021, the Parent Company's BOD approved 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 the Parent Company's loan covenants, and other circumstances which restrict the payment of dividends.

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

Basic EPS

	2021	2020	2019
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income attributable to equity holders of the parent:	**₱3,115,032**	₱7,340,901	₱5,827,171
Number of shares:			
Common shares outstanding at January 1	**6,570,000,000**	6,570,000,000	65,700,000
Effect of common share issuance to MCI	**563,113,602**	–	–
Effect of reduction in par	**7,133,113,602**	6,570,000,000	13,074,300,000
Effect of common share issuance during IPO	**2,100,000,000**	–	–
Weighted average number of common shares	**16,366,227,204**	13,140,000,000	13,140,000,000
Basic EPS	**₱0.19**	₱0.56	₱0.44

Diluted EPS

	2021	2020	2019
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income attributable to equity holders of the parent:	**₱3,115,032**	₱7,340,901	₱5,827,171
Adjustments, net of tax:			
Unrealized foreign exchange gain	–	(406,305)	–
Accretion of interest	–	284,896	222,582
Derivative loss	–	134,645	325,786
Cash variable interest	–	58,041	198,237
Accretion of debt issue cost	–	33,337	23,231
	3,115,032	7,445,515	6,597,007
Number of shares:			
Common shares outstanding at January 1	**6,570,000,000**	6,570,000,000	65,700,000
Effect of common share issuance to MCI	**563,113,602**	–	–
Effect of reduction in par	**7,133,113,602**	6,570,000,000	13,074,300,000
Effect of common share issuance during IPO	**2,100,000,000**	–	–
Weighted average number of common shares	**16,366,227,204**	13,140,000,000	13,140,000,000
Effects of dilution from Convertible Note (see Note 17)	–	989,032,200	700,564,476
Weighted average number of shares adjusted for the effects of dilution	**16,366,227,204**	14,129,032,200	13,840,564,476
Diluted EPS	**₱0.19**	₱0.53	₱0.48

Potentially dilutive shares were redeemed in June 2021, hence, basic EPS equals diluted EPS.

The number of common shares in 2020 and 2019 have been retroactively adjusted for the effect of the reduction in par value approved by the SEC on April 7, 2021 and September 25, 2019 as discussed above.

19. **Net Sales and Cost of Goods Sold**

Net Sales by Geography and Operating Segment

	2021	2020	2019
APAC BFB			
Philippines	**₱50,356,983**	₱49,880,008	₱46,843,920
Other Countries	**3,682,032**	3,030,565	3,415,962
	54,039,015	52,910,573	50,259,882
Meat Alternative			
United Kingdom	**11,801,245**	11,460,790	11,385,339
United States	**1,328,113**	1,438,432	1,322,543
Other Countries	**2,115,815**	2,135,716	2,483,111
	15,245,173	15,034,938	15,190,993
	₱69,284,188	₱67,945,511	₱65,450,875

All revenues are recognized at a point in time.

Cost of Goods Sold

	2021	2020	2019
Direct materials	**₱32,718,491**	₱31,119,205	₱28,768,209
Direct labor (see Note 21)	**3,499,788**	3,264,155	2,926,776
Manufacturing overhead:			
Depreciation and amortization (see Notes 12 and 13)	**2,012,608**	1,898,518	1,675,956
Repairs and maintenance	**1,714,730**	1,416,468	1,312,573
Light and water	**1,505,609**	704,279	731,313
Indirect labor (see Note 21)	**1,110,354**	977,496	1,047,311
Plant utilities and other consumption	**828,235**	1,057,545	1,171,372
Steam	**716,696**	489,335	446,291
Rent (see Notes 23 and 25)	**22,043**	50,063	43,334
Others	**1,057,905**	1,185,961	1,713,232
Total manufacturing costs	**45,186,459**	42,163,025	39,836,367
Inventory movements (see Note 7):			
Finished goods	**(885,698)**	(371,622)	202,379
Work in-process	**(607,992)**	(351,887)	155,386
	₱43,692,769	₱41,439,516	₱40,194,132

20. **Sales, General and Administrative Expenses**

	2021	2020	2019
Advertising and promotional expenses	**₱4,788,138**	₱3,356,574	₱3,503,994
Salaries, wages and employee benefits (see Note 21)	**3,771,921**	3,805,016	3,257,519
Transportation and delivery	**2,631,676**	2,518,207	2,508,289
Outside services	**1,867,069**	1,082,882	1,156,293
Research and development	**562,823**	159,599	126,309
Depreciation and amortization (see Notes 12 and 13)	**458,264**	404,801	376,561
Dealer support	**395,280**	173,499	202,045
Taxes and licenses	**296,926**	348,937	299,869
Fringe benefit tax	**222,123**	219,937	112,493
Repairs and maintenance	**270,376**	216,555	389,728
Insurance	**247,730**	168,488	106,843
Entertainment, amusement and recreation	**157,689**	17,611	17,332
Light, water, and telecommunication	**93,653**	61,513	97,996
Warehouse supplies	**69,558**	64,944	100,089
Rent (see Notes 23 and 25)	**37,951**	7,438	35,924
Provision for ECL and write-off (see Notes 6 and 9)	**–**	114,343	29,792
Project costs	**–**	102,682	180,562
Others	**92,178**	586,303	639,595
	₱15,963,355	₱13,409,329	₱13,141,233

21. **Interest Income and Expense, Impairment Loss, Depreciation and Amortization Expense, Personnel Costs and Miscellaneous Income**

Interest Income

	2021	2020	2019
Cash and cash equivalents (see Note 5)	**₱72,212**	₱81,599	₱288,273
Noncurrent receivables (see Note 9)	**10,759**	15,865	16,158
Gain on loan modification (see Note 17)	**–**	165,066	–
	₱82,971	₱262,530	₱304,431

Interest Expense

	2021	2020	2019
Interest on loans payable (see Note 17)	**₱442,102**	₱1,163,562	₱1,919,086
Accretion of interest on convertible note (see Note 17)	**746,999**	489,911	601,170
Interest expense on lease liabilities (see Note 25)	**188,058**	153,705	117,858
Amortization of debt issue costs (see Note 17):			
Loans payable	**133,534**	(122,614)	(328,268)
Convertible note	**20,988**	47,624	33,187
Acceptance and trust receipts payable (see Note 16)	**37,140**	32,770	85,566
Others	**–**	21,185	9,791
	₱1,568,821	₱1,786,143	₱2,438,390

Impairment Loss

	2021	2020	2019
Property, plant and equipment (see Notes 3 and 12)	**₱223,061**	₱1,013,838	₱710,995
Investments in associates and joint venture (see Notes 3 and 11)	**–**	–	79,842
	₱223,061	₱1,013,838	₱790,837

Personnel Costs

	2021	2020	2019
Cost of goods sold:			
Direct labor (see Note 19)	**₱3,423,818**	₱3,228,043	2,897,397
Indirect labor (see Note 19)	**1,110,354**	977,496	1,047,311
Retirement expense (see Notes 19 and 22)	**75,970**	36,112	29,379
Sales, general and administrative expenses:			
Salaries and wages (see Note 20)	**2,822,864**	2,815,487	2,623,577
Employee benefits (see Note 20)	**845,256**	969,612	590,522
Retirement expense (see Notes 20 and 22)	**103,801**	19,917	43,420
	₱8,382,063	₱8,046,667	₱7,231,606

Depreciation and Amortization Expense

	2021	2020	2019
Property, plant and equipment (see Note 12)	**₱2,396,607**	₱2,237,001	₱1,987,426
Intangible assets (see Note 13)	**74,265**	66,318	65,091
	₱2,470,872	₱2,303,319	₱2,052,517

	2021	2020	2019
Cost of goods sold (see Note 19)	**₱2,012,608**	₱1,898,518	₱1,675,956
Sales, general and administrative expense (see Note 20)	**458,264**	404,801	376,561
	₱2,470,872	₱2,303,319	₱2,052,517

Miscellaneous Income
Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, bargain purchase, gain on sale of a subsidiary/associate, gain/loss on sale of property, plant and equipment, reversal of ECL (see Notes 6 and 9) 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, 2021.

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 2021 and 2020 follow:

	2021													
		Recognized in profit or loss					**Remeasurements in OCI**							
	January 1, 2021	**Current Service Cost**	**Net Interest Cost**	**Past Service Cost**	**Subtotal**	**Benefits Paid**	**Actuarial Changes Arising from Financial Assumptions**	**Actuarial Changes Arising from Demographic Assumptions**	**Actuarial Changes Arising from Changes in Experience Adjustments**	**Remeasurement Gain on Plan Asset**	**Subtotal**	**Contributions by Employer**	**Foreign Currency Translation Adjustments**	**December 31, 2021**
Present value of defined benefit obligation	**(₱1,050,669)**	**(₱78,823)**	**(₱47,499)**	**(₱75,139)**	**(₱201,461)**	**₱67,290**	**₱2,983**	**₱105,518**	**(₱92,415)**	**₱–**	**₱16,086**	**₱–**	**₱1,252**	**(₱1,167,502)**
Fair value of plan asset	**569,188**	**–**	**21,690**	**–**	**21,690**	**(56,397)**	**–**	**–**	**–**	**(16,423)**	**(16,423)**	**752**	**–**	**518,810**
Net pension liability	**(₱481,481)**	**(₱78,823)**	**(₱25,809)**	**(₱75,139)**	**(₱179,771)**	**₱10,893**	**₱2,983**	**₱105,518**	**(₱92,415)**	**(₱16,423)**	**(₱337)**	**₱752**	**₱1,252**	**(₱648,692)**

	2020													
		Recognized in profit or loss					Remeasurements in OCI							
	January 1, 2020	Current Service Cost	Net Interest Cost	Past Service Cost	Subtotal	Benefits Paid	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Changes in Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	Foreign Currency Translation Adjustments	December 31, 2020
Present value of defined benefit obligation	(₱764,158)	(₱45,711)	(₱40,874)	₱–	(₱86,585)	₱129,067	₱6,702	(₱237,457)	(₱109,593)	₱–	(₱340,348)	₱–	₱11,355	(₱1,050,669)
Fair value of plan asset	574,037	–	30,556	–	30,556	(88,123)	–	–	–	9,583	9,583	43,135	–	569,188
Net pension liability	(₱190,121)	(₱45,711)	(₱10,318)	₱–	(₱56,029)	₱40,944	₱6,702	(₱237,457)	(₱109,593)	₱9,583	(₱330,765)	₱43,135	₱11,355	(₱481,481)

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:

	2021	2020
Debt instruments:		
Fixed rate treasury notes and retail treasury bonds	**₱439,155**	₱456,614
Corporate bond and fixed-rate notes	**63,672**	103,636
Cash and cash equivalents	**560**	9
Investments in UITF	**14,558**	5,721
Others	**4,538**	3,907
Liabilities	**(3,673)**	(699)
	₱518,810	₱569,188

The plan assets have diverse investments and do not have any concentration risk.

On May 1, 2021, the Parent Company amended its retirement plan as follows:

- Change in disability benefit from 60 days to 75 days
- Change in death benefit from ₱0.2 million plus gratuity pay or ₱1.0 million, to 75 days per year of service or ₱2.0 million, whichever is higher, with the exemption of self-inflicted cause of death

The Parent Company recognized ₱75.1 million past service cost as a result of the amendment in 2021.

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:

	2021	2020
Discount rate	**1.80-5.15%**	1.80-4.02%
Salary increase rate	**5.00%**	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, 2021 and 2019, assuming if all other assumptions were held constant:

		2021	2020
	Increase(decrease)	**Effect on Defined Benefit Obligation**	
Discount rates	**1.00%**	**(₱91,661)**	(₱89,587)
	(1.00%)	**108,958**	106,596
Future salary increases	**1.00%**	**106,896**	104,318
	(1.00%)	**(91,783)**	(89,526)

The average duration of the defined benefit obligation at the end of the reporting period is 9.40 – 11.10 years in 2021 and 7.80 – 9.40 years in 2020.

Shown below is the expected future benefit payment:

Financial Year	**2021**	2020
Year 1	**₱145,319**	₱150,257
Years 2–5	**314,480**	317,777
Years 6–10	**425,807**	414,859

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
Associates and joint ventures					
MLI					
Rent expense	**2021**	**₱62,987**	**₱–**	15 days;	Unsecured
	2020	62,655	–	noninterest-bearing	
	2019	49,856	–		
MMBC					
Miscellaneous income	**2021**	**5,125**	**33,777**	30 days;	Unsecured;
	2020	52,165	58,397	noninterest-bearing	no impairment
	2019	10,119	9,838		
Trade purchases, net	**2021**	**57,131**	**(3,799)**	30 days;	Unsecured
	2020	83,353	(12,562)	noninterest-bearing	
	2019	105,161	(30,083)		
Rent income	**2021**	**–**	**–**	5 days;	Unsecured;
	2020	–	–	noninterest-bearing	no impairment
	2019	103	–		
SFC					
(a) Trade purchases, net	**2021**	**–**	**–**	30 days;	Unsecured
	2020	–	–	noninterest-bearing	
	2019	11,778	(13,074)		
(b) Rent income	**2021**	–	–	5 days;	Unsecured;
	2020	–	–	noninterest-bearing	no impairment
	2019	603	–		
(c) Trade sales	**2021**	**–**	**–**	30 days;	Unsecured;
	2020	–	–	noninterest-bearing	no impairment
	2019	41,364	19,862		
YCE					
Advances and interest income (see Note 9)	**2021**	**5,412**	**–**	Interest-bearing	Unsecured
	2020	8,930	–		
	2019	24,154	–		

(Forward)

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
Honey Droplet Ltd.					
Advances and interest income	**2021**	**₱–**	**₱–**	4-6 years;	Unsecured;
(see Note 9)	2020	–	–	interest-bearing	fully impaired
	2019	4,287	–		
CHTI					
Transportation and delivery	**2021**	**258,902**	**(18,089)**	15 days;	Unsecured
expense and wheat handling fees	2020	205,919	(23,146)	noninterest-bearing	
	2019	–	–		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**2021**	**27,063**	**–**	45 days;	Unsecured
	2020	57,993	–	noninterest-bearing	
	2019	18,390	–		
MNSG Holdings Pte. Ltd.					
Loans receivable	**2021**	**–**	**164,936**	2 years;	Unsecured
	2020	155,521	155,521	interest-bearing	
	2019	–	–		
Trade receivables (see Note 6)	**2021**		**₱33,777**		
	2020		58,397		
	2019		29,700		
Loans receivable	**2021**		**164,936**		
(see Note 9)	2020		155,521		
	2019		–		
Trade payables (see Note 15)	**2021**		**21,888**		
	2020		35,708		
	2019		43,157		

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 ₱2,556.1 million in 2021 and ₱2,351.1 million in 2020.

<ins>SFC</ins>
On October 7, 2016, the Parent Company entered into a Distributorship Agreement with SFC, wherein SFC engaged the services of the Parent Company to handle warehousing, selling, billing, delivery and merchandising of SFC's products in the Philippines. The agreement is effective November 1, 2016 and was terminated on March 31, 2019.

<ins>MMBC</ins>
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.

<ins>Wide Faith Foods Co. Ltd.</ins>
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 $3.0 million loan of Wide Faith Foods Co. Ltd.

<ins>MNSG Holdings Pte. Ltd.</ins>
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. Cumulative translation adjustments on the loan amounted to ₱9.4 million as at December 31, 2021.

YCE
In 2021, the Parent Company partially reversed provision for ECL amounting to ₱77.4 million as a result of settlement of advances to YCE impaired in the previous periods. The remaining provision of ₱0.9 million is subsequently written off. The Parent Company recognized provision for ECL amounting to ₱8.9 million in 2020 (Note 9).

Compensation of Key Management Personnel

	2021	2020	2019
Short-term employee benefits	**₱1,208,756**	₱1,207,259	₱1,629,370
Post-employment benefits	**56,526**	103,990	2,429
	₱1,265,282	₱1,311,249	₱1,631,799

24. **Income Tax**

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:

	2021	2020	2019
Provision for income tax computed at applicable statutory tax rate (17% to 25% in 2021 and 18% to 30% in 2020 and 2019)	**₱1,499,172**	₱3,566,774	₱2,998,264
Income tax effects of:			
Nontaxable income	**(504,609)**	(460,217)	(436,548)
Interest income already subjected to final tax and not subject to tax	**(243,718)**	(17,122)	(41,109)
Net deferred tax on unremitted interest income	**(239,026)**	–	–
Nondeductible expenses	**224,072**	256,973	125,377
Change in unrecognized DTA*	**(211,986)**	70,294	(12,553)
Benefit from OSD	**(162,957)**	(147,407)	(174,864)
Expired NOLCO	**63,772**	22,747	12,871
Nondeductible interest expense	**4,030**	4,522	11,237
Difference in tax rate of temporary differences	**1,405,963**	329,616	(12,648)
Impact of CREATE Act	**(212,977)**	–	–
Others	**(41,975)**	32,842	4,775
	₱1,579,761	₱3,659,022	2,474,802

** Includes unrecognized DTA from acquisition of SFC in 2020 amounting to ₱355.5 million*

Deferred Income Tax

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

	2021	2020
Deferred tax assets - net		
Allowance for impairment loss	**₱330,506**	₱380,879
Pension liability	**144,859**	123,252
NOLCO	**192,577**	–
Accrued expenses	**84,838**	–
Refund liabilities	**75,970**	83,909
Unearned interest income	**(59,315)**	–
Allowance for inventory obsolescence	**45,784**	36,499
Unrealized profits from intercompany sales	**34,858**	30,139
Right-of-use assets and lease liabilities	**27,864**	8,023
Unrealized foreign exchange gain	**(26,326)**	(161,189)
Advances from customers	**24,338**	5,890
Unamortized past service cost	**5,770**	8,451
Excess of the tax base over the carrying amounts of non-monetary assets	**2,498**	2,970
Allowance for ECL	**1,264**	12,602
Gain on loan modification	–	(46,694)
Interest accretion and cash variable interest on convertible note	–	154,491
Derivative liability	–	197,328
Others	–	6,525
	885,485	843,075
Deferred tax liabilities – net		
Brand	**(4,532,229)**	(3,255,600)
Property, plant and equipment	**(1,335,703)**	(654,687)
NOLCO	**166,137**	–
Unrealized foreign exchange gain	**(6,085)**	–
Interest income	–	(283,761)
Others	**5,444**	(5,870)
	(5,702,436)	(4,199,918)
	(₱4,816,951)	(₱3,356,843)

The reconciliation of the Group's deferred taxes is as follows:

	2021	2020
Beginning balance	**(₱3,356,843)**	(₱3,045,830)
Tax income during the period recognized in profit or loss	**(1,187,173)**	(464,647)
Tax income during the period recognized in OCI	**963**	98,483
Change in tax rate	**(58,441)**	–
Acquisition of a subsidiary (see Note 4)	–	(21,332)
Currency translation adjustments	**(215,457)**	76,483
Deferred tax liabilities, ending	**(₱4,816,951)**	(₱3,356,843)

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:

	2021	2020
Unused NOLCO	**₱196,114**	₱342,184
Interest expense	**212,458**	114,047
Allowance for impairment loss	**132,651**	126,999
Inventory obsolescence	**19,252**	23,102
Right-of-use assets and lease liabilities	**11,342**	6,325
Asset retirement obligation	**4,436**	5,043
MCIT	**1,958**	−
Allowance for ECL	−	55,392
Unrealized foreign exchange gain	−	3,169
	₱578,211	₱676,261

As at December 31, 2021 and 2020, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱2,240.4 million and ₱2,831.5 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 ₱695.8 million, and ₱1,310.0 million as at December 31, 2021 and 2020, 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			
2018	2021	₱355,426	₱−
2019	2022	495,776	−
2020	2025	287,493	−
2020	2023	−	583
2021	2026	1,189	1,375
		1,139,884	1,958
Expired during the year		(255,086)	−
Applied during the year		(100,340)	−
		784,458	1,958
Thailand Entities			
2018	2023	324,731	−
2019	2024	59,362	−
2020	2025	96,286	−
2021	2026	76,515	−
		556,894	−
		₱1,341,353	₱1,958

As at December 31, 2021, MNSPL has unutilized NOLCO amounting to ₱477.6 million for which deferred tax assets were recognized and can be carried forward indefinitely.

<u>Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act</u>
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as at December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred taxes are computed and measured using the applicable income tax rates for financial reporting purposes as follows:

	2021	2020
Regular corporate income tax	**25%**	30%
Minimum corporate income tax	**1%**	2%

Applying the provisions of the CREATE Act, the Parent Company and its Philippine subsidiaries would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020. As a result of this change in tax rate, the Parent Company's net deferred tax assets decreased by ₱132.6 million.

The above impact are reflected in the consolidated financial statements as at December 31, 2021.

<u>MMYSC</u>
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 2021 and 18% in 2020 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.

<u>MNUKL</u>
The U.K. government has announced an increase in corporate income tax rate from 19% to 25% to be implemented with effect from April 2023. While Marlow Foods Limited is largely insulated from this increase by virtue of the tax reductions afforded by its patent box, MNUKL will be required to record a one-off increase in its deferred tax liability, which is principally associated with the carrying value of its brands, with a consequent one-off non-cash tax charge to net profit in the first quarter of 2021.

The U.K. government has also announced the introduction of super capital allowances of 130% for qualifying capital expenditure for two years from April 2021 which could further reduce MNUKL's current tax liability and at the same time increase its deferred tax liability. The value of deferred tax liability is dependent on a number of factors and any impact would be recorded in the fourth quarter of 2021.

As a result of the change in tax rate in U.K., the Group adjusted its deferred tax liability on its Quorn and Cauldron brand by ₱1,335.6 million to reflect the expected tax rate as at December 31, 2021.

MNUKL also reflected impact of the super capital allowance for qualifying capital expenditures as at December 31, 2021.

MIL

On April 26, 2004, the Thailand Board of Investment (BOI) granted MIL promotional privileges to manufacture food ingredients. Subject to certain imposed conditions, the tax privileges include the following:

- Exemption from import duty on approved machinery.
- Exemption from import duty on articles and essential raw materials imported for use in manufacturing for export sales, for 1 year commencing as from the first importation date.
- Exemption from corporate income tax in an amount not exceeding the capital investment in the project, excluding land and working capital, and capped at Baht 708.5 million for a period of 8 years commencing from the date of first earning operating income (February 1, 2007).

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	2470(2)/2557
Grant date	June 2021	November 2014
Nature	For manufacturing of dehydrated foods	For manufacturing of instant foods
Significant privileges:		
Exemption from corporate income tax for profit from promoted operations	6 years, capped at THB 469.2 million	8 years, capped at THB 596.0 million
Exemption from import duty on approved machinery	Granted	Granted
Exemption from import duty on raw materials and significant supplies used in production for export	Granted	Granted
Date of first earning operating income	Not yet utilized	November 24, 2014

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 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. The extension options not included are exercisable in 2030.

MMYSC
MMYSC leases real estate properties for a period of 50 years from Monde Rizal, an associate through KBT, renewable for another 25 years. In 2017, MMYSC entered into another lease agreement for the lease of real property for a period of 10 years.

MNTH
MNTH has 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, 2021.

MNUKL
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 ₱58.3 million (£0.9 million) and a 5-year lease contract of a fleet of forklift trucks at three United Kingdom sites amounting to ₱40.8 million (£0.6 million) (see Note 12).

The following are the amounts recognized in consolidated statement of comprehensive income:

	2021	2020	2019
Depreciation expense of right-of-use assets included in property, plant and equipment (see Note 12)	**₱183,783**	₱164,372	₱153,735
Interest expense on lease liabilities (see Note 20)	**188,058**	153,705	117,858
Expenses relating to leases of low-value assets (see Note 20)	**37,951**	7,438	35,924
Expenses relating to short-term leases (see Note 19)	**22,043**	50,063	43,334
	₱431,835	₱375,578	₱350,851

The movements in the Group's lease liabilities are as follows:

	2021	2020
Balance at beginning of year	**₱2,763,032**	₱2,044,586
Payment of principal portion of lease liabilities	**(276,715)**	(846,389)
Accretion of interest (see Note 21)	**188,058**	153,705
Additions	**132,488**	1,261,730
Disposals	**(48,002)**	(8,501)
Acquisition of a subsidiary (see Note 4)	**–**	157,901
	2,758,861	2,763,032
Less current portion	**97,280**	88,073
	₱2,661,581	₱2,674,959

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, withholding tax receivables and advances to employees. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as accounts payable and other current liabilities, acceptance and trust receipts payable, 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, 2021 and 2020. 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, 2021 and 2020.

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
2021	**+50**	**(76,919)**
	-50	**76,919**
2020	+50	(₱105,803)
	-50	105,803

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

<u>Foreign Currency Risk</u>
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:

	2021				
	Original Currency				
	USD	**EUR**	**JPY**	**THB**	**Peso Equivalent**
Financial Assets					
Cash and cash equivalents	**$108,382**	**€148**	**¥–**	**฿755,663**	**₱6,753,305**
Trade and other receivables	**16,257**	**1,701**	**43**	**150,292**	**1,180,683**
	124,639	**1,849**	**43**	**905,955**	**7,933,988**
Financial Liabilities					
Accounts payable and other current liabilities	**22,185**	**5,950**	**526,473**	**292,753**	**2,210,336**
	22,185	**5,950**	**526,473**	**292,753**	**2,210,336**
Net Financial Assets (Liabilities)	**$102,454**	**(€4,101)**	**(¥526,430)**	**฿613,202**	**₱5,723,652**

	2020				
	Original Currency				
	USD	EUR	JPY	THB	Peso Equivalent
Financial Assets					
Cash and cash equivalents	$42,077	€292	¥–	฿394,654	₱2,666,914
Trade and other receivables	18,205	1,507	–	165,457	1,226,465
	60,282	1,799	–	560,111	3,893,379
Financial Liabilities					
Accounts payable and other current liabilities	13,572	3,696	595,491	270,511	1,575,360
	13,572	3,696	595,491	270,511	1,575,360
Net Financial Assets (Liabilities)	$46,710	(€1,897)	(¥595,491)	฿289,600	₱2,318,019

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are as follows:

	Currency			
Year	USD ($)	EUR (€)	JPY (¥)	THB (฿)
2021	**₱51.00**	**₱57.51**	**₱0.44**	**₱1.52**
2020	₱48.04	₱58.69	₱0.46	₱1.59

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar, European euro, Pound sterling, Japanese yen, Australian dollar, Thai Baht, and Singapore dollar 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.

	2021		2020	
	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	**6.17%**	**₱322,386**	(5.34%)	(₱119,817)
	(6.17%)	**(322,386)**	5.34%	119,817
European euro	**2.01%**	**(₱4,741)**	(4.15%)	₱4,620
	(2.01%)	**4,741**	4.15%	(4,620)
Japanese yen	**(4.67%)**	**10,849**	(0.00%)	–
	4.67%	**(10,849)**	0.00%	–
Thailand baht	**4.53%**	**42,239**	5.34%	24,631
	4.53%	**(42,239)**	(5.34%)	(24,631)

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:

	2021	2020
Cash and cash equivalents*	**₱13,855,341**	₱7,091,575
Trade and other receivables	**6,248,732**	6,456,718
Noncurrent receivables	**500,000**	655,521
Current financial assets	**165,937**	–
Advances to employees**	**68,911**	42,524
Withholding tax receivables***	**12,038**	47,345
Total credit risk exposure	**₱20,850,959**	₱14,293,683

** Excluding cash on hand amounting to ₱1.5 million in 2021 and ₱1.4 million in 2020.*
***Recorded under "other noncurrent assets".*
****Recorded under "Prepayments and other current assets" in 2021 and under "other noncurrent assets" in 2020.*

Aging analysis. The aging analysis of financial assets follows:

	2021						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Cash and cash equivalents*	**₱13,855,341**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱13,855,341**
Trade and other receivables	**5,486,733**	**641,859**	**48,324**	**26,766**	**45,050**	**31,372**	**6,280,104**
Noncurrent receivables	**500,000**	**–**	**–**	**–**	**–**	**115,266**	**615,266**
Current financial assets	**165,937**	**–**	**–**	**–**	**–**	**–**	**165,937**
Advances to employees**	**68,911**	**–**	**–**	**–**	**–**	**–**	**68,911**
Withholding tax receivables***	**12,038**	**–**	**–**	**–**	**–**	**–**	**12,038**
	₱20,088,960	**₱641,859**	**₱48,324**	**₱26,766**	**₱45,050**	**₱146,638**	**₱20,997,597**

** Excluding cash on hand amounting to ₱1.5 million.*
***Recorded under "other noncurrent assets"*
****Recorded under "prepayments and other current assets"*

	2020						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Cash and cash equivalents*	₱7,091,575	₱–	₱–	₱–	₱–	₱–	₱7,091,575
Trade and other receivables	5,263,454	804,621	172,207	70,757	145,679	67,575	6,524,293
Noncurrent receivables	655,521	–	–	–	–	193,572	849,093
Withholding tax receivables**	47,345	–	–	–	–	–	47,345
Advances to employees**	42,524	–	–	–	–	–	42,524
	₱13,100,419	₱804,621	₱172,207	₱70,757	₱145,679	₱261,147	₱14,554,830

** Excluding cash on hand amounting to ₱1.4 million.*
*** Recorded under "other noncurrent assets".*

Credit risk under general and simplified approach

	2021				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Cash and cash equivalents*	**₱13,855,341**	**₱–**	**₱–**	**₱–**	**₱13,855,341**
Trade and other receivables	**81,330**	**–**	**–**	**6,198,774**	**6,280,104**
Noncurrent receivables	**500,000**	**–**	**115,266**	**–**	**615,266**
Current financial assets	**165,937**	**–**	**–**	**–**	**165,937**
Advances to employees**	**68,911**	**–**	**–**	**–**	**68,911**
Withholding tax receivables**	**12,038**	**–**	**–**	**–**	**12,038**
	₱14,683,557	**₱–**	**₱115,266**	**₱6,198,774**	**₱20,997,597**

** Excluding cash on hand amounting to ₱1.5 million.*
*** Recorded under "other noncurrent assets".*

	2020				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Cash and cash equivalents*	₱7,091,575	₱–	₱–	₱–	₱7,091,575
Trade and other receivables	51,789	–	–	6,472,504	6,524,293
Noncurrent receivables	655,521	–	193,572	–	849,093
Withholding tax receivables**	47,345	–	–	–	47,345
Advances to employees**	42,524	–	–	–	42,524
	₱7,888,754	₱–	₱193,572	₱6,472,504	₱14,554,830

** Excluding cash on hand amounting to ₱1.4 million.*
*** 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):

	2021							
		Days Past Due						
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	Total
Expected credit loss rate	**0.01%**	**0.05%**	**0.27%**	**0.64%**	**0.47%**	**25.49%**	**100.00%**	
Estimated total gross carrying amount at default	**₱5,409,112**	**₱641,732**	**₱48,252**	**₱26,712**	**₱41,595**	**₱2,173**	**₱29,198**	**₱6,198,774**
Expected credit loss	**₱802**	**₱321**	**₱131**	**₱171**	**₱195**	**₱554**	**₱29,198**	**₱31,372**

	2020							
		Days Past Due						
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	Total
Expected credit loss rate	0.13%	0.46%	1.20%	5.82%	19.75%	60.50%	100.00%	
Estimated total gross carrying amount at default	₱5,256,280	₱804,601	₱172,188	₱70,111	₱137,455	₱20,472	₱11,397	₱6,472,504
Expected credit loss	₱6,766	₱3,729	₱2,072	₱4,080	₱27,145	₱12,386	₱11,397	₱67,575

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 25% and 32% of the Group's long-term debt will mature in less than one year at December 31, 2021 and, 2020, 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:

	2021					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Financial Assets						
Cash and cash equivalents	**₱4,773,728**	**₱9,083,086**	**₱–**	**₱–**	**₱–**	**₱13,856,814**
Trade and other receivables	**793,371**	**5,486,733**	**–**	**–**	**–**	**6,280,104**
Noncurrent receivables	**115,266**	**–**	**–**	**500,000**	**–**	**615,266**
Current financial assets	**1,001**	**–**	**164,936**	**–**	**–**	**165,937**
Advances to employees	**–**	**–**	**–**	**68,911**	**–**	**68,911**
Withholding tax receivables	**–**	**–**	**12,038**	**–**	**–**	**12,038**
	5,683,366	**14,569,819**	**176,974**	**568,911**	**–**	**20,999,070**
Financial Liabilities						
Accounts payable and other current liabilities*	**3,096,780**	**6,942,309**	**64,012**	**–**	**–**	**10,103,101**
Loans payable	**–**	**31**	**7,064,161**	**–**	**–**	**7,064,192**
Acceptance and trust receipts payable	**–**	**–**	**3,714,690**	**–**	**–**	**3,714,690**
Convertible note	**–**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**–**	**65,324**	**240,554**	**1,011,071**	**7,155,601**	**8,472,550**
	3,096,780	**7,007,664**	**11,083,417**	**1,011,071**	**7,155,601**	**29,354,533**
	₱2,586,586	**₱7,562,155**	**(₱10,906,443)**	**(₱442,160)**	**(₱7,155,601)**	**(₱8,355,463)**

** Excluding statutory payables.*

	2020					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Assets						
Cash and cash equivalents	₱3,620,374	₱3,472,641	₱–	₱–	₱–	₱7,093,015
Trade and other receivables	1,260,838	5,263,455	–	–	–	6,524,293
Noncurrent receivables	193,572	–	–	655,521	–	849,093
Withholding tax receivables	–	–	–	47,345	–	47,345
Advances to employees	–	–	–	42,524	–	42,524
	5,074,784	8,736,096	–	745,390	–	14,556,270
Financial Liabilities						
Accounts payable and other current liabilities*	4,694,075	4,986,731	59,042	–	–	9,739,848
Loans payable	–	518,168	9,839,682	21,227,318	–	31,585,168
Acceptance and trust receipts payable	–	–	605,902	–	–	605,902
Convertible note	–	–	603,370	7,818,485	–	8,421,855
Lease liabilities	–	35,731	151,811	1,124,135	7,598,833	8,910,510
	4,694,075	5,540,630	11,259,807	30,169,938	7,598,833	59,263,283
	₱380,709	₱3,195,466	(₱11,259,807)	(₱29,424,548)	(₱7,598,833)	(₱44,707,013)

** Excluding statutory payables.*

Changes in Liabilities Arising from Financing Activities

	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 gain on modification of loans, amortization of debt issue costs, interest expenses and additions from new leases.*

	January 1, 2020	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2020
Loans payable	₱34,022,193	(₱4,335,786)	(₱152,725)	₱390,000	₱–	(₱377,680)	₱29,546,002
Accrued interest payable	237,886	(1,477,031)	–	–	–	1,405,433	166,288
Derivative liability	2,713,807	(72,985)	–	–	(99,409)	(27,527)	2,513,886
Lease liabilities	2,044,586	(846,389)	–	157,901	–	1,406,934	2,763,032
Convertible note	7,257,980	–	(580,436)	–	–	349,619	7,027,163
Dividends payable	–	(3,509,790)	–		–	3,509,790	–
Other noncurrent liabilities	5,531	771	–	15,924	–	–	22,226
Total liabilities from financing activities	₱46,281,983	(₱10,241,210)	(₱733,161)	₱563,825	(₱99,409)	₱6,266,569	₱42,038,597

**"Others" primarily include gain on modification of loans, amortization of debt issue costs, interest expenses and additions from new leases.*

	January 1, 2019	Cash Flows	Foreign Exchange Movement	Acquisition of a Subsidiary	Fair Value Changes	Others**	December 31, 2019
Loans payable*	₱44,003,447	(₱9,816,234)	(₱91,491)	₱–	₱–	(₱73,529)	₱34,022,193
Accrued interest payable	196,363	(2,361,117)	–	–	–	2,402,640	237,886
Derivative liability	718,310	(20,491)	–	–	2,034,586	(18,598)	2,713,807
Lease liabilities	–	(240,063)	–	–	–	2,284,649	2,044,586
Convertible note	–	9,122,685	–	–	(1,856,127)	(8,578)	7,257,980
Dividends payable	–	(5,877,750)	–	–	–	5,877,750	–
Other noncurrent liabilities	–	5,531	–	–	–	–	5,531
Total liabilities from financing activities	₱44,918,120	(₱9,187,439)	(₱91,491)	₱–	₱178,459	₱10,464,334	₱46,281,983

**Cash flow movement presented is net of availment and payments of loans payable.*
***"Others" primarily include amortization of debt issue costs, interest expenses and effect of adoption of PFRS 16*

Derivative Financial Instruments

The Group engages in derivative transactions, particularly cross currency swaps and European Knockout Option, to manage its foreign currency risk arising from its net investment. These derivatives are accounted for as accounting hedges. The embedded derivative is a transaction not designated as accounting hedge.

Cross Currency Swap (CCS) Contract
On January 24, 2017, the Group entered into a non-deliverable CCS (agreement with a notional amount of ₱7,100.0 million (£113.8 million). Under the CCS agreement, the Group receives fixed Philippine Peso interest and pays fixed Pound Sterling interest. The Group also receives the notional Philippine Peso amount in exchange for the notional Pound Sterling amount at the end of the swap period. The CCS, which has been designated as a hedge of a portion of the net investment in MNSPL, is used to hedge the Group's exposure to the GBP foreign exchange risk on its investment in MNSPL. Gains or losses on the spot component of the fair value of the CCS are transferred to OCI to offset any gains or losses on translation of the net 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)
£113,782	01/16/17	01/24/17	10/26/20	₱62.40	1.3700%	3.4211%

The effective portion of the fair value of the CCS amounting to gain of nil in 2021 and 2020 and ₱22.2 million in 2019 was recognized in OCI.

European Knockout Option (EKO)
On March 12, 2019, the Group entered into a non-deliverable European Knockout Option (EKO) with a notional amount of ₱3,550.0 million (£56.9 million). Under the EKO, the Group receives fixed Philippine Peso interest and pays fixed Pound Sterling interest. Settlement of the principal will happen if the Spot rate has fixed below the EKO and at or above the Strike on the relevant expiration date. The intrinsic value of the EKO, which has been designated as a hedge of a portion of the net investment in MNSPL, is used to hedge the Group's exposure to the GBP foreign exchange risk on its investment in MNSPL. Gains or losses on the intrinsic component of the fair value of the EKO are transferred to OCI to offset any gains or losses on translation of the net investment in MNSPL.

Notional amount	Trade Date	Effective Date	Maturity Date	Strike	EKO	Fixed rate (Pay leg)	Fixed rate (Receive leg)
£56,891	03/12/19	01/22/19	10/27/20	₱62.40	₱75.00	3.44%	0.00%

The effective portion of the fair value of the EKO amounting to loss of nil in 2021 and 2020 and ₱2.8 million in 2019 was recognized in OCI.

Movements in the derivative liability account are as follows:

	2021	2020
Beginning of year	**₱–**	₱392,272
Fair value changes recorded in:		
Derivative loss (gain)	–	(392,272)
Cumulative translation adjustment	–	–
End of year	**₱–**	₱–

The Group recognized derivative gain of ₱306.6 million from fair value changes of derivative liability account in 2019.

The Group recognized derivative gain of ₱24.9 million and ₱57.8 million from the maturity of CCS and EKO in 2021 and 2020, respectively.

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. The swap matches the ₱7,742.4 million (£113.0 million) term loan in all particulars. Under the swap agreement, MFL receives interest quarterly equivalent to three-months LIBOR on the loans and 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.

Embedded Derivatives
As discussed in Note 17, the Convertible Note issued by the Group in 2019 has embedded equity conversion and redemption options which separated from the host contract.

Shown below are the movements in the value of the embedded derivatives (shown as part of derivative liability) as at December 31:

	2021	2020
Embedded derivatives:		
Beginning balance	**₱2,513,886**	₱2,321,536
Mark-to-market valuation	**2,239,232**	192,350
Redemption of convertible note (see Note 17)	**(4,753,118)**	–
	₱–	₱2,513,886

In 2021, 2020 and 2019, the Group recognized the loss on fair value changes on the embedded derivatives amounting to ₱2,239.2 million, ₱192.4 million and ₱465.5 million, respectively, 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 ₱43.7 million in 2021, ₱158.3 million in 2020, and ₱19.6 million in 2019.

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, 2021 and 2020. The Group was able to raise funds through an IPO last June 1, 2021.

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:

	2021	2020
Total debt	**₱31,442,048**	₱57,862,379
Total equity attributable to equity holders of the Parent Company	**68,278,073**	25,241,728
Debt-to-Equity Ratio	**0.46:1.00**	2.29:1.00

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, 2021, MFL was not able to satisfy one of the loan covenants. Although this was pre-agreed verbally with lenders and no event of default occurred MFL classified its loan payable as due within one year amounting to ₱7,059.0 million (£103.0 million). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022 (see Note 29). The financial institutions are not entitled to demand repayment because no event of default occurred.

As at December 31, 2020, the Group is in compliance with the financial covenants.

<u>Fair Value of Financial Instruments</u>
Cash and Cash Equivalents, Trade and Other Receivables, Withholding Tax 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 December 31, 2021 and 2020 due to the short-term nature of these financial instruments.

Financial assets at FVTPL. The financial assets at FVTPL account consists of unit investment trust funds (UITFs). As at December 31, 2021, 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.

Noncurrent Receivables and Advances to Employees and Loans Payable. As at December 31, 2021 and 2020, 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 FVOCI. The fair values of financial assets at FVOCI are derived from the cash flow projection of the investee (income approach), which is nil as at December 31, 2021 and 2020.

CCS and EKO. The fair value of derivative liability is based on quote obtained from the counterparty bank.

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.

Equity Conversion and Redemption Options. The estimated fair value of the embedded derivative as at December 31, 2020 is based on the Jarrow-Rudd binomial lattice method of valuing equity conversion and redemption options.

As at December 31, 2021 and 2020, the following table presents the level of hierarchy of the Group's financial instruments as follows:

	2021			2020		
	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	**₱–**	**₱–**	**₱1,001**	₱–	₱–	₱–
Equity securities measured at FVOCI	–	–	–	–	–	–
Financial assets - interest rate swap	–	**19,464**	–	–	–	–
Derivative liability - equity conversion and Redemption options	–	–	–	–	–	2,513,886
Financial liabilities - interest rate swap	–	–	–	–	133,780	–
Financial instruments for which fair values are disclosed						
Loans payable	**₱–**	**₱–**	**₱–**	₱–	₱5,807,186	₱–

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, 2020 is shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Embedded derivatives	Discounted cash flow method	Underlying stock price	2020: ₱2,086.91	24% increase (decrease) in stock price would result in an increase (decrease) in fair value by ₱1,355.2 million (₱469.2 million) in 2020
Embedded derivatives	Jarrow-Rudd binomial lattice model	Option-adjusted credit spread	2020: 17.49%	5% increase (decrease) in the spread would result in an increase (decrease) in fair value by ₱856.7 million (₱ 1,094.5 million) in 2020
		Dividend yield	2020: ₱175,000	29% increase (decrease) in the dividend payable forecast would result in an increase (decrease) in fair value by (₱113.8 million) ₱113.6 million in 2020
		Issuer's probability of default	2020: 125 bps	40% increase (decrease) in the credit spread would result in an increase (decrease) in fair value by ₱ 33.4 million (₱34.3 million) in 2020
		Stock volatility	2020: 27%	5% increase (decrease) in stock volatility would result in an increase (decrease) in fair value by ₱112.7 million (₱112.9 million) in 2020

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 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, 2021 and 2020, 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 2021, ₱10.5 million in 2020 and ₱9.5 million in 2019 (see Note 9).

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,423.5 million, ₱1,624.8 million, and ₱1,333.3 million as at 2021, 2020 and 2019, respectively (see Note 12).

28. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	2021	2020	2019
Cumulative translation adjustments	**(₱1,583,397)**	₱1,100,427	₱751,190
Additions to ROU assets	**132,488**	1,261,730	–
Unpaid capital expenditures	**(90,918)**	–	–
Effect of adoption of PFRS 16	**–**	–	2,166,791

29. Other Matters and Subsequent Events

Change in Use of IPO Proceeds

On August 9, 2021, the BOD approved the change in use of IPO proceeds, previously earmarked for capital expenditures, to pay down the majority of the remaining term loans of ₱15,600.0 million, resulting in interest expense savings of approximately ₱700.0 million assuming interest rates remain at current levels. This action was done to avoid the significant negative carry associated with large cash balances as these have substantially lower investment returns than the interest payments on the outstanding debt. The BOD confirms that there is no change in the capital expenditure plans as stipulated in the IPO Prospectus, amounting to ₱26,500.0 million or 57.2% of the net proceeds, and considers that the above change in the use of net proceeds is in the best interests of the Company and its shareholders.

On November 23, 2021, the BOD approved the change in use of IPO proceeds previously allocated for "certain capital expenditures to expand the capacity of its Meat Alternative business" amounting to ₱7,105.0 million to "operating expenditures (not in excess of ₱4,100.0 million) relating to, and/or capital expenditures to expand the capacity of its Meat Alternative business". This reallocation was done concurrent with the Group's plan to expand the manufacturing capacity of its Meat Alternative business, to engage in activities that will accelerate consumer demand and consumption of its Meat Alternative products in the US and UK (including but not limitedto spending for brand building, new product development, influence partnerships, etc.).

<u>CCS Contract</u>
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.

<u>Parent Company Financial Guarantee</u>
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. This has no impact in the consolidated financial statements since this transaction will be eliminated.

<u>Geopolitical Situation in Ukraine and Russia</u>
APAC BFB. The business experienced significant inflation for Q1 2022 for wheat/flour, edible oils and energy costs. The management's response as cost containment is to enter locked in prices and hedged wheat until end of Q3 2022 and palm oil until end of Q2 2022. The Group also locked in lower energy cost from sustainable source by Q3 2022. The Group also continues to stockpile USD for natural hedge against PHP depreciation.

Meat Alternative. The War in Ukraine impacts the business' supply chain in UK. The Group has provided support to its Ukrainian staff and others who have been affected by the war. Energy costs are escalating, which is beginning to feed through to other input costs. Future demand for high volume raw materials is covered by forward contracts where possible. The supply of raw materials directly affected by the war has been switched to alternative locations.

Considering the evolving nature of this event, the Group will continue to monitor the situation.

SGV
Building a better working world

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 10, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the 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
SEC Partner Accreditation No. 91269-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 8853492, January 3, 2022, Makati City

May 10, 2022

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 10, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the 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, 2021, 2020 and 2019 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
SEC Partner Accreditation No. 91269-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 8853492, January 3, 2022, Makati City

May 10, 2022

MONDE NISSIN CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

Unappropriated Retained Earnings (RE), as adjusted, as at December 31, 2020	₱4,774,501
Net income actually earned during the year -	
Net income during the period closed to RE	2,900,546
Less non-actual income/Add non-actual losses:	
Movement in deferred tax asset	381,737
Gain on loan modification	155,648
Unrealized foreign exchange gain	199,857
Net income actually earned during the year	3,637,788
Add (less):	
Dividends declared during the period	(10,060,424)
Reversal of 2020 appropriations	6,800,000
2020 appropriation for dividends	(2,500,000)
	(5,760,424)
RE available for dividend declaration as at December 31, 2021	₱2,651,865

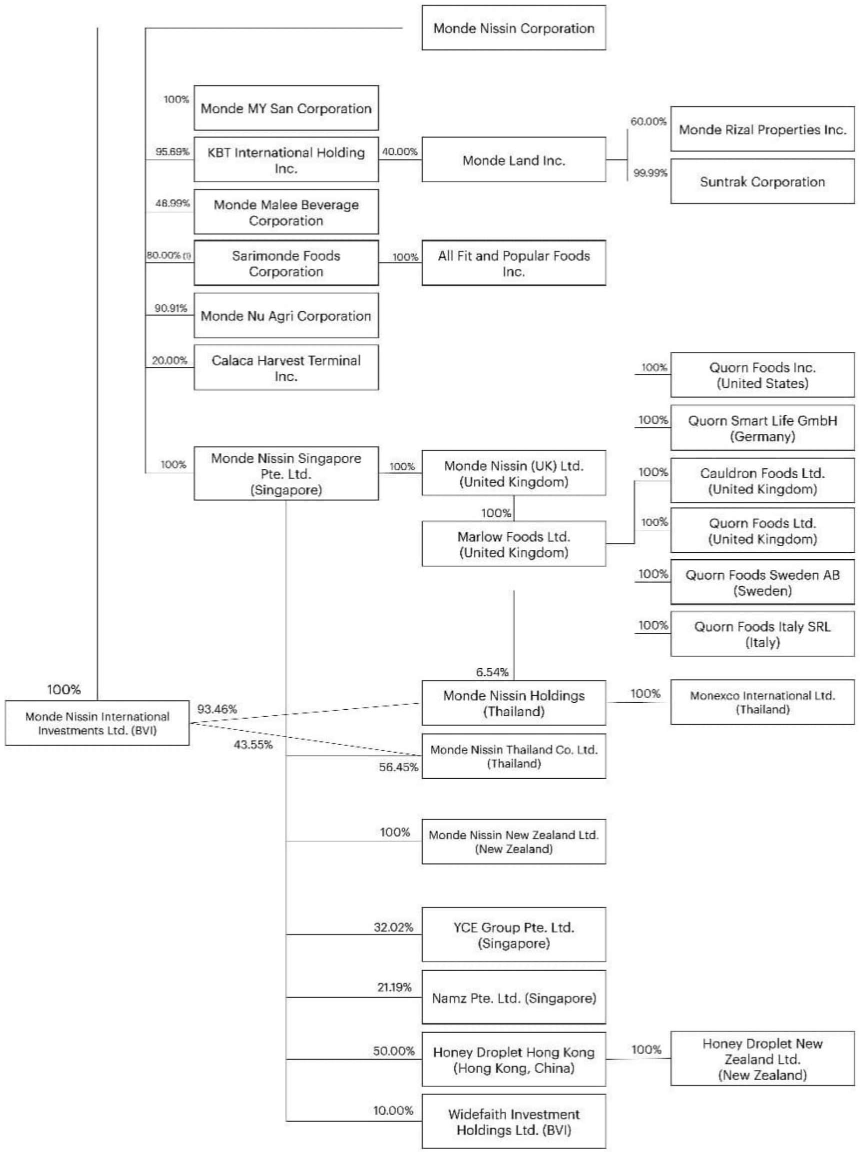
Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the parent company financial statements of Monde Nissin Corporation.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2021, 2020 and 2019

Financial Ratios	Formula	2021	2020	2019
Current ratio	Current assets / Current liabilities	1.37	0.98	1.02
Acid test ratio	Cash and cash equivalents + Current receivables + Current financial assets / Current liabilities	0.90	0.65	0.75
Solvency ratio	Net income attributable to Equity Holders of the Parent Company + Depreciation and Amortization / Total Liabilities	17.8%	16.7%	12.6%
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	0.46	2.29	2.89
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	1.46	3.34	3.96
Interest rate coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Expense	4.02	7.42	4.62
Return on equity	Net income attributable to Equity Holders of the Parent Company / Equity attributable to Equity Holders of the Parent Company (average)	6.7%	31.3%	26.8%
Return on assets	Net income attributable to Equity Holders of the Parent Company / Total assets (average)	3.4%	8.6%	6.8%
Net Sales growth	Current Period Net Sales – Prior Period Net Sales / Prior Period Net Sales	2.0%	3.8%	3.3%
Gross margin	Gross Profit / Net Sales	36.9%	39.0%	38.6%
Net profit margin	Net income / Net sales	4.7%	11.9%	10.2%
Net profit after tax (NPAT) growth	Current Period NPAT – Prior Period NPAT / Prior Period NPAT	(148.6%)	21.3%	42.7%
EBITDA Growth	Current Period EBITDA – Prior Period EBITDA / Prior Period EBITDA	(16.9%)	9.7%	23.8%
EBITDA Margin	EBITDA / Net Sales	19.2%	22.9%	21.7%
Return on Invested Capital	EBIT – Income Tax Expense / Working Capital + Property Plant and Equipment	15.8%	33.7%	34.2%

MONDE NISSIN CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2021



(1)Pending BIR issuance of CAR relating to transfer by MNC to MNSG of 20% of SMFC shares and pending BIR issuance of CAR relating to transfer by NIC to MNC of 55% of SMFC shares; The remaining 20% are held by MNSG Holdings Pte. Ltd.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2021
(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				
UITF*	Banco de Oro Universal Bank	₱1,001	₱1,001	₱12,543
Financial Assets at Amortized Cost				
Cash in banks and cash equivalents	N/A	13,855,341	N/A	72,212
Trade and other receivables	N/A	6,248,732	N/A	–
Noncurrent receivables	N/A	500,000	N/A	10,759
Loans receivable*	N/A	164,936	N/A	–
Withholding tax receivables	N/A	12,038	N/A	–
Advances to employees	N/A	68,911	N/A	–
Financial Assets at FVOCI				
Unquoted equity securities	Wide Faith Foods and Co. Ltd	Nil	Nil	Nil
		₱20,850,959	₱1,001	₱95,514

**Presented under current financial assets and noncurrent receivables*

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021
(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
Various employees	₱42,524	₱64,866	(₱38,479)	₱–	₱–	₱68,911	₱68,911

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021
(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	₱1,945,592	₱15,109,923	(₱15,002,437)	₱–	₱2,053,078	₱–	₱2,053,078
MNTH	284,259	664,173	(779,399)	–	169,033	–	169,033
MIL	–	244,250	(81,448)	–	162,802	–	162,802
MMYSC	116,730	706,165	(690,940)	–	131,955	–	131,955
MNSPL	858	91,005	(55,781)	–	36,082	–	36,082
SMFC	3,652	150,956	(151,412)	–	3,196	–	3,196
	₱2,351,091	₱16,966,472	(₱16,761,417)	₱–	₱2,556,146	₱–	₱2,556,146

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2021
(Amounts in thousands)

Name of Issuer and Type of Obligation	Amount Shown as Current	Amount Shown as Long-term	Total
Parent			
₱18,700.0 million Floating Rate Corporate Notes (FRCNs)	₱19,942	₱–	₱19,942
MFL			
£113.0 term loan	6,978,863	–	6,978,863
	₱6,998,805	₱–	₱6,998,805

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

Name of Related Party	Balance at beginning of the Period	Balance at End of the Period

- NONE TO REPORT -

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

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

- NONE TO REPORT -

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2021

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	–	–	10,755,214,900	1,609,671,496*
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	–	–	–	–	–

**Refers to Shares under Lock-up, excluding Lock-up shares which are already counted under "Directors, Officers and Employees"*

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands, with Comparative Audited Figures as at December 31, 2021)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱13,481,421**	₱13,856,814
Trade and other receivables (Note 6)	**6,915,712**	6,248,732
Inventories (Note 7)	**8,884,606**	8,572,363
Current financial assets (Notes 18 and 20)	**166,302**	165,937
Prepayments and other current assets (Note 8)	**1,486,239**	1,769,157
Total Current Assets	**30,934,280**	30,613,003
Noncurrent Assets		
Intangible assets (Note 10)	**35,521,701**	35,646,756
Property, plant and equipment (Note 9)	**30,369,525**	29,952,260
Investments in associates and joint ventures	**1,103,136**	1,094,087
Deferred tax assets - net (Note 19)	**999,184**	885,485
Noncurrent receivables	**500,000**	500,000
Derivative asset	**45,147**	–
Other noncurrent assets (Note 11)	**1,143,942**	1,166,037
Total Noncurrent Assets	**69,682,635**	69,244,625
	₱100,616,915	₱99,857,628
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	**₱10,940,613**	₱11,156,419
Acceptances and trust receipts payable (Note 7)	**2,248,705**	3,714,690
Loans payable (Note 13)	**6,979,736**	6,998,805
Refund liabilities (Note 12)	**304,857**	303,878
Current portion of lease liabilities	**90,177**	97,280
Income tax payable	**250,866**	137,842
Total Current Liabilities	**20,814,954**	22,408,914
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 19)	**5,666,076**	5,702,436
Lease liabilities	**2,670,255**	2,661,581
Pension liability	**660,409**	648,692
Other noncurrent liabilities	**20,414**	20,425
Total Noncurrent Liabilities	**9,017,154**	9,033,134
Total Liabilities	**29,832,108**	31,442,048
Equity		
Capital stock (Note 14)	**8,984,306**	8,984,306
Additional paid-in capital (Note 14)	**46,515,847**	46,515,847
Retained earnings (Note 14):		
Appropriated	**4,095,257**	4,095,257
Unappropriated	**14,944,391**	12,612,644
Fair value reserve of financial assets at FVOCI	**(189,983)**	(235,130)
Remeasurement losses on pension liability	**(289,263)**	(289,263)
Equity reserve (Note 14)	**(622,335)**	(622,335)
Cumulative translation adjustments (Note 14)	**(2,794,100)**	(2,783,253)
Equity Attributable to Equity Holders of the Parent Company	**70,644,120**	68,278,073
Non-controlling Interests (Note 4)	**140,687**	137,507
Total Equity	**70,784,807**	68,415,580
	₱100,616,915	₱99,857,628

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Quarters Ended March 31	
	2022	2021
NET SALES (Note 15)	**₱18,297,537**	₱17,076,261
COST OF GOODS SOLD (Note 15)	**11,875,855**	10,364,438
GROSS PROFIT	**6,421,682**	6,711,823
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**3,516,524**	3,340,967
	2,905,158	3,370,856
OTHER INCOME (EXPENSES)		
Foreign exchange gain - net (Notes 4 and 13)	**32,804**	8,147
Share in net earnings from associates and joint ventures	**9,049**	10,043
Impairment loss on property, plant and equipment (Note 9)	**(1,247)**	–
Miscellaneous income (Notes 6 and 17)	**30,424**	29,215
	71,030	47,405
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,976,188**	3,418,261
FINANCE INCOME (EXPENSES)		
Interest expense (Notes 13 and 17)	**(126,125)**	(917,394)
Derivative gain (Note 20)	**75,477**	381,835
Interest income (Note 17)	**8,777**	17,094
	(41,871)	(518,465)
INCOME BEFORE INCOME TAX	**2,934,317**	2,899,796
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**726,634**	391,749
Deferred	**(127,244)**	151,283
	599,390	543,032
NET INCOME	**2,334,927**	2,356,764
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**₱2,331,747**	₱2,233,188
Non-controlling interests	**3,180**	123,576
	₱2,334,927	₱2,356,764
Earnings per Share (EPS) (Note 14)		
Basic, income attributable to equity holders of the parent	**₱0.13**	0.16
Diluted, income attributable to equity holders of the parent	**0.13**	0.17

(Forward)

	Quarters Ended March 31	
	2022	2021
NET INCOME	**₱2,334,927**	₱2,356,764
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Exchange gains on foreign currency translation (including effective portion of the net investment hedge) (Note 20)	**34,300**	815,986
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit plans	–	(30,167)
Income tax effect	–	4,525
	–	(25,642)
Other comprehensive income - net of tax	**34,300**	790,344
TOTAL COMPREHENSIVE INCOME	**₱2,369,227**	₱3,147,108
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱2,366,047**	₱3,023,532
Non-controlling interests	**3,180**	123,576
	₱2,369,227	₱3,147,108

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, For the three months ended March 31, 2022 and 2021)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 14)	**Additional Paid-in Capital** (Note 14)	**Retained Earnings** (Note 14) **Appropriated**	**Unappropriated**	**Fair Value Reserve of Financial Assets at FVOCI**	**Remeasurement Losses on Pension Liability**	**Equity Reserve** (Note 14)	**Cumulative Translation Adjustments** (Note 14)	**Total**	**Non-controlling Interests** (Note 4)	**Total Equity**
Balance as at January 1, 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	**–**	**–**	**–**	**2,331,747**	**–**	**–**	**–**	**–**	**2,331,747**	**3,180**	**2,334,927**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**45,147**	**–**	**–**	**(10,847)**	**34,300**	**–**	**34,300**
Total comprehensive income (loss)	**–**	**–**	**–**	**2,331,747**	**45,147**	**–**	**–**	**(10,847)**	**2,366,047**	**3,180**	**2,369,227**
Balance as at March 31, 2022	**₱8,984,306**	**₱46,515,847**	**₱4,095,257**	**₱ 14,944,391**	**(₱189,983)**	**(₱289,263)**	**(₱622,335)**	**(₱2,794,100)**	**₱70,644,120**	**₱140,687**	**₱70,784,807**
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	–	–	–	2,233,188	–	–	–	–	2,233,188	123,576	2,356,764
Other comprehensive income (loss), net of tax	–	–	–	–	–	(25,642)	–	815,986	790,344	–	790,344
Total comprehensive income (loss)	–	–	–	2,233,188	–	(25,642)	–	815,986	3,023,532	123,576	3,147,108
Issuance of shares	614,306	1,200,664	–	–	–	–	–	–	1,814,970	–	1,814,970
Acquisition during the period	–	–	–	–	–	–	(532,573)	–	(532,573)	(1,289,927)	(1,822,500)
Release of appropriation	–	–	(6,800,000)	6,800,000	–	–	–	–	–	–	–
Dividends	–	–	–	(10,060,424)	–	–	–	–	(10,060,424)	–	(10,060,424)
Balance as at March 31, 2021	₱7,184,306	₱1,200,664	₱4,355,336	₱11,470,721	(₱235,130)	(₱315,531)	(₱622,335)	(₱3,550,798)	₱19,487,233	₱131,958	₱19,619,191

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands, For the three months ended March 31, 2022 and 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,934,317**	₱2,899,796
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	**655,269**	585,736
Interest expense (Notes 13 and 17)	**126,125**	917,394
Derivative gain (Note 20)	**(75,477)**	(381,835)
Movement in pension liability	**11,717**	4,349
Share in net (earnings) rom associates and joint venture	**(9,049)**	(10,043)
Interest income (Note 17)	**(8,777)**	(17,094)
Unrealized foreign exchange loss – net	**2,948**	65,532
Impairment loss on property, plant and equipment (Note 9)	**1,247**	–
Gain on sale of property, plant and equipment	**(1,080)**	(1,022)
Working capital adjustments:		
Decrease (increase) in:		
Trade and other receivables	**(641,339)**	324,297
Inventories	**(312,243)**	42,519
Prepayments and other current assets	**282,918**	(97,378)
Increase (decrease) in:		
Acceptance and trust receipts payable	**(1,473,540)**	365,699
Trade and other payables	**(80,958)**	(996,234)
Refund liabilities	**979**	(17,860)
Net cash generated from operations	**1,413,057**	3,683,856
Income tax paid	**(613,610)**	(364,680)
Interest received	**9,682**	18,454
Net cash flows from operating activities	**809,129**	3,337,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Notes 9 and 21)	**(1,105,829)**	(1,230,550)
Intangible assets (Note 10)	**(27,613)**	(75,733)
Current financial assets	**(1,002)**	–
Noncurrent receivables	**–**	(5,412)
Proceeds from sale of property, plant and equipment (Note 9)	**1,576**	71,704
Decrease (increase) in other noncurrent assets	**45,061**	(360,541)
Acquisition of a subsidiary, net of cash acquired	**–**	(1,822,500)
Net cash used in investing activities	**(1,087,807)**	(3,423,032)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Principal portion of lease liabilities	**(82,362)**	(70,299)
Derivatives	**75,477**	–
Interest	**(65,158)**	(352,726)
Loans - net of payment (Note 13)	**300**	(1,014,617)
Issuance of capital stock, net of transaction cost (Note 14)	**–**	1,814,970
Dividends paid	**–**	(1,511,100)
Other noncurrent liabilities	**(11)**	(2,813)
Net cash used in financing activities	**(71,754)**	(1,136,585)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(350,432)**	(1,221,987)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(24,961)**	16,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13,856,814**	7,093,015
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱13,481,421**	₱5,887,660

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

Monde Nissin Corporation (the Parent Company or MNC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 23, 1979 primarily to engage in manufacturing, processing, baking, packaging, servicing, repacking, assembling, importing, exporting, buying, selling, trading or otherwise dealing in all kinds of goods, wares and merchandises, which are or may become articles of commerce such as but not limited to noodles, candies, confectionaries, biscuits, cakes and other foods, drugs and cosmetics. 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 Board of Directors (BOD) of the Parent Company and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company approved certain amendments to the Parent Company's Articles of Incorporation (AOI) including the following: (a) include "noodles" in the articles of commerce that the Parent Company may manufacture, process, service, package, re-package, import, export, buy, sell, trade, or otherwise deal in; (b) amend the term of corporate existence from 50 years to a "perpetual corporate term unless the SEC issues a certificate providing otherwise"; (c) increase the number of directors of the Parent Company from 7 to 9; and (d) authorized number of shares, as amended, shall be 20,400,000,000 common shares with a par value of ₱0.50 per share, from the current par value of ₱1.00 per share. These amendments in the Parent Company's AOI was approved by the SEC on April 7, 2021.

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

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

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

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

Basis of Preparation

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

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

Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2021. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2021, except for the adoption of amendments effective beginning January 1, 2022, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. The amendments also add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 per cent" test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments did not have a material impact on the Group.

3. Significant Accounting Judgment, Estimates and Assumptions

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

Assessment for Expected Credit Loss (ECL) on Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information on macro-economic factors. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the three months ended March 31, 2022, the Group recognized reversal of provision for ECL on trade receivables amounting to ₱13.7 million due to effective collection efforts during the period. For the three months ended March 31, 2021, the Group recognized provision for ECL amounting to

₱4.0 million (see Note 16). Allowance for ECL on trade receivables amounted to ₱17.8 million and ₱31.4 million as at March 31, 2022 and December 31, 2021, respectively. The carrying amount of trade and other receivables amounted to ₱6,915.7 million and ₱6,248.7 million as at March 31, 2022 and December 31, 2021, respectively (see Note 6).

Impairment of Non-Financial Assets

- *Goodwill, Brand and Trademark.* The Group performed its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the years ended March 31, 2022 and December 31, 2021.

  As at March 31, 2022, management assessed that:

  - there have been no significant changes in the assets and liabilities making up the CGUs since December 31, 2021;
  - the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
  - the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

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

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

  In 2022, 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 ₱1.2 million.

  The Parent Company determined that the VIU of these impaired property, plant and equipment, assets are zero since these assets pertain to discontinued product lines with no expected future cashflows. Management assessed that any scrap value (FVLCD) is not material.

  There are no impairment indicators identified on other property, plant and equipment of the Group. Impairment loss on property, plant and equipment amounted to ₱1.2 million and nil for the three months ended March 2022 and 2021, respectively. Accumulated impairment losses amounted to ₱3,187.4 million and ₱3,172.6 million as at March 31, 2022 and December 31, 2021, respectively. The carrying value of the Group's property, plant and equipment amounted to ₱30,369.5 million and ₱29,952.3 million at March 31, 2022 and December 31, 2021, respectively (see Note 9).

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.

Net deferred tax assets recognized in the consolidated financial statements amounted to ₱999.2 million and ₱885.5 million as at March 31, 2022 and December 31, 2021, respectively (see Note 19).

Estimation of Legal contingencies and Regulatory Assessments. As at March 31, 2022 and December 31, 2021, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiating strategy.

The Group, in consultation with its external and internal legal and tax counsels, believes that its position on these assessments is consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at March 31, 2022 and December 31, 2021, management has assessed that the probable cash outflow to settle these assessments is not material.

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

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

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, which are prepared for the same reporting period as at March 31, 2022 and December 31, 2021, are set out below:

			Percentage of Ownership			
		Country of	**2022**		2021	
Subsidiaries	Principal Activity	Incorporation	**Direct**	**Indirect**	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	–	100.00	–
MNUKL	Investment holding	United Kingdom	–	**100.00**	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	–	**100.00**	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States 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
MNNZ	Distribution of food related goods	New Zealand	–	**100.00**	–	100.00
MNHTL***	Investment company	Thailand	–	**6.50**	–	6.50
MIL	Manufacture of seasonings	Thailand	–	**100.00**	–	100.00
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	**56.40**	–	56.40
MNIIL	Investment company	British Virgin Islands	**100.00**	–	100.00	–
MNHTL***	Investment company	Thailand	–	**93.50**	–	93.50
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	**43.60**	–	43.60
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	**95.69**	–	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	–	90.91	–
SFC****	Manufacture and process of bread	Philippines	**80.00**	–	80.00	–
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	–	**80.00**	–	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**100.00**	–	60.00	–

**Dormant*
***Dissolved in 2021*
****The Group effectively owns 100%*
*****80% owned and accounted as a subsidiary effective September 7, 2020.*

a. Investment in MNSPL

On September 20, 2021, the BOD approved to subscribe additional 42,924,533 ordinary shares of MNSPL at an aggregate subscription price of ₱3,079.2 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
	(In Thousands, Except No. of Shares)		
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

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 manufactures 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.

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

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

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

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

	March 31, 2022 (Unaudited)			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱14,538,684**	**₱3,758,853**	**₱–**	**₱18,297,537**
Costs and expenses	**(11,195,322)**	**(3,541,788)**	**–**	**(14,737,110)**
Depreciation and amortization	**(483,725)**	**(171,544)**	**–**	**(655,269)**
Finance income	**373,268**	**76,115**	**(365,129)**	**84,254**
Finance expense	**(64,654)**	**(426,600)**	**365,129**	**(126,125)**
Foreign exchange gain (loss) - net	**26,998**	**5,806**	**–**	**32,804**
Impairment loss	**(1,247)**	**–**	**–**	**(1,247)**
Share in net earnings from associates and joint venture	**9,049**	**–**	**–**	**9,049**
Other income	**30,424**	**–**	**–**	**30,424**
Income before income tax	**3,233,475**	**(299,158)**	**–**	**2,934,317**
Provision for (benefit from) income tax	**607,932**	**(8,542)**	**–**	**599,390**
Net income	**₱2,625,543**	**(₱290,616)**	**₱–**	**₱2,334,927**
Other information				
Total assets	**₱70,299,118**	**₱55,212,296**	**(₱24,894,499)**	**₱100,616,915**
Total liabilities	**₱13,233,641**	**₱41,492,966**	**(₱24,894,499)**	**₱29,832,108**
Investment in associates and joint venture	**₱1,103,136**	**₱–**	**₱–**	**₱1,103,136**
Capital expenditures	**₱638,844**	**₱466,985**	**₱–**	**₱1,105,829**

	March 30, 2021 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱13,394,355	₱3,681,906	₱–	₱17,076,261
Costs and expenses	(9,819,967)	(3,299,702)	–	(13,119,669)
Depreciation and amortization	(427,492)	(158,244)	–	(585,736)
Finance income	681,409	410	(282,890)	398,929
Finance expense	(889,495)	(310,789)	282,890	(917,394)
Foreign exchange gain – net	11,041	(2,894)	–	8,147
Share in net losses from associates and joint venture	10,043	–	–	10,043
Other income	29,215	–	–	29,215
Income before income tax	2,989,109	(89,313)	–	2,899,796
Provision for income tax	544,049	(1,017)	–	543,032
Net income	₱2,445,060	(₱88,296)	₱–	₱2,356,764

Other information

	December 31, 2021 (Audited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Total assets	₱69,493,886	₱54,170,503	(₱23,806,761)	₱99,857,628
Total liabilities	₱15,139,545	₱40,109,264	(₱23,806,761)	₱31,442,048
Investment in associates and joint venture	₱1,094,087	₱–	₱–	₱1,094,087

	March 30, 2021 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Capital expenditures	₱972,270	₱258,280	₱–	₱1,230,550

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:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Domestic	**₱13,685,087**	₱12,386,751
Foreign	**4,612,450**	4,689,510
	₱18,297,537	₱17,076,261

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, other noncurrent assets (advances to employees and withholding tax receivables), and deferred tax assets.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Domestic:		
Property, plant and equipment (see Note 9)	**₱16,680,835**	₱16,616,860
Investments in associates and joint ventures	**1,103,136**	1,094,087
Intangible assets (see Note 10)	**667,998**	657,953
Other noncurrent assets (see Note 11)	**970,678**	992,831
Total	**19,422,647**	19,361,731
Foreign:		
Property, plant and equipment (see Note 9)	**13,688,690**	13,335,400
Intangible assets (see Note 10)	**34,853,703**	34,988,803
Other noncurrent assets (see Note 11)	**104,810**	104,295
	48,647,203	48,428,498
	₱68,069,850	₱67,790,229

5. Cash and Cash Equivalents

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	**₱5,580,896**	₱4,773,728
Cash equivalents	**7,900,525**	9,083,086
	₱13,481,421	₱13,856,814

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

6. Trade and Other Receivables

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables:		
Non-related parties	**₱6,811,345**	₱6,164,997
Related parties (see Note 18)	**33,777**	33,777
Other receivables	**88,433**	81,330
	6,933,555	6,280,104
Allowance for ECL	**(17,843)**	(31,372)
	₱6,915,712	₱6,248,732

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

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

Movements in the allowance for ECL follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at January 1	**₱31,372**	₱67,575
Reversal of ECL	**(13,685)**	(31,189)
Write-off	**–**	(5,989)
Currency translation adjustments	**156**	975
Balance at end of period	**₱17,843**	₱31,372

7. Inventories

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Finished goods	**₱268,066**	₱190,468
In-transit	**238,634**	319,180
Raw materials	**123,847**	124,999
Packaging and other materials	**12,702**	12,128
Work in-process	**10,936**	1,813
	654,185	648,588
At NRV:		
Finished goods	**3,428,616**	3,079,954
Raw materials	**2,204,142**	2,702,461
Work in-process	**1,748,154**	1,425,579
Packaging and other materials	**849,509**	715,781
	8,230,421	7,923,775
	₱8,884,606	₱8,572,363

The costs of inventories carried at NRV are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Finished goods	**₱3,605,131**	₱3,317,671
Raw materials	**2,319,051**	2,752,449
Work in-process	**1,791,544**	1,463,761
Packaging and other materials	**939,132**	833,914
	₱8,654,858	₱8,367,795

Provision for inventory obsolescence amounted to ₱46.0 million and ₱40.6 million for the three months ended March 31, 2022 and 2021, respectively. The Company has written off inventories amounted to ₱65.3 million for the three months ended March 31, 2022.

The cost of inventories recognized under "Cost of goods sold" account amounted to ₱11,875.9 million and ₱10,364.4 million for the three months ended March 31, 2022 and 2021, respectively.

The carrying value of the Group's right of return assets amounted to nil as at March 31, 2022 and December 31, 2021.

Under the terms of the agreements covering liabilities under trust receipts totaling ₱2,248.7 million and ₱3,714.7 million as at March 31, 2022 and December 31, 2021, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

8. Prepayments and Other Current Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Prepayments	**₱454,530**	₱538,754
Creditable withholding tax (CWT) and other credits	**434,544**	686,087
Deferred input VAT	**344,306**	294,801
Input VAT	**199,523**	201,610
Other current assets	**54,095**	48,664
	1,486,998	1,769,916
Allowance for non-recoverability of other current assets	**(759)**	(759)
	₱1,486,239	₱1,769,157

9. Property, Plant and Equipment

	March 31, 2022															
	Land	**Land Improvements**	**Buildings**	**Building Improvements**	**Leasehold Improvements**	**Plant Machinery and Fixtures**	**Office Furniture and Equipment**	**Transportation Equipment**	**Computer and Communication s Equipment**	**Machineries Under Installation**	**Construction In-progress**	**ROU Land**	**ROU Building**	**ROU Leasehold Improvements**	**ROU Others**	**Total**
Cost																
Balance at January 1, 2022	**₱441,083**	**₱5,283**	**₱10,788,016**	**₱1,965,963**	**₱149,289**	**₱32,500,137**	**₱357,281**	**₱155,538**	**₱264,147**	**₱1,374,644**	**₱5,085,405**	**₱2,906,919**	**₱260,812**	**₱66,869**	**₱394,188**	**₱56,715,574**
Additions	**–**	**–**	**15**	**145**	**–**	**50,282**	**4,039**	**6,006**	**173**	**416,603**	**537,648**	**–**	**–**	**–**	**31,413**	**1,046,324**
Disposals	**–**	**–**	**–**	**–**	**–**	**(2,369)**	**(149)**	**(2,817)**	**(59)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,394)**
Reclassifications	**–**	**–**	**54,219**	**14,812**	**–**	**147,694**	**4,707**	**–**	**–**	**(122,075)**	**(99,357)**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation adjustments	**6,065**	**134**	**(934)**	**–**	**–**	**92,574**	**1,076**	**28**	**557**	**22,056**	**–**	**–**	**–**	**–**	**–**	**121,556**
Balance at March 31, 2022	**447,148**	**5,417**	**10,841,316**	**1,980,920**	**149,289**	**32,788,318**	**366,954**	**158,755**	**264,818**	**1,691,228**	**5,523,696**	**2,906,919**	**260,812**	**66,869**	**425,601**	**57,878,060**
Accumulated Depreciation																
Balance at January 1, 2022	**–**	**3,802**	**4,203,467**	**862,445**	**98,071**	**17,379,819**	**296,563**	**78,348**	**195,772**	**–**	**–**	**220,879**	**155,492**	**19,207**	**76,820**	**23,590,685**
Depreciation (see Notes 15 and 16)	**–**	**67**	**113,996**	**28,277**	**1,744**	**407,272**	**12,963**	**4,689**	**20,471**	**–**	**–**	**21,592**	**18,380**	**1,391**	**5,365**	**636,207**
Disposals	**–**	**–**	**–**	**–**	**–**	**(2,298)**	**(149)**	**(2,392)**	**(59)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,898)**
Reclassifications	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation adjustments	**–**	**96**	**24,771**	**–**	**–**	**72,673**	**1,075**	**28**	**525**	**–**	**–**	**–**	**–**	**–**	**–**	**99,168**
Balance at March 31, 2022	**–**	**3,965**	**4,342,234**	**890,722**	**99,815**	**17,857,466**	**310,452**	**80,673**	**216,709**	**–**	**–**	**242,471**	**173,872**	**20,598**	**82,185**	**24,321,162**
Accumulated Impairment Loss																
Balance at January 1, 2022	**–**	**–**	**828,420**	**104,167**	**967**	**1,491,884**	**–**	**–**	**36**	**571,765**	**175,390**	**–**	**–**	**–**	**–**	**3,172,629**
Provision for impairment loss – net	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,247**		**–**	**–**	**–**	**1,247**
Foreign currency translation adjustments	**–**	**–**	**1,403**	**–**	**–**	**12,094**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,497**
Balance at March 31, 2022	**–**	**–**	**829,823**	**104,167**	**967**	**1,503,978**	**–**	**–**	**36**	**571,765**	**176,637**	**–**	**–**	**–**	**–**	**3,187,373**
Net Book Value	**₱447,148**	**₱1,452**	**₱5,669,259**	**₱986,031**	**₱48,507**	**₱13,426,874**	**₱56,502**	**₱78,082**	**₱48,073**	**₱1,119,463**	**₱5,347,059**	**₱2,664,448**	**₱86,940**	**₱46,271**	**₱343,416**	**₱30,369,525**

	December 31, 2021															
	Land	Land Improvements	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	ROU Building	ROU Leasehold Improvements	ROU Others	Total
Cost																
Balance at January 1, 2021	₱456,119	₱5,577	₱8,613,002	₱1,643,602	₱145,198	₱30,313,880	₱362,439	₱115,322	₱234,304	₱1,863,902	₱3,933,034	₱2,906,919	₱325,391	₱42,697	₱289,829	₱51,251,215
Additions	–	–	7,552	4,323	2,591	191,209	13,939	13,676	14,788	1,777,948	3,281,159	–	2,586	24,172	105,730	5,439,673
Disposals	–	–	(6,288)	–	–	(453,657)	(71,305)	(6,649)	(1,142)	–	(373)	–	(67,165)	–	(1,371)	(607,950)
Reclassifications	–	–	1,453,586	320,917	1,500	2,523,225	55,408	33,242	20,250	(2,293,781)	(2,114,347)	–	–	–	–	–
Foreign currency translation adjustments	(15,036)	(294)	720,164	(2,879)	–	(74,520)	(3,200)	(53)	(4,053)	26,575	(14,068)	–	–	–	–	632,636
Balance at December 31, 2021	441,083	5,283	10,788,016	1,965,963	149,289	32,500,137	357,281	155,538	264,147	1,374,644	5,085,405	2,906,919	260,812	66,869	394,188	56,715,574
Accumulated Depreciation																
Balance at January 1, 2021	–	3,690	3,761,226	778,907	90,693	16,326,942	274,737	67,338	161,726	–	–	134,512	101,054	10,431	65,856	21,777,112
Depreciation (see Notes 15 and 16)	–	270	399,627	102,400	7,431	1,549,919	96,852	17,316	39,009	–	–	86,367	77,676	8,776	10,964	2,396,607
Disposals	–	–	(4,716)	–	(53)	(452,748)	(71,270)	(6,253)	(1,094)	–	–	–	(23,238)	–	–	(559,372)
Foreign currency translation adjustments	–	(158)	47,330	(18,862)	–	(44,294)	(3,756)	(53)	(3,869)	–	–	–	–	–	–	(23,662)
Balance at December 31, 2021	–	3,802	4,203,467	862,445	98,071	17,379,819	296,563	78,348	195,772	–	–	220,879	155,492	19,207	76,820	23,590,685
Accumulated Impairment Loss																
Balance at January 1, 2021	–	–	694,313	104,167	967	1,343,318	–	–	36	543,684	151,044	–	–	–	–	2,837,529
(Reversal of) provision for impairment loss – net (	–	–	(4,240)	–	–	174,874	–	–	–	28,081	24,346	–	–	–	–	223,061
Foreign currency translation adjustments	–	–	138,347	–	–	(26,308)	–	–	–	–	–	–	–	–	–	112,039
Balance at December 31, 2021	–	–	828,420	104,167	967	1,491,884	–	–	36	571,765	175,390	–	–	–	–	3,172,629
Net Book Value	₱441,083	₱1,481	₱5,756,129	₱999,351	₱50,251	₱13,628,434	₱60,718	₱77,190	₱68,339	₱802,879	₱4,910,015	₱2,686,040	₱105,320	₱47,662	₱317,368	₱29,952,260

The Group recognized additional impairment loss of ₱1.2 million in 2022 and nil in 2021.

The Group acquired property, plant and equipment and recognized depreciation expense amounting to ₱636.2 million and ₱568.1 million for the three months ended March 31, 2022 and 2021, respectively (see Note 17).

There are no idle property, plant and equipment nor property, plant and equipment used as collateral as at March 31, 2022 and December 31, 2021.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,433.8 million and ₱1,423.5 million as at March 31, 2022 and December 31, 2021, respectively.

10. Intangible Assets

	March 31, 2022							
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks with definite useful life**	**Trademarks with indefinite useful life**	**Software**	**Total**
Cost								
Balance at January 1, 2022	**₱16,810,906**	**₱18,262,118**	**₱727,560**	**₱34,639**	**₱2,451**	**₱14,459**	**₱362,333**	**₱36,214,466**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**27,613**	**27,613**
Foreign currency translation adjustments	**(64,879)**	**(70,132)**	**–**	**–**	**62**	**–**	**1,813**	**(133,136)**
Balance at March 31, 2022	**16,746,027**	**18,191,986**	**727,560**	**34,639**	**2,513**	**14,459**	**391,759**	**36,108,943**
Accumulated Amortization								
Balance at January 1, 2022	**–**	**43,063**	**269,804**	**–**	**1,469**	**–**	**163,232**	**477,568**
Amortization (see Note 17)	**–**	**–**	**9,094**	**–**	**45**	**–**	**9,923**	**19,062**
Foreign currency translation adjustments	**–**	**(167)**	**–**	**–**	**37**	**–**	**600**	**470**
Balance at March 31, 2022	**–**	**42,896**	**278,898**	**–**	**1,551**	**–**	**173,755**	**497,100**
Accumulated Impairment Loss	**–**	**90,142**	**–**	**–**	**–**	**–**	**–**	**90,142**
Net Book Value	**₱16,746,027**	**₱18,058,948**	**₱448,662**	**₱34,639**	**₱962**	**₱14,459**	**₱218,004**	**₱35,521,701**

	December 31, 2021							
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	Total
Cost								
Balance at beginning of year	₱15,851,354	₱17,224,878	₱727,560	₱–	₱3,412	₱14,459	₱272,742	₱34,094,405
Additions	–	–	–	34,639	424	–	78,396	113,459
Foreign currency translation adjustments	959,552	1,037,240	–	–	(1,385)	–	11,195	2,006,602
Balance at end of year	16,810,906	18,262,118	727,560	34,639	2,451	14,459	362,333	36,214,466
Accumulated Amortization								
Balance at beginning of year	–	40,605	233,426	–	2,602	–	127,299	403,932
Amortization (see Note 17)	–	–	36,378	–	218	–	37,669	74,265
Foreign currency translation adjustments	–	2,458	–	–	(1,351)	–	(1,736)	(629)
Balance at end of year	–	43,063	269,804	–	1,469	–	163,232	477,568
Accumulated Impairment Loss	–	90,142	–	–	–	–	–	90,142
Net Book Value	₱16,810,906	₱18,128,913	₱457,756	₱34,639	₱982	₱14,459	₱199,101	₱35,646,756

In 2021, the Group acquired intellectual property license with indefinite useful life amounting to ₱34.6 million. This pertains to acquisition of know-how and other intellectual property from a third party.

Amortization of the intangible assets for the three months ended March 31, 2022 and 2021 amounted to ₱19.1 million and ₱17.6 million, respectively (see Note 17).

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

	March 31, 2022 (Unaudited)				December 31, 2021 (Audited)			
	Goodwill	**Brand**	**Trademark**	**License**	Goodwill	Brand	Trademark	License
MNUKL	**₱16,746,027**	**₱18,058,948**	**₱–**	**₱–**	₱16,810,906	₱18,128,913	₱–	₱–
MNC	**–**	**–**	**14,459**	**34,639**	–	–	14,459	34,639
Total	**₱16,746,027**	**₱18,058,948**	**₱14,459**	**₱34,639**	₱16,810,906	₱18,128,913	₱14,459	₱34,639

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

11. Other Noncurrent Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to suppliers and contractors	**₱701,039**	₱705,290
Deferred input VAT for amortization	**339,302**	360,263
Advances to employees	**68,454**	68,911
Refundable and other deposits	**67,530**	74,586
Others	**23,404**	12,774
	1,199,729	1,221,824
Less allowance for advances to suppliers and contractors	**55,787**	55,787
	₱1,143,942	₱1,166,037

12. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables		
Non-related parties	**₱5,922,242**	₱4,962,761
Related parties (see Note 18)	**25,513**	21,888
Nontrade payables	**1,960,280**	2,450,725
Accruals for:		
Advertising and promotions	**1,111,639**	1,196,211
Selling, general and administrative expenses	**302,349**	368,792
Trade spend	**330,423**	382,207
Personnel costs	**290,267**	319,150
Freight	**64,714**	93,572
Interest	**572**	1,081
Other accruals	**103,788**	58,463
Provisions	**140,717**	118,891
Statutory payables	**542,316**	1,053,318
Others	**145,793**	129,360
	₱10,940,613	₱11,156,419

Refund Liabilities

As at March 31, 2022 and December 31, 2021, the Group's refund liabilities consist of the following:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Refund liabilities:		
Arising from rights of return	**₱177,739**	₱181,697
Arising from retrospective volume discounts	**127,118**	122,181
	₱304,857	₱303,878

13. **Loans Payable**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
MFL	**₱7,032,097**	₱7,059,040
Parent Company	**5,000**	5,000
	7,037,097	7,064,040
Unamortized debt issue costs	**(57,361)**	(65,235)
	₱6,979,736	₱6,998,805

Details of the Group's loans are as follows:

			March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
Description	Maturities	Interest Rates	**£ Balances**	**Php Equivalent**	£ Balances	Php Equivalent
Parent						
₱18,700.0 million Floating Rate Corporate Notes (FRCNs)	December 2022	Higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the BSP overnight borrowing rate + 30 bps per annum effective April 5, 2021; Effective after December 31, 2021, the interest will be the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate.	**£–**	**₱5,000**	$–	₱5,000
MFL						
£113.0 million term loan	March 2024	Margin and SONIA	**78,004**	**5,325,342**	103,000	7,059,040
£25.0 million term loan	June 2022	Margin and SONIA	**25,000**	**1,706,755**	–	–
				₱7,037,097		₱7,064,040

a. *MFL Loan*

MFL has an outstanding unsecured loans payable amounting to ₱7,032.1 million (£103.0 million) and ₱7,059.0 million (£103.0 million) as at March 31, 2022 and December 31, 2021, respectively. Interest rate is based on Margin and LIBOR as at December 31, 2021. MFL transitioned its interest rate from LIBOR to SONIA as at March 31, 2022. The change is a direct consequence of IBOR reform, and the new basis for determining cash flows is economically equivalent to the previous one. This does not affect the overall fixed interest payable.

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.

Loans of MFL, a wholly owned UK-based indirect subsidiary, was classified as current as MFL exceeded the gross leverage covenant threshold of 3.0x. To address this issue, on March 24, 2022, the Parent Company entered into a Guarantee Agreement with Citicorp International Limited (as agent for and on behalf of certain financial institutions) to guarantee the ₱7,059.4 million (£103.0 million). The financial institutions formally granted a waiver of the covenant requirement on January 11, 2022, which became effective on March 24, 2022. The waiver is effective covering December 31, 2021 covenant requirement. On April 29, 2022, the financial institutions subsequently granted the same waiver for the relevant period ended March 31, 2022. As a result, the long-term loans payable is presented as current as at March 31, 2022.

For the three months ended March 31, 2022 and 2021, interest expense related to the loans amounted to ₱48.8 million and ₱167.8 million, respectively (see Note 17).

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans Payable		
Balance at January 1	**₱65,235**	₱191,374
Amortization during the period (see Note 17)	**(8,956)**	(133,534)
Foreign currency translation adjustments	**1,082**	7,395
Total	**₱57,361**	₱65,235

For the three months ended March 31, 2021, amortization of debt issue costs amounted to ₱23.4 million and ₱12.5 million on loans payable and convertible note, respectively (see Note 17).

14. Equity

Capital Stock and Additional Paid-in Capital (APIC)

The details of the Parent Company's common stock as at March 31, 2022 and December 31, 2021 follows:

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

The balance of the Parent Company's additional paid-in capital net of share issuance cost amounted to ₱46,515.8 million as at March 31, 2022 and December 31, 2021.

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 16 and 12 as at December 31, 2021 and 2020, respectively. With respect to the Parent Company's stockholders as at December 31, 2021, the shares were either held through stock certificates issued to the stockholders or in scripless form, held in the account of the PCD Nominee Corporation (PCD Nominee) through 136 trading participants (e.g. brokers and custodians) of the Philippine Depository and Trust Corporation, Inc. (PDTC). The shares lodged with PCD Nominee is counted as two stockholders (i.e., PCD Nominee (Filipino) and PCD Nominee (Non-Filipino)).

Restriction on Retained Earnings
As at March 31, 2022 and December 31, 2021, undistributed retained earnings of subsidiaries amounting to ₱12,255.4 million and ₱11,766.9 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 ₱2,195.3 million as at March 31, 2022 and December 31, 2021.

Equity Reserve

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
MMYSC	**(₱532,573)**	(₱532,573)
MNTH	**(115,390)**	(115,390)
MNAC	**(7,733)**	(7,733)
KBT	**33,361**	33,361
	(₱622,335)	(₱622,335)

Cumulative Translation Adjustments

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
MNSPL	**₱2,422,782**	₱2,326,573
MNIIL	**185,788**	186,001
MNTH	**108,826**	176,761
MIL	**76,704**	93,918
	₱2,794,100	₱2,783,253

Cumulative translation adjustments are attributable to equity holders of the Parent Company as at March 31, 2022 and December 31, 2021.

Earnings per Share

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

Basic EPS

	Quarters Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
Net income attributable to equity holders of the parent	**₱2,331,747**	₱2,233,188
Number of shares:		
Common shares outstanding at January 1	**17,968,611,496**	6,570,000,000
Effect of common share issuance	–	409,537,165
Effect of reduction in par	–	6,979,537,165
Weighted average number of common shares	**17,968,611,496**	13,959,074,330
Basic EPS	**₱0.13**	₱0.16

Diluted EPS

	Quarters Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
Net income attributable to equity holders of the parent (a)	**₱2,331,747**	₱2,233,188
Adjustments, net of tax:		
Unrealized foreign exchange loss	–	64,119
Accretion of interest (see Note 17)	–	493,734
Derivative gain	–	(286,376)
Accretion of debt issue cost (see Note 17)	–	9,445
Net income as adjusted for the effect of dilution (b)	**2,331,747**	2,514,110
Number of shares:		
Common shares outstanding at January 1	**17,968,611,496**	6,570,000,000
Effect of common share issuance	–	409,537,165
Effect of reduction in par	–	6,979,537,165
Weighted average number of common shares (c)	**17,968,611,496**	13,959,074,330
Effects of dilution from Convertible Note	–	989,032,200
Weighted average number of common shares adjusted for the effects of dilution (d)	**17,968,611,496**	14,948,106,530
Diluted EPS (b)/(d)	**₱0.13**	₱0.17

Potentially dilutive shares were redeemed in June 2021, hence, basic EPS equals diluted EPS.

15. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
APAC BFB		
Philippines	**₱13,685,087**	₱12,386,751
Other countries	**853,597**	1,007,604
	14,538,684	13,394,355
Meat Alternative		
United Kingdom	**2,897,795**	2,774,539
United States	**345,191**	388,454
Other countries	**515,867**	518,913
	3,758,853	3,681,906
	₱18,297,537	₱17,076,261

All revenues are recognized at a point in time.

Cost of Goods Sold

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Direct materials	**₱9,350,696**	₱7,744,328
Direct labor	**783,784**	813,604
Manufacturing overhead (see Notes 9, 10 and 17)	**2,484,612**	2,059,648
Total manufacturing costs	**12,619,092**	10,617,580
Inventory movements (see Note 7):		
Finished goods	**(406,331)**	(182,742)
Work in-process	**(336,906)**	(70,400)
	₱11,875,855	₱10,364,438

16. Sales, General and Administrative Expenses

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Salaries, wages and employee benefits	**₱1,031,176**	₱868,676
Advertising and promotional expenses	**983,020**	1,037,191
Transportation and delivery	**708,094**	632,506
Outside services	**186,847**	193,491
Dealer support	**86,006**	36,744
Repairs and maintenance	**76,884**	58,556
Depreciation and amortization (see Notes 9 and 10)	**113,743**	120,009
Insurance	**62,728**	47,225

(Forward)

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Taxes and licenses	**₱46,657**	₱78,123
Entertainment, amusement and recreation	**22,923**	14,482
Warehouse supplies	**16,057**	12,145
Research and development	**15,037**	23,722
Light, water, and telecommunication	**12,570**	18,906
Rent	**8,353**	3,167
Fringe benefit tax	**4,126**	8,967
Provision for (reversal of) ECL (see Note 6)	−	4,049
Others	**142,303**	183,008
	₱3,516,524	₱3,340,967

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

Interest Income

Interest income from cash and cash equivalents amounted to ₱8.8 million and ₱17.1 million for the three months ended March 31, 2022 and 2021, respectively.

Interest Expense

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Interest expense on lease liabilities	**₱52,520**	₱52,275
Interest on loans payable (see Note 13)	**48,832**	167,825
Acceptance and trust receipts payable	**15,817**	2,940
Amortization of debt issue costs (see Note 13):		
Loans payable	**8,956**	23,449
Convertible Note	−	12,593
Accretion of interest on convertible note	−	658,312
	₱126,125	₱917,394

Depreciation and Amortization Expense

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited))
Property, plant and equipment (see Note 9)	**₱636,207**	₱568,111
Intangible assets (see Note 10)	**19,062**	17,625
	₱655,269	₱585,736

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Cost of goods sold (see Note 15)	**₱541,526**	₱465,727
Sales, general and administrative expense (see Note 16)	**113,743**	120,009
	₱655,269	₱585,736

Miscellaneous Income
Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, reversal of provision for ECL (see Note 6), gain/loss on sale of property, plant and equipment and other miscellaneous items which are recorded under the "Miscellaneous income" account in the consolidated statements of comprehensive income.

18. Related Party Transactions

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

The following are the significant transactions with related parties:

Nature	Period ended	Volume of Transactions	Outstanding Balance	Terms	Conditions
Associates and joint ventures					
Monde Land, Inc. (MLI)					
Rent expense	**March 31, 2022**	**₱16,134**	**₱–**	15 days;	Unsecured
	December 31, 2021	62,987	–	noninterest-bearing	
	March 31, 2021	15,730	–		
Monde Malee Beverages Corporation (MMBC)					
Miscellaneous income	**March 31, 2022**	**–**	**33,777**	30 days;	Unsecured;
	December 31, 2021	5,125	33,777	noninterest-bearing	no ECL
	March 31, 2021	2,292	48,445		
Trade purchases, net	**March 31, 2022**	**16,847**	**(5,056)**	30 days;	Unsecured
	December 31, 2021	57,131	(3,799)	noninterest-bearing	
	March 31, 2021	14,220	(12,456)		
YCE Group Pte. Ltd. (YCE)					
Advances and interest income	**March 31, 2022**	**–**	**–**	Interest-bearing;	Unsecured
	December 31, 2021	5,412	–		
	March 31, 2021	5,412	5,412		
Calaca Harvest Terminal Inc. (CHTI)					
Transportation and delivery expense and wheat handling fees	**March 31, 2022**	**59,977**	**(17,704)**	15 days;	Unsecured
	December 31, 2021	258,902	(18,089)	noninterest-bearing	
	March 31, 2021	57,301	–		
Advances	**March 31, 2022**	**–**	**–**	On demand;	Unsecured
	December 31, 2021	–	–	noninterest-bearing	
	March 31, 2021	2,399	2,399		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**March 31, 2022**	**5,452**	**(2,753)**	45 days;	Unsecured
	December 31, 2021	27,063	–	noninterest-bearing	
	March 31, 2021	–	–		
MNSG Holdings Pte. Ltd.					
Loans receivable*	**March 31, 2022**	**–**	**164,299**	2 years;	Unsecured
	December 31, 2021	–	164,936	interest-bearing	
	March 31, 2021	–	160,249		
Trade and other receivables (see Note 6)	**March 31, 2022**		**₱33,777**		
	December 31, 2021		33,777		
	March 31, 2021		50,844		
Loans receivable*	**March 31, 2022**		**164,299**		
	December 31, 2021		164,936		
	March 31, 2021		165,661		
Trade payables (see Note 12)	**March 31, 2022**		**25,513**		
	December 31, 2021		21,888		
	March 31, 2021		12,456		

**Presented under current financial assets*

19. Income Tax

Deferred Income Tax

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax assets - net		
Allowance for impairment loss	**₱330,818**	₱330,506
NOLCO	**195,077**	192,577
Pension liability	**146,708**	144,859
Refund liabilities	**76,214**	75,970
Unearned interest income	**(59,086)**	(59,315)
Allowance for inventory obsolescence	**54,695**	45,784
Accrued expenses	**34,337**	84,838
Unrealized profits from intercompany sales	**32,118**	34,858
Advances from customers	**28,484**	24,338
Right-of-use assets and lease liabilities	**28,283**	27,864
Excess of the tax base over the carrying amounts of non-monetary assets	**6,346**	2,498
Unamortized past service cost	**5,533**	5,770
Unrealized foreign exchange gain	**(1,544)**	(26,326)
Allowance for ECL	**1,499**	1,264
Mark-to-market valuation	**119,702**	–
	999,184	885,485
Deferred tax liabilities – net		
Brand	**(4,514,737)**	(4,532,229)
Property, plant and equipment	**(1,589,629)**	(1,335,703)
NOLCO	**437,098**	166,137
Unrealized foreign exchange gain	**(4,145)**	(6,085)
Others	**5,337**	5,444
	(5,666,076)	(5,702,436)
	(₱4,666,892)	(₱4,816,951)

20. Financial Risk Management Objectives and Policies

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

Set out below, is an overview of financial assets and financial liabilities held by the Group as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial Assets		
Cash and cash equivalents	**₱13,481,421**	₱13,856,814
Trade and other receivables	**6,915,712**	6,248,732
Current financial assets	**166,302**	165,937
Noncurrent receivables	**500,000**	500,000
Withholding tax receivables*	**4,497**	12,038
Advances to employees**	**68,454**	68,911
	21,136,386	20,852,432
Financial Liabilities		
Accounts payable and other current liabilities***	**10,398,297**	10,103,101
Loans payable****	**6,979,736**	6,998,805
Acceptance and trust receipts payable	**2,248,705**	3,714,690
Lease liabilities	**2,760,432**	2,758,861
	22,387,170	23,575,457
	(₱1,250,784)	(₱2,723,025)

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

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

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

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

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

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

The aging analysis of trade and other receivables as at March 31, 2022 and December 31, 2021 follows:

	March 31, 2022						
		Days Past Due					
	Current	**1–30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**ECL**	**Total**
Trade receivables:							
Non-related parties	**₱5,827,543**	**₱741,689**	**₱113,306**	**₱79,149**	**₱31,815**	**₱17,843**	**₱6,811,345**
Related parties	**–**	**–**	**–**	**–**	**33,777**	**–**	**33,777**
Other receivables	**79,027**	**2,091**	**92**	**3,685**	**3,538**	**–**	**88,433**
Loans receivables*	**164,299**	**–**	**–**	**–**	**–**	**–**	**164,299**
Noncurrent receivables	**500,000**	**–**	**–**	**–**	**–**	**115,266**	**615,266**
	₱6,570,869	**₱743,780**	**₱113,398**	**₱82,834**	**₱69,130**	**₱133,109**	**₱7,713,120**

**Presented under current financial assets*

	December 31, 2021						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Trade receivables:							
Non-related parties	₱5,409,111	₱641,732	₱48,252	₱26,712	₱7,818	₱31,372	₱6,164,997
Related parties	–	–	–	–	33,777	–	33,777
Other receivables	77,622	127	72	54	3,455	–	81,330
Loans receivables*	164,936	–	–	–	–	–	164,936
Noncurrent receivables	500,000	–	–	–	–	115,266	615,266
	₱6,151,669	₱641,859	₱48,324	₱26,766	₱45,050	₱146,638	₱7,060,306

**Presented under current financial assets*

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 25% and 32% of the Group's long-term debt will mature in less than one year at March 31, 2022 and December 31, 2021, respectively, based on the carrying value of debt reflected in the financial statements. The Group assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of source of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

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

Derivative Financial Instruments

The Group engages in derivative transactions, particularly cross currency swaps and European Knockout Option, to manage its foreign currency risk arising from its net investment. These derivatives are accounted for as accounting hedges.

Cross Currency Swap (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. As of March 31, 2022, the Group recognized ₱45.1 million fair value gain under other comprehensive income.

Embedded Derivatives
The Convertible Note issued by the Group in 2019 has embedded equity conversion and redemption options which separated from the host contract.

Shown below are the movements in the value of the embedded derivatives (shown as part of derivative liability) as at December 31, 2021:

	December 31, 2021 (Audited)
Embedded derivatives:	
Beginning balance	₱2,513,886
Mark-to-market valuation	2,239,232
Redemption of convertible note	(4,753,118)
	₱–

The Group recognized the loss on fair value changes on the embedded derivatives amounting to ₱381.8 million under the "Derivative gain" account in the consolidated statement of comprehensive income for the three months ended March 31, 2021.

The derivative gain recognized for the three months ending March 31, 2022 amounting to ₱75.5 million pertains to fair value changes of the interest rate swap agreement.

<u>Capital Management</u>
For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's capital management is to maximize the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended March 31, 2022 and December 31, 2021.

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total debt	**₱29,832,108**	₱31,442,048
Total equity attributable to equity holders of the Parent Company	**70,644,120**	68,278,073
Debt-to-Equity Ratio	**0.42:1.00**	0.46:1.00

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 March 31, 2022 and December 31, 2021 due to the short-term nature of these financial instruments.

Financial assets at FVTPL. The financial assets at FVTPL account consists of unit investment trust funds (UITFs). As at March 31, 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.

Noncurrent Receivables, Withholding Tax Receivables and Advances to Employees and Loans Payable. As at March 31, 2022 and December 31, 2021, the fair value of noncurrent receivables and loans payable with variable interest rates approximates the carrying amount due to frequent repricing of interest. Fair value of loans with fixed interest rate are determined using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

21. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Cumulative translation adjustments	**₱10,847**	(₱815,986)
Additions to ROU assets	**31,413**	–

ANNEX E

Minutes of the Annual Stockholders' Meeting dated November 23, 2021

Draft – Subject to approval at next stockholders' meeting

Monde Nissin

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
November 23, 2021, 10 A. M.
Held at Felix Reyes St., Bgy. Balibago, Sta Rosa, Laguna
conducted virtually via https://conveneagm.com/ph/MONDE2021ASM

The Annual Stockholders' Meeting ("ASM") of Monde Nissin Corporation (the "Company" or "MNC") was held at its principal place of business located at Felix Reyes St., Brgy. Balibago, City of Sta. Rosa, Laguna and conducted virtually via https://conveneagm.com/ph/MONDE2021ASM (the "MNC ASM Platform") on November 23, 2021 at 10 A.M. with the Chairman of the Executive Committee as the Presiding Officer or Acting Chairman of the Stockholders' Meeting in accordance with Section 8.4, Article IV of MNC's By-laws.

Directors Present

Hartono Kweefanus	-	Chairperson Emeritus
Kataline Darmono	-	Chairperson of the Board Member, Executive Committee
Henry Soesanto	-	Acting Chairman for the Stockholders' Meeting Chairman, Executive Committee Chief Executive Officer/Executive Vice President
Hoediono Kweefanus	-	Vice-Chairperson of the Board
Betty T. Ang	-	President Member, Executive Committee
Monica Darmono	-	Treasurer Member, Executive Committee
Delfin L. Lazaro	-	Lead Independent Director Chairman, Risk and Related Party Transactions Committee Member, Executive Committee Member, Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee
Nina Perpetua D. Aguas	-	Independent Director Chairman, Audit Committee Member, Risk and Related Party Transactions Committee Member, Corporate Governance, Nomination and Remuneration Committee
Marie Elaine Teo	-	Independent Director Chairman, Corporate Governance, Nomination and Remuneration Committee Member, Risk and Related Party Transactions Committee Member, Audit Committee

Other Officers Present

Atty. Helen G. Tiu	-	*Corporate Secretary and Chief Legal Officer*
Mr. Jesse C. Teo	-	*Chief Financial Officer ("CFO")*
Mr. Samuel C. Sih	-	*Chief Commercial Officer*
Mr. Michael Stanley D. Tan	-	*Chief Operations Officer*
Ms. Marivic N. Cajucom-Uy	-	*Chief Sustainability Officer*
Ms. Melissa C. Pabustan	-	*Chief Marketing Officer*
Mr. Michael J. Paska	-	*Corporate Business Development & Investor Relations Officer*
Mr. Mark Tiangco	-	*Corporate Communications Head*
Atty. Jon Edmarc R. Castillo	-	*Chief Compliance Officer and Company Information Officer*
Atty. Katherine C. Lee-Bacus	-	*Assistant Corporate Secretary*

Shareholders Present (*see Annex "A"*)	No. of Outstanding & Voting Shares Present or Represented	Percentage of Total Outstanding Capital Stock (*i.e.,* 17,968,611,496 shares)
	16,015,208,359	**89.13%**
Shareholders Absent	No. of Outstanding & Voting Shares Absent	
	1,953,403,137	**10.87%**

I. CALL TO ORDER.

After the national anthem, Corporate Business Development & Investor Relations Officer Mr. Michael J. Paska stated at the outset that the Company is holding the meeting in virtual format as a consequence of the prevailing quarantine and social gathering restrictions in the country and the utmost importance placed by the Company on the health and well-being of its employees, stockholders, and partners.

Mr. Paska introduced each of the members of the Board of Directors present, i.e., Chairperson Emeritus **Mr. Hartono Kweefanus,** Chairperson of the Board and ExCom Member **Ms. Kataline Darmono,** Vice Chairperson of the Board **Mr. Hoediono Kweefanus,** Director, President & ExCom Member **Ms. Betty T. Ang,** Director, ExCom Chairman and Chief Executive Officer **Mr. Henry Soesanto,** Lead Independent Director, Chairperson of the Risk and Related Party Transactions Committee & ExCom Member **Mr. Delfin L. Lazaro,** Independent Director & Chairperson of the Audit Committee **Ms. Nina Perpetua D. Aguas**; and Independent Director & Chairperson of the Corporate Governance, Nomination and Remuneration Committee **Ms. Marie Elaine Teo**.

Mr. Paska also introduced the officers of the Company who joined the meeting: Chief Financial Officer Mr. Jesse C. Teo, Corporate Secretary & Chief Legal Officer Atty. Helen G. Tiu, Chief Commercial Officer Samuel C. Sih, Chief Sustainability Officer Ms. Marivic N. Cajucom-Uy, Chief Operations Officer, Mr. Michael Stanley Tan, and Chief Marketing Officer Ms. Melissa C. Pabustan.

Thereafter, Mr. Paska acknowledged the presence of the representatives of SyCip Gorres Velayo & Co. ("SGV"), the Company's external auditor and independent validator of the voting results, who were also in attendance.

In light of the physical absence of the Chairperson of the Board in the Philippines and in compliance with the requirements of Section 15 of the Securities and Exchange Commission's ("SEC's") Memorandum Circular No. 06, series of 2020, that the presiding officer shall call and preside the stockholders' meeting at the principal office of the corporation, pursuant to Section 8.4, Article IV of the Company's By-laws, the Chairman of the Executive Committee Mr. Henry Soesanto was requested to call, and he called, the meeting to order. Thereafter, Acting Chairman of the Stockholders' Meeting Mr. Henry Soesanto presided over the annual stockholders' meeting ("ASM"). The Corporate Secretary Atty. Helen G. Tiu recorded the minutes of the meeting.

II. NOTICE OF MEETING AND DETERMINATION OF QUORUM.

The Acting Chairman of the Stockholders' Meeting ("Acting Chairman"), Mr. Henry Soesanto, requested the Corporate Secretary Atty. Helen G. Tiu, to report on the service of notice of, and existence of a quorum at, the stockholders' meeting.

The Corporate Secretary certified that in accordance with SEC Notice dated March 16, 2021 ("SEC 3/16/21 Notice"), notice of the ASM ("ASM Notice"), the definitive information statement and other documents related to the holding of the ASM were distributed to stockholders of record as of October 26, 2021 through the following methods:

(a) by publication in both online and print formats on November 1 and 2, 2021 on The Philippine Star and the Manila Bulletin (the last publication being made 21 days prior to the ASM);

(b) by posting on the Company's website; and

(c) by disclosure through the Philippine Stock Exchange's EDGE system ("PSE Edge").

In addition, the electronic copies of the Company's definitive information statement, the audited financial statements, the minutes of the previous May 28, 2021 stockholders' meeting and other meeting materials were made available on the Company's website, on the MNC ASM Platform, and on the PSE Edge. Accordingly, the stockholders have been duly notified in accordance with the Company's By-Laws, SEC Memorandum Circular No. 6, series of 2020, SEC 3/16/21 Notice, and the Company's Internal Rules and Procedures for Voting and Participation in the Stockholders' Meeting.

The Corporate Secretary also certified that there was a quorum for the meeting in as much as there were present or represented at the ASM (by proxy, voting in absentia through the MNC ASM Platform, and participating through remote communication) stockholders owning 16,015,208,359 common shares out of the Company's 17,968,611,496 (or 89.13%) of the total outstanding shares. The mode of attendance of the stockholders present and their respective percentages of the outstanding shares are set forth below:

Mode of Attendance	% of Total Outstanding Shares	Number of Shares
Appointment of the Chief Executive Officer as proxy	80.36%	14,438,739,353
Voting in absentia	0%	-
Remote Communication	8.77%	1,576,469,006

Additionally, there were 76 viewers of the live webcast of the meeting.

There being a quorum, the Acting Chairman declared the meeting duly convened and opened for business.

III. INSTRUCTIONS ON RULES OF CONDUCT AND VOTING PROCEDURES.

The Acting Chairman requested the Corporate Secretary to share the rules of conduct and voting procedures for the meeting, including the measures adopted by the Company to provide the stockholders the opportunity to participate in the meeting to the same extent possible as an in-person meeting.

The Corporate Secretary first stated that the rules of conduct and the voting procedures were set forth in the definitive information statement, and in the Explanation of Agenda Items which formed part of the ASM Notice. Thereafter, she highlighted the following rules:

1. The agenda for the meeting covered a range of matters requiring stockholders' vote and was included in the ASM Notice distributed to the stockholders of record (record date being October 26, 2021). Stockholders were also given the opportunity to propose matters for inclusion in the agenda, pursuant to applicable rules and regulations of the SEC and the Company's internal guidelines.

2. Stockholders were notified that questions received through the MNC ASM Platform or through email to investor.relations@mondenissin.com or corporate.secretary@mondenissin.com by 5 p.m. of November 12, 2021 will be given priority. Questions received from stockholders by November 12 had been collated and will be addressed during the Q&A portion to be taken up under "Other Business". For questions and comments which are not responded to during the Q&A, the Company will answer them by email.

3. There are eight agenda items to be voted on or acted upon by the stockholders, each of which will be shown on the screen as the same is being taken up.

4. Through the MNC ASM Platform, stockholders should have been able to cast their votes on these agenda items starting November 2, 2021. Stockholders participating via live feed or through MNC ASM Platform may cast their votes in real time using the portal. The polls will remain open until the end of the meeting for stockholders who had successfully registered on the portal.

5. Alternatively, stockholders were also provided with the option of appointing the Chief Executive Officer ("CEO") as their proxy.

6. A preliminary tabulation was made of votes cast as of close of business on November 22, 2021. The Corporate Secretary will be referring to this preliminary tabulation when reporting the voting results for each agenda item during the meeting. However, the results of the final tabulation of votes, with full details of the relevant affirmative or negative

votes as well as abstentions, will be independently validated by SGV and reflected in the minutes of the ASM.

IV. APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS' MEETING HELD ON MAY 28, 2021.

The Acting Chairman then proceeded with the approval of the minutes of the special stockholders' meeting held on May 28, 2021, an electronic copy of which was posted on the Company's website and was part of the definitive information statement.

The Corporate Secretary presented Resolution No. S-13-2021 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-13-2021

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the minutes of the special stockholders' meeting held on May 28, 2021."

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-13-2021 providing for the approval of the minutes of the previous stockholders' meeting held on May 28, 2021 were as follows:

	For	Against	Abstain
Number of Votes (One Share-One Vote)	16,006,245,459	-	8,962,900
% of Total Outstanding Capital Stock	89.08%	0.00%	0.05%

V. MANAGEMENT REPORT

A. MESSAGE OF THE CHAIRPERSON OF THE BOARD

The Chairperson of the Board began her presentation by looking back at the humble beginning of the Company as a start-up biscuit manufacturer over 40 years ago to its growth as a global food company with several iconic leading brands. The Chairperson highlighted the start of a new chapter for the Company with its listing on the main board of the Philippine Stock Exchange ("PSE") last June 1, 2021, which was the largest initial public offering ("IPO") in PSE's history. She also reported that the capital raised from the IPO will provide the resources for long-term growth of the Company as it builds and scales its business to expand its global operations, and to achieve its aspiration around health, sustainability, and food security. Further, she noted that the extraordinary level of commitment that the Company had received from a broad range of international and domestic investors was a testament both to the Philippine Economy and to the world-class company that the Company had built and the significant growth opportunities ahead of it. Finally, she thanked the stockholders for their support to the Company and looked forward to their participation in the Company's journey as a publicly listed company.

B. REPORT OF THE CHIEF EXECUTIVE OFFICER

CEO Henry Soesanto looked back on the evolution of the Company's mission through the years with the realization that the products that the Company produced and the consumers consumed have an impact on the health of the people and of the planet. Thus, the need to create sustainable solutions for food security. He emphasized that the Company takes this commitment very seriously and has ambitious plans on what the Company can do in line with its aspirations. He also highlighted that the Company is able to help address challenges in food security through continuous innovations which it has been doing for decades and which actually set the Company apart from its peers.

With the pandemic, the Company's aspiration is more relevant than ever with health as the foremost concern of consumers. The Company felt the peak of the economic and social effects of the COVID-19 pandemic back in 2020. While there were recent signs of slow recovery in terms of gross domestic product and other economic metrics, there remains various macroeconomic challenges that businesses and consumers around the world continue to face. The Company is currently operating with elevated levels of inflation, shortages in shipping containers and vessels as well as labor shortages. These macro challenges have not altered the Company's focus on executing its long-term growth plans. These challenges have actually sharpened the Company's resolve to apply its expertise, its technologies, and its culture of innovation to create a future of food where taste, health, and wellness of the planet are all satisfied.

Mr. Soesanto also provided top line guidance of low- to mid-single digit growth on the Company's outlook for the full year 2021, namely: (a) the expectation of a positive year-on-year growth in Q4, due to seasonality and the Company's balanced business portfolios; (b) continued efforts to maintain higher demand for noodles and culinary, and to build consumption occasions for biscuits and beverages; and (c) continued recovery efforts for its meat alternative business; and (d) continued investments, risk mitigation measures, pricing actions and cost containment initiatives to be undertaken by the Company to address year-on-year margin dilution given cost headwinds.

He also reported that the Company sees a long runway for each of its businesses in the longer term. **For Noodles**, the Philippines' per capita consumption still has room to grow compared to other Asian countries and the Company aims to capture growth through its strong brand equity and innovations. The Company believes that there is a healthier segment to be built, which would increase consumption moments in the Philippines, and open opportunities for launching in other markets. It will be installing two additional *high-speed airflow* lines in the Philippines by 2022 to produce healthier noodles with significantly reduced palm oil content. The Company's plans to set up healthy noodles line in Thailand by early 2022 is also on track. Also, it aims to bring this new technology to other international markets to enable it to achieve a first-to-market advantage in this category. **For Biscuits**, which is a challenged category during the pandemic, the Company is glad to see the end of the downtrend and will continue to work on building usage occasions for its biscuit products as it is confident of Biscuit's long-term growth trajectory. **For Culinary**, the Company will continue to work with its business partners to address consumer needs for in-home cooking. **For Others like Beverages**, the Company is still maintaining its leadership position in line with its consumers' preference for healthier products. Finally, for **International,** it will continue its business improvements in Thailand while looking into a number of new international markets.

For its Meat Alternative business, the Company has three focus areas: the United Kingdom ("UK"), the United States ("US"), and Foodservice & Quick Service Restaurants ("QSR"). In the UK, the Company will stay on course with its new product developments (adding new product offerings) that will address increasing demand for healthier and more sustainable food. Notwithstanding short-term macroeconomic headwinds, long-term consumer awareness on health and sustainability is expected to be a continuing trend. To maintain its market leadership in the UK, the Company will make sure that its products continue to be accessible, and its capacity remains sufficient to accommodate long-term growth. In the US, it will continue its efforts to increase Quorn® brand awareness. The Company believes that its local team, along with its new brand ambassador, will be able to meaningfully bring up brand awareness and relevance as the Company connects with its target market and develop new products for them. Lastly, for Foodservice & QSR, the Company will continue to deepen its relationship with restaurant partners in developing products that will cater to their needs, and to expand its connections around the world.

In terms of the Company's sustainability initiatives, Mr. Soesanto noted that the Company's sustainability principles have guided it to prioritize 6 strategic areas, *i.e.*, pivoting to a healthier and better portfolio, moving toward a resource-efficient and zero waste value chain, transitioning to a low carbon value chain, scaling up inclusive distribution, fostering an inclusive environment through better workplace practices, and enabling employees to put sustainability aspirations into action. He recognized that while the Company has a long way to go in terms of achieving its sustainability goals, the pandemic has allowed it to take a closer look at the needs of its stakeholders which will enable the Company to ensure its immediate-term sustainability and business continuity.

Mr. Soesanto also reported that for the past 18 months, the Company had put into effect various programs that would assist its stakeholders during the pandemic. The health and safety of its employees has remained to be the Company's top priority. The following health and safety protocols are being implemented across the Company's manufacturing facilities and offices: non-contact thermal scanners and disinfection chambers in all plant entrances, availability of disinfectants and masks, sanitation and social distancing signages and markers, and free shuttle service, healthy meals, and vitamins. The Company had also enhanced its health care benefits, providing medical coverage and free COVID-19 and anti-flu vaccination to all its employees. All medical expenses related to the testing and treatment of COVID-19 are covered by the Company. Employees who can accomplish their work outside the office or plants are encouraged to work from home. With respect to the Company's vaccination program as of the first half of November, over 75% of its employees are fully vaccinated in addition to 10% partially vaccinated. The Company is on track regarding its target to have at least 80% of its employees fully vaccinated by the end of the month. The Company's vaccination program is also available to its employees' family members, and even to the Company's third-party logistics' and distributors' employees. By taking care of its employees, the Company is able to continue and even expand its operations, and ensure that its products are available in supermarkets, sari-sari stores, and other points of sales. High and reliable service levels in the communities the Company serves are critical while the pandemic persists given that a significant portion of the Company's product portfolio consists of essential and in-home food items.

The CEO also reported on the Company's partnership with Small Business Corp. ("SBC") for SBC to provide loans to sari-sari store owners. This is meant to address the issue of limited cash budget of sari-sari stores to expand its businesses. This partnership is in line with the Company's ESG strategy to scale up inclusive distribution as SBC's goals are aligned with the Company's own plans to promote inclusive growth. The Company believes it can build a better relationship with its sari-sari store network through providing access to financial assistance from SBC.

Mr. Soesanto also disclosed the successful donation drive conducted by the Company with about ₱100 Million worth of products donated as part of its "*Bayanihan Para Sa Bayan*" donation drive. The Company has also increased its operating hours from 6 days a week to 7 days a week in order to manufacture additional products for donation, which provided assistance to over 100 institutional beneficiaries, which include hospitals, local government units, and other organizations, and enabled them to offer further relief to our hardest-hit countrymen. During the early days of the pandemic, the Company had also partnered with Temasek Foundation and donated a total of 40,000 Singapore-made test kits in the fight against COVID-19, some of which test kits were given to the U. P. National Institute of Health and the Philippine General Hospital.

He emphasized that all of the foregoing was possible only with the collaboration and care of the Company's people – those working on the ground in the Company's manufacturing facilities and in the field, as well as those from its offices. He thanked the efforts its employees had made in the past 18 months, which had enabled the Company to service communities amidst the pandemic. He stated that as stewards of the Company's stakeholders' trust, the entire Monde Nissin team will continue to work hard and exemplify excellence as it pursues its aspiration to improve the well-being of the people and the planet.

C. REPORT OF THE CHIEF FINANCIAL OFFICER

CFO Jesse Teo reported the increase in the Company's consolidated revenue for the first half of 2021 by 1.2% to ₱33.8 Billion which is attributable to its balanced portfolio. He continued to report that the growth in the Company's revenues from its Asia Pacific Branded Food and Beverage ("APAC BFB") business by 1.7% to ₱26.2 Billion, was primarily driven by strong growth in the international business while revenue decline from the meat alternative business by 0.6% to ₱7.5 Billion reflected the softness across the UK and US retail markets.

He further noted that the APAC BFB business made up 78% of total sales as of the first half of 2021. The domestic business, which accounted for 93% of the APAC BFB revenues, declined by 1.3% to ₱24.4 Billion due to 2020's high base that had reflected the surge in relief orders from the Taal Volcano eruption in January and February 2020 as well as pantry stocking at the beginning of the COVID-19 pandemic. Meanwhile, the Company's international business, which accounted for 7% of the APAC BFB revenues, grew by 68.1% to ₱1.9 Billion compared to the same period last year due to significant progress made in Thailand and in other export markets.

Mr. Teo continued to report that the noodles category experienced a surge in demand given its nature as a staple product and as consumers prioritized essentials during the country's lockdown. The Company was able to grow with the category through its Lucky Me!™ flagship brand, sustain performance, gain market share, and solidify its market leading position in the overall Noodles space. The new product launches and relaunches were key in driving its performance in this category.

The Company also launched communication efforts to promote consumption occasions and different ways to consume noodles. Its collaboration with a local social media influencer for the relaunch of its Thinner Noodles gained it the YouTube Works Awards for Best Collaboration last July. The award was in partnership with Kantar, a reputable global market measurements company, and recognized the Company's innovative and effective campaigns on the online platform. Efforts such as these were why its flagship noodle brand Lucky Me™ remained one of the most chosen consumer brands in the country, earning this title for six consecutive years from Kantar.

The Biscuits category saw a decline due to reduction in usage occasions given that biscuits are typically consumed out-of-home. The Company was able to perform better than the overall biscuit category, and as such, gained market share and maintained its market leadership in this challenged space. A nostalgic campaign was launched to revive excitement for Fita™, one of the Company's flagship biscuits brands, as well as a campaign to further build usage occasions, such as eating the flagship SkyFlakes™ biscuits at home with comfort food like noodles.

As regards the Company's strategic partnerships with strong brands in certain subsegments, (1) Culinary experienced a surge in demand as consumers prioritized in-home cooking during the country's lockdown. As such, Mama Sita's Oyster Sauce business grew and gained significant market share; and (2) the Beverage category saw a decline due to reduction in usage occasion, given its out-of-home consumption pattern. Despite this, the

Company gained market share in yogurt drinks as it introduced DutchMill Proyo!, a probiotic yogurt drink aimed at teens containing live lactobacillus that helps with better digestion and staying fit. As for the cultured milk segment, the Company was able to maintain its No. 2 challenger position.

The Company grew a strong 68.1% in its international business due to market share gains and successful new product launches in Thailand, and mainstream push in key export markets. CFO Jesse Teo also shared that the Company had begun exporting its products to Vietnam last August. While it has exciting plans to increase its international markets, the Company will continue to focus on driving mainstream expansion in existing markets in the near-term as logistical challenges persist. Overall, while the categories and markets it plays in resulted in mixed performance, its balanced portfolio puts the Company in a net beneficial position. The Company's strong brands will be able to cater to consumer needs as they continue to prioritize essentials, in-home cooking, and health and wellness, and as the Company continues to build usage occasions for key products in its portfolio.

Thereafter, CFO Jesse Teo reported that the Meat Alterative business comprised 22% of total sales in the first half of 2021 with its Quorn™ and Cauldron™ brands. UK sales, which accounted for 78% of the meat alternative sales, declined by 0.4% to ₱5.9 Billion, primarily due to a challenging base in the second quarter ("Q2") of 2020, as Q2 2020 included the effect of panic buying and inventory replenishment. US sales, which made up 8% of the meat alternative sales, declined by 3.7% to ₱683 Million, reflecting consumer shift to out-of-home eating as Foodservice and QSR channels reopened, and as distributors de-stocked. The remaining 13%, consisting of the rest of the world, was up by 0.1% to ₱968 million.

The CFO explained that the Company produces a unique micro-organism-based protein called mycoprotein, using its proprietary air lift fermentation technology. Through research and production know-how gained through decades, the Company has a product that (a) delivers superior nutrition supported by increasing scientific research on its health benefits, (b) is better for the planet, using less carbon, water, and land in the Company's value chain, and (c) mimics meat in terms of texture and is versatile, allowing the Company to come up with alternative meat products across all meat types. The versatility of mycoprotein allowed the Company to come up with a wide range of SKUs for all meat types for various meal occasions and recipes. Its recent product launches had been received amazingly well by the consumer, with Quorn™ branded products bagging top spots on the UK's new product listings in 2021. The CFO also disclosed that the Company continues to invest in this area as innovation and New Product Development ("NPD") are both important factors to leverage growth opportunities.

CFO Jesse Teo also reported that the Company was able to maintain its No. 1 position in the UK despite some reduction in market share and ongoing macroeconomic challenges. The business was still in recovery phase during the first half, following previous supply constraints in 2019 and 2020 which resulted in the delisting of some of its stock keeping units. The Company continued to work on rebuilding its relationships with retailers to increase its distribution points and had made good progress strengthening its customer relationships. It is particularly pleased with the strengthening relationship with Tesco, UK's largest retailer, where the Company increased distribution by 34%. The Company is proud to announce that Tesco had requested Quorn Foods to be the category captain to help Tesco achieve its stated ambition of tripling its meat alternative business over the next five years. To support new product developments and increased distribution, the fourth fermenter in the UK was commissioned on time in July; and the fourth harvester and its complementary infrastructure, are scheduled for completion in 2022.

The CFO also reported that trading was softer than expected in the US and this has resulted in a market share decline in meat alternative business in the US, but the Company is still on track with building capability to deliver its strategy mid-term. Key changes have also been made in the US operations with the (a) appointment in February, 2021 of a new President, Mr. Judd Zusel who brought with him over 25 years of brand building experience; (b) appointment of a new Vice President for Foodservice, Mr. Kevin Eiden, who joined in October, 2021 and will lead sales efforts and long-term strategies for its Foodservice segment. Mr. Eiden brought with him a proven track record in creating team structure, an innovation pipeline, and new ways to market; (c) the hiring of a New Executive Chef who will lead the new innovation center located in Dallas, Texas which opened in July; and (d) the onboarding of celebrity influencer Ms. Drew Barrymore (with her 14.5 million Instagram followers) as the Company's US subsidiary's Chief Mom Officer, is expected to attract the target market – Fearless, Foodie Female Flexitarians moms who are conscious and care for what their children consume at home.

For Foodservice and QSR, the Company continues to work on further penetration with existing partners, and expansion through discussions with global and regional players across geographies. Collaborations with QSRs are made in creating products specifically for their brands and the Company is honored and proud when KFC UK recognized Quorn as their NPD supplier of the Year for the work done in developing the Quorn Fillet Vegan Burger. The Company is at various stages of development across a number of customers with massive global reach, and has continued to work at speed to develop products for each market. The Company is optimistic that this will support its long-term strategy in the QSR space despite the external market headwinds.

Finally, CFO Jesse Teo reported that in terms of profitability, unaudited core net income attributable to shareholders (defined as operating profit after tax less non-controlling interest) declined by 12.9% to ₱4.3 Billion. Despite the decline, he was pleased to report that margins for the first half of 2021 remained resilient notwithstanding the inflated commodity costs, continued investments in new product development, and increased advertising and promotions spent for brand-building. The resulting reported net income declined as it had included one-off items mainly attributable to the redemption of the Arran convertible note, IPO-related expenses, and the deferred tax liability in the meat alternative business. Despite the short-term headwinds, the ratios continued to be healthy, allowing the Company to pursue innovations in new products and processes and invest in its brands.

Thereafter, the Acting Chairman then requested the Corporate Secretary to present the next resolution for the noting of the Management Report, which consisted of the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer.

The Corporate Secretary presented Resolution No. S-14-2021 as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-14-2021

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") note, as we hereby note, the Corporation's Management Report comprising of the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer."

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-14-2021 providing for the noting of the Management Report, which consisted of the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer, were as follows:

	Noted	Abstain
Number of Votes (One Share-One Vote)	15,978,651,459	36,556,900
% of Total Outstanding Capital Stock	88.93%	0.20%

VI. RATIFICATION OF THE 2020 AUDITED FINANCIAL STATEMENTS

The Acting Chairman proceeded to the next item in the agenda, which was the ratification of the 2020 Audited Financial Statements.

The Corporate Secretary explained that stockholders' ratification was sought for the Company's 2020 Consolidated Audited Financial Statement, an electronic copy of which was attached to the definitive information statement as Annex D and made available on the Company's website, the PSE EDGE, and the MNC ASM Platform. She presented Resolution No. S-15-2021 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-15-2021

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") ratify, as we hereby ratify, the consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 2020 as audited by its external auditor SyCip Gorres Velayo & Company."

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-15-2021 providing for the ratification of the 2020 annual audited consolidated financial statements of the Company and its subsidiaries, were as follows:

	For	Against	Abstain
Number of Votes (One Share-One Vote)	15,978,651,459	-	36,556,900
% of Total Outstanding Capital Stock	88.93%	0.00%	0.20%

VII. AMENDMENT OF THE BY-LAWS:

A. SECTION 4 OF ARTICLE IV CHANGING THE DATE OF THE ANNUAL OR REGULAR STOCKHOLDERS' MEETING FROM THE "FOURTH TUESDAY OF NOVEMBER" TO THE "LAST FRIDAY OF JUNE"

At the request of the Acting Chairman, the Corporate Secretary informed the stockholders that Management is proposing the following resolution amending Section 4, Article IV of the By-Laws of the Company to change the date of the annual or regular meeting from the "Fourth Tuesday of November" to the "last Friday of June":

RESOLUTION NO. S-16-2021

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the amendment of Section 4, Article IV of the By-Laws of the

Corporation ("By-laws") to change the date of the annual meeting from "the Fourth Tuesday of November" to "the last Friday of June" so that as amended, Section 4 of Article IV of the By-Laws shall read as follows

"Section 4. Date of Annual or Regular Meeting.

The annual or regular meeting of the stockholders of the Corporation shall be held on the **last Friday of June** of each year at the principal office of the Corporation as set forth in the Articles of incorporation, or in the city where the principal office of the Corporation is located."

RESOLVED, FURTHER, That, any one of the Corporation's President Ms. Betty Ang, Chief Executive Officer Mr. Henry Soesanto, Treasurer Ms. Monica Darmono, and Corporate Secretary Ms. Helen G. Tiu be, as each is hereby authorized, for and on behalf of the Corporation to execute such documents and papers, to make the necessary submissions and filings with the Securities and Exchange Commission, and/or to do any and all acts and deeds necessary and appropriate to carry into effect the foregoing resolutions, including to secure all necessary approvals from the Securities and Exchange Commission."

The Corporate Secretary reported that based on the votes received, the stockholders have given their approval to Resolution No. S-16-2021. As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-16-2021 providing for the amendment of Section 4, Article IV of the Company's By-laws to change the date of the annual meeting of the Company from the "Fourth Tuesday of November" to the "last Friday of June", were as follows:

	For	Against	Abstain
Number of Votes (One Share-One Vote)	15,978,663,659	-	36,544,700
% of Total Outstanding Capital Stock	88.93%	0.00%	0.20%

B. ARTICLE III, SECTION 11.1, WITH RESPECT TO THE CHIEF FINANCIAL OFFICER, REMOVING THE SECOND SENTENCE "HE/SHE SHALL BE ELECTED BY THE BOARD AND SHALL HOLD OFFICE AT THE PLEASURE OF THE BOARD."

At the request of the Acting Chairman, the Corporate Secretary informed the stockholders that Management is proposing the amendment of Section 11.1 of Article III of the Company's By-Laws to remove the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board." as follows:

RESOLUTION NO. S-17-2021

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the amendment of Section 11.1 of Article III of the By-Laws of the Corporation ("By-laws") to remove the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board" so that as amended, Section 11.1 of Article III of the By-Laws shall read as follows:

"The Chief Financial Officer, who may or may not be a stockholder of the

Corporation, should not be a member of the Board of Directors. The Chief Financial Officer must be a resident of the Philippines and an individual competent in all matters relating to finance, fiscal management, and accounting, in order to optimize and achieve the implementation and realization of the Corporation's financial goals, objectives, and budgets."

RESOLVED, FURTHER, That, any one of the Corporation's President Ms. Betty Ang, Chief Executive Officer Mr. Henry Soesanto, Treasurer Ms. Monica Darmono, and Corporate Secretary Ms. Helen G. Tiu be, as each is hereby authorized, for and on behalf of the Corporation to execute such documents and papers, to make the necessary submissions and filings with the Securities and Exchange Commission, and/or to do any and all acts and deeds necessary and appropriate to carry into effect the foregoing resolutions, including to secure all necessary approvals from the Securities and Exchange Commission."

The Corporate Secretary reported that based on the votes received, the stockholders have given their approval to Resolution No. S-17-2021. As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-17-2021 providing for the amendment of Section 11.1 of Article III of the Company's By-Laws to remove the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board", were as follows:

	For	**Against**	**Abstain**
Number of Votes (One Share-One Vote)	15,944,176,159	1,195,300	69,836,900
% of Total Outstanding Capital Stock	88.73%	0.01%	0.39%

VIII. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, OFFICERS, AND MANAGEMENT FOR THE PERIOD FROM MAY 28, 2021 TO NOVEMBER 23, 2021

Upon the Acting Chairman's request, the Corporate Secretary stated that stockholders' ratification was sought for all the acts and resolutions of the Board of Directors, the Executive Committee, and other Board Committees exercising powers delegated by the Board adopted from May 28, 2021 to November 23, 2021 as well as for all the acts of the Company's officers and Management performed to implement the resolutions of the Board or its Committees, or in connection with the Company's general conduct of business during the same period. The acts and resolutions of the Board are reflected in the minutes of the meetings and summarized in the Explanation and Rationale of Agenda Items portion of the definitive information statement. They included the election of the members of the various Board Committees, the appointment of the lead independent director and of officers, the approval of amendments to the Company's By-Laws, appointment of attorneys-in-fact and authorized signatories, capital allocation and disbursements of funds to subsidiaries, treasury-related matters, declaration of cash dividends, approval of agreements needed by the Company in the normal course of business, postponement of the annual stockholders' meeting, and other matters covered by disclosures to the SEC and the PSE.

On the Acting Chairman's request, the Corporate Secretary presented Resolution No. S-18-2021 proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-18-2021

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") ratify, as we hereby ratify, each and every act and/or resolution from May 28, 2021 to November 23, 2021 of the Board of Directors, the Executive Committee and other Board Committees exercising powers delegated by the Board, of officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and the Board Committees or pursuant to the By-laws of the Corporation."

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-18-2021 providing for the ratification of all acts and/or resolutions for the period May 28, 2021 to November 23, 2021 of the Board of Directors and its Board Committees, of Officers, and Management of the Company, were as follows:

	For	Against	Abstain
Number of Votes (One Share-One Vote)	15,977,456,159	1,195,300	36,556,900
% of Total Outstanding Capital Stock	88.92%	0.01%	0.20%

IX. ELECTION OF DIRECTORS (INCLUDING 3 INDEPENDENT DIRECTORS) FOR THE ENSUING YEAR

The next item in the Agenda was the election of the nine (9) members of the Board of Directors for the ensuing year or until their respective successors shall have qualified. The Corporate Secretary elucidated on the importance of diversity in the membership of the Company's Board of Directors to avoid groupthink and to promote long term shareholder value. She reported that the Company's incumbent Board membership comprises of individuals of diverse age, nationality, religion, and gender, and spans a broad range of business and educational backgrounds. She highlighted that the Company recognizes that diversity enables the Board to be agile and creative when addressing challenges, and affords it wider breadth and greater depth in seeking opportunities and addressing business risks. Finally, the diversity of the Company's Board puts it in the best position to provide meaningful value to the Company and its stockholders consistent with the Company's core aspiration to improve the wellbeing of people and the planet, and to create sustainable solutions for food security.

The Corporate Secretary informed the stockholders that in accordance with the requirements of the Company's By-laws, the Manual of Corporate Governance, the Board Charter and the Corporate Governance, Nomination, and Remuneration Committee's Rules Governing Nomination and Election of Directors, the following nominees were duly nominated to the Board of Directors of the Company for the ensuring term and each of the nominees had consented to his/her nomination:

1. Hartono Kweefanus
2. Kataline Darmono
3. Hoediono Kweefanus
4. Betty T. Ang
5. Henry Soesanto
6. Monica Darmono
7. Delfin L. Lazaro (for independent director)
8. Nina Perpetua D. Aguas (for independent director)

9. Marie Elaine Teo (for independent director)

The Corporate Secretary reported that based on the partial tabulation of votes known at the time the ASM was being conducted, each of the nine nominees had garnered at least 15,824,262,359 votes or at least 88.07% of the total outstanding capital stock. Given this, she certified that each nominee has received enough votes for election to the Board and that, consequently, the following Resolution No. S-19-2021 for the election of the nine nominees to the Board had been approved:

RESOLUTION NO. S-19-2021

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") elect, as we hereby elect, the following as directors of the Corporation to serve as such beginning November 23, 2021 until their successors are elected and have duly qualified:

Hartono Kweefanus
Kataline Darmono
Hoediono Kweefanus
Betty T. Ang
Henry Soesanto
Monica Darmono
Delfin L. Lazaro (for independent director)
Nina Perpetua D. Aguas (for independent director)
Marie Elaine Teo (for independent director)"

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes received by the nominees based on the total cumulative votes received were as follows:

	Vote	Number of Votes	Percentage of Outstanding Capital Stock
Nina Perpetua D. Aguas	In Favor	15,986,263,659	88.97%
	Abstain	36,544,700	0.20%
Henry Soesanto	In Favor	15,978,111,359	88.92%
	Abstain	44,697,000	0.25%
Delfin L. Lazaro	In Favor	15,968,927,559	88.87%
	Abstain	53,880,800	0.30%
Betty T. Ang	In Favor	15,966,711,359	88.86%
	Abstain	44,697,000	0.25%
Monica Darmono	In Favor	15,949,820,659	88.76%
	Abstain	61,587,700	0.34%
Hartono Kweefanus	In Favor	15,848,110,059	88.20%
	Abstain	163,298,300	0.91%
Hoediono Kweefanus	In Favor	15,848,110,059	88.20%
	Abstain	163,298,300	0.91%
Marie Elaine Teo	In Favor	15,834,699,959	88.12%
	Abstain	176,708,400	0.98%

Kataline Darmono	In Favor	15,824,262,359	88.07%
	Abstain	187,146,000	1.04%

X. APPOINTMENT OF EXTERNAL AUDITOR

At the request of the Acting Chairman, Ms. Nina Perpetua D. Aguas, Chairperson of the Audit Committee, presented to the stockholders the role of the Audit Committee over the external auditor, which is to assess the latter's integrity and independence and the effectiveness of its audit process and the critical nature of such function. She then informed the stockholders that in exercising such oversight function, the Audit Committee evaluated and was satisfied with the performance of the Company's external auditor, SGV, for the past year. Thus, the Audit Committee and the Board agreed to endorse the appointment of SGV as the Company's external auditor for the calendar year 2021 for an audit fee of ₱13,970,000, exclusive of value-added taxes.

As requested by the Acting Chairman, the Corporate Secretary presented Resolution No. S-20-2021 proposed by Management and based on the votes received, reported the approval by the stockholders of following resolution:

RESOLUTION NO. S-20-2021

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the appointment of accounting firm SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2021 for an audit fee of ₱13,970,000, exclusive of value-added taxes."

As tabulated by the Office of the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-20-2021 providing for the appointment of the Company's external auditor and the fixing of its remuneration, were as follows:

	For	Against	Abstain
Number of Votes (One Share-One Vote)	15,964,450,959	-	50,757,400
% of Total Outstanding Capital Stock	88.85%	0.00%	0.28%

XI. OTHER BUSINESS.

After the Corporate Secretary confirmed that there were no other matters that require consideration by the stockholders, there being no submission from the stockholders of proposed agenda items, the Acting Chairman requested Mr. Paska to read aloud the questions and comments together with the names of the stockholders who sent them.

Mr. Jesse C. Teo addressed the first query sent by Mr. Anthony Gilbert Antiquiera who asked about the Company's revenues. The CFO was pleased to report that the Company had disclosed record high quarterly revenues at 4.1% growth in the third quarter ("Q3") of 2021, which was significantly higher than any of the previous quarters – pre- and post- pandemic. This growth was led by APAC BFB where the Company had a strong domestic revenue recovery. Domestic revenue grew about 10% from Q2 to Q3. Compared to the previous year, it increased by 4.2%, led by robust growth in noodles and the stabilization of the biscuits category as the Company continued usage-building programs and pushed towards in-home consumption. He further explained that revenue growth in the international business tapered in Q3 to 1.2% compared with a high base in Q3 2020 amidst ongoing logistical challenges including shipping container and vessel shortage as well as port congestion. The Meat Alternative business, on the other hand, grew by 3.6% in Philippine Peso terms to ₱3.6 Billion, but declined 3.8% organically, reflecting challenging UK macro conditions. While retail sales, particularly the frozen segment, remained challenged, there was significant growth in Foodservice with Q3 revenue, up 63.8% versus a year ago.

The next question was from Mr. Pierre Santos who has inquired regarding how commodity cost inflation affected the Company's gross margins and profitability in Q3. CFO Jesse Teo clarified that while gross margins declined by 1.6% compared to the past year, this has improved by 400 basis points to 39.4% from Q2 to Q3 due to the cost containment measures undertaken, including locking in some of the commodity costs, recent pricing actions, and favorable sales mix.

The next query came from stockholder Ms. Marion Kho regarding the Company's plans to make its products and more sustainable. The Acting Chairman and CEO Mr. Henry Soesanto responded that the Company plans to do this through continuous innovation and intensive consumer research to target consumers' pain points – the increasing concern for individual health and food security. He noted that the Company's research and development team is focused on the development of new products that will be aligned with the Company's aspirations and has the technology that enables it to address these targets. He also reported that in the Company's APAC BFB business, the new healthy noodle line utilizes the Company's proprietary *high speed air flow* technology, reducing oil content by 70%. The Company is working on bringing its healthy noodle offer to other export markets starting with Thailand. For the meat alternative business, Quorn is considered the future of food. The Company produces its own protein – mycoprotein, a sustainable future food and a superior meat alternative with the right taste, texture, nutrition, and sustainability proposition. Further, a collaboration has been made with Carbon Trust to audit the Company's carbon footprint.

The fourth question came from Mr. Vann Allen dela Cruz who asked about Quorn's growth plans for Asia. The Acting Chairman & CEO Mr. Henry Soesanto replied that the immediate priorities for Quorn™ are the UK, US, and QSR. The Company is closely monitoring the market dynamics in Asia as it sees the growth potential of Quorn™ in Asia. At this point, the Company expects to expand its Quorn™ business in Asia with its foodservice/QSR partners.

With respect to another question from Mr. Vann Allen dela Cruz, on how the Company plans to address the macroeconomic challenges it is facing, CFO Jesse Teo explained that the macroeconomic picture has been challenging including additional headwinds in the Company's meat alternative business. The Company continues to monitor these, and will proactively look for ways to find offsets through hedging, lock-ins, natural hedges with currency, and cost savings projects. The Company will try to minimize the effects of identified headwinds as much as it can.

The last question received was from Mr. Aaron Legaspi who asked about the Company's change in the use of IPO proceeds from capex to debt repayment, the sources of the Company's funding, and the updates on the Company's capex plans. CFO Jesse Teo responded that, as disclosed in the press release, there is **no change** in the Company's capital expenditure ("CapEx") plans and growth strategy as it continues to have strong conviction of the long-term growth opportunities of its businesses. A majority of the Company's term loans had been paid down to avoid significant negative carry associated with large cash balances. In addition to the IPO proceeds, funding for CapEx will be provided by the Company's strong operating cash flows and supplemented with existing credit lines available to the Company, if needed. The CFO also reported that the Company had booked ₱3.6 Billion of CapEx which was lower versus its prospectus guidance. This was partially due to the timing of the IPO, i.e., the Company had opted to secure IPO funding first before it starts spending for CapEx. Further, the Company remained on track with its capacity expansion plans. However, it may be necessary to pivot the spending into operating expenditures especially in the Meat Alternative business to chase the growth that the Company believes exists in that very exciting category.

XII. ADJOURNMENT

There being no other matters to discuss, the Acting Chairman adjourned the meeting and informed the stockholders that the link to the recorded webcast of the meeting will be posted on the Company's website, and stockholders may raise issues, clarifications and concerns on the meeting conducted within two weeks from posting of the link by sending an email to corporate.secretary@mondenissin.com and investor.relations@mondenissin.com.

A T T E S T:

HENRY SOESANTO
Acting Chairman of Stockholders' Meeting

HELEN G. TIU
Corporate Secretary

Annex "A"

MONDE NISSIN CORPORATION
Annual Stockholders' Meeting
November 23, 2021

Record of Attendance

Stockholders of Record	No. of Shares Held	% Ownership	Appointee/ Beneficial Owner
A. Proxy			
1. Hartono Kweefanus	4,214,244,600	23.45%	CEO
2. Betty T. Ang	3,265,920,000	18.18%	CEO
3. Hoediono Kweefanus	948,324,600	5.28%	CEO
4. My Crackers, Inc.	1,228,611,496	6.84%	CEO
5. Monica Darmono	765,897,596	4.26%	CEO
6. BDO Securities Corporation	765,897,600	4.26%	CEO/Anna Roosdiana Darmono
7. BDO Securities Corporation	765,897,600	4.26%	CEO/Eveline Darmono
8. BDO Securities Corporation/ Tansengco & Co., Inc.	109,712,000	0.61%	CEO/Daniel Ang
9. Standard Chartered Bank	3,629,000	0.02%	CEO/Sun Life Grepa Financial, Inc.
10. Standard Chartered Bank	35,078,400	0.20%	CEO/SCB OBO PLU-PRULink Equity Fund
11. Standard Chartered Bank	159,593,300	0.89%	CEO/GIC Private Limited - C
12. Standard Chartered Bank	45,424,600	0.25%	CEO/GIC Private Limited - H
13. Standard Chartered Bank	21,132,000	0.12%	CEO/RBC INV SVC TR CL AC
14. Standard Chartered Bank	717,000	0.00%	CEO/SSBTC FUND RIFD
15. Standard Chartered Bank	17,441,800	0.10%	CEO/BPSS LUX/ CA/UA
16. Standard Chartered Bank	802,600	0.00%	CEO/RBC ISB S.A. SA CF - CPEF
17. Standard Chartered Bank	366,400	0.00%	CEO/SSBTC FUND G4B6
18. Standard Chartered Bank	1,469,100	0.01%	CEO/SSBTC FUND JYEL
19. Standard Chartered Bank	3,307,000	0.02%	CEO/SSBTC FUND GPHF
20. Standard Chartered Bank	1,820,200	0.01%	CEO/SSBTC FUND CFRN
21. Standard Chartered Bank	39,977,000	0.22%	CEO/BBH (LUX) SCF RF - RGEMF
22. Standard Chartered Bank	76,219,800	0.42%	CEO/SSBTC FUND HG19
23. Standard Chartered Bank	5,684,800	0.03%	CEO/SSBTC FUND GUL1
24. Standard Chartered Bank	2,139,900	0.01%	CEO/SSBTC FUND BT6F
25. Standard Chartered Bank	73,598,800	0.41%	CEO/BBHCO RWC EME MASTER FD LTD
26. Standard Chartered Bank	1,873,200	0.01%	CEO/SSBTC FUND 6QH3
27. Standard Chartered Bank	4,992,600	0.03%	CEO/SSBTC FUND G444

Stockholders of Record	No. of Shares Held	% Ownership	Appointee/ Beneficial Owner
28. Standard Chartered Bank	4,547,300	0.03%	CEO/PEUSA AIF
29. Standard Chartered Bank	625,500	0.00%	CEO/SSBTC FUND GLEH
30. Standard Chartered Bank	304,100	0.00%	CEO/SSBTC FUND 32ZF
31. Standard Chartered Bank	450,277,767	2.51%	CEO/SSBTC FUND HG22
32. Standard Chartered Bank	1,509,500	0.01%	CEO/SSBTC FUND RJI1
33. Standard Chartered Bank	10,832,900	0.06%	CEO/SSBTC FUND G4PK
34. Standard Chartered Bank	180,200	0.00%	CEO/SSBTC FUND G4O3
35. Standard Chartered Bank	1,541,000	0.01%	CEO/BPSS SIN/HONG KONG RESIDENTS
36. Standard Chartered Bank	3,721,500	0.02%	CEO/SSBTC FUND XRWA
37. Standard Chartered Bank	3,444,000	0.02%	CEO/SSBTC FUND X293
38. Standard Chartered Bank	9,212,200	0.05%	CEO/BBHC RWC EME MASTER FD LTD
39. Standard Chartered Bank	2,030,600	0.01%	CEO/SSBTC FUND 5BUI
40. Standard Chartered Bank	1,639,900	0.01%	CEO/BBH (L) RWC FD- RWC GEME FD
41. Standard Chartered Bank	8,712,500	0.05%	CEO/SSBTC FUND HG16
42. Standard Chartered Bank	108,612,600	0.60%	CEO/SSBTC FUND G449
43. Standard Chartered Bank	3,638,500	0.02%	CEO/SSBTC FUND JY67
44. BDO Securities Corporation	3,800,000	0.02%	CEO/Helen Go Tiu
45. The HongKong and Shanghai Banking Corp. Ltd. -Clients' Acct.	37,272,600	0.21%	CEO/HSBC 20
46. AB Capital Securities, Inc.	45,400	0.00%	CEO/Shuwa Maeda
47. Citibank N.A.	3,540,000	0.02%	CEO/CITIFAOPHILAM SK Account 101070002
48. Citibank N.A.	2,302,200	0.01%	CEO/CITIFAOPHILAM SK Account 101070007
49. Citibank N.A.	6,755,000	0.04%	CEO/CITIFAOPHILAM SK Account 101070014
50. Citibank N.A.	1,383,700	0.01%	CEO/CITIFAOPHILAM SK Account 101070015
51. Citibank N.A.	21,250,400	0.12%	CEO/CITIFAOSUNLIFE SK Account 6026210002
52. Citibank N.A.	405,800	0.00%	CEO/CITIOMNIFOR SK Account 1100900011
53. Citibank N.A.	1,776,900	0.01%	CEO/CITIOMNIFOR SK Account 2002630001
54. Citibank N.A.	6,957,000	0.04%	CEO/CITIOMNIFOR SK Account 6001310255
55. Citibank N.A.	5,073,000	0.03%	CEO/CITIOMNIFOR SK Account 6001687933

Stockholders of Record	No. of Shares Held	% Ownership	Appointee/ Beneficial Owner
56. Citibank N.A.	1,195,300	0.01%	CEO/CITIOMNIFOR SK Account 6001689543
57. Citibank N.A.	75,148,000	0.42%	CEO/CITIOMNIFOR SK Account 6002071007
58. Citibank N.A.	20,077,200	0.11%	CEO/CITIOMNIFOR SK Account 6002079755
59. Citibank N.A.	10,740,700	0.06%	CEO/CITIOMNIFOR SK Account 6002079774
60. The HongKong and Shanghai Banking Corp. Ltd. -Clients' Acct.	956,548,833	5.32%	CEO/HSBC10
61. Deutsche Bank Manila – Clients A/C	113,862,261	0.63%	CEO/Deutsche Bank AG Manila Branch
62. COL Financial Group, Inc.	2,000	0.00%	CEO/Edward C. Yao
Sub-Total (Proxy)	**14,438,739,353**	**80.36%**	
B. Remote Communication			
63. Henry Soesanto	1,548,681,396	8.62%	
64. BPI Securities Corporation	171,900	0.00%	Aaron Jeric M. Legaspi
65. COL Financial Group, Inc.	10	0.00%	Anthony Gilbert L. Antiquiera
66. COL Financial Group, Inc.	500	0.00%	Mario A. Crisostomo Jr.
67. COL Financial Group, Inc.	12,200	0.00%	Arven Birondo Mendoza
68. BPI Securities Corporation	9,000	0.00%	Dione Derrick Gan Kocencio and/or Mary Ann Uy Magadia Kocencio
69. Asiasec Equities Inc.	27,594,000	0.15%	Cynthia Ang
Sub-Total (Remote Communication)	**1,576,469,006**	**8.77%**	
Total No. of Outstanding Shares Present or Represented	**16,015,208,359**	**89.13%**	
Total No. of Outstanding Shares	17,968,611,496	100.0%	