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
   Laguna, 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
   November 23, 2021 at 10 a.m. Philippine Standard Time (PHT), to be conducted virtually through https://conveneagm.com/ph/MONDE2021ASM
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Nov 2, 2021
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	Nov 23, 2021
Type (Annual or Special)	Annual
Time	10a.m. PHT
Venue	To be conducted virtually through https://conveneagm.com/ph/MONDE2021ASM
Record Date	Oct 26, 2021

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached the Company's Preliminary Information Statement.

Filed on behalf by:

Name	Jon Edmarc Castillo
Designation	Chief Compliance Officer

COVER SHEET

00000086335
S.E.C. Registration Number

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

(Company's Full Name)

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

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

Helen G. Tiu
Corporate Secretary
Contact Person

(02) 7759 7595
Company Telephone Number

1 2 **3 1**
Month *Day*
Fiscal Year

SEC Form 20-IS
Form Type

Last Monday of June
Month *Day*
Annual Meeting

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

M S R D
Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

Monde Nissin

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

MONDE NISSIN CORPORATION's ("**MONDE's**") 2021 Annual Stockholders' Meeting ("**ASM**") will be conducted virtually via https://conveneagm.com/ph/MONDE2021ASM on **November 23, 2021 (Tuesday) at 10:00 a.m. Philippines Time (PHT).**

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 May 28, 2021
5. Management Report
    a. Message of the Chairman
    b. Report of the Chief Executive Officer
    c. Report of the Chief Finance Officer
6. Ratification of the 2020 Audited Financial Statements
7. Amendment of the By-Laws, particularly:
    a. 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"
    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."
8. Ratification of All Acts of the Board of Directors, Board Committees, Officers, and Management for the Period of May 28, 2021 to November 23, 2021
9. Election of Directors (Including 3 Independent Directors) for the Ensuing Year
10. Appointment of External Auditor
11. Other Business
12. Adjournment

Only stockholders of record as of October 26, 2021 ("**Record Date**") are entitled to notice of, and to vote at, the ASM.

Stockholders may vote by appointing MONDE's Chief Executive Officer ("**CEO**") as their proxy, by remote communication, or by voting *in absentia* through the AGM@Convene online portal ("**Portal**") accessible at https://conveneagm.com/ph/MONDE2021ASM from 9:00 a.m. PHT of October 30, 2021 until 5:00 p.m. PHT of November 12, 2021 ("**Registration Period**"). Stockholders who wish to participate in the ASM through remote communication must also register within the Registration Period. For additional details on ASM registration and voting, stockholders may refer to MONDE's Information Statement, which is accessible at: www.mondenissin.com and https://conveneagm.com/ph/MONDE2021ASM. Stockholders who encounter registration issues may contact AGM@Convene at support@conveneagm.com for technical support.

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

Duly accomplished proxies should be submitted to MONDE on or before 5:00 p.m. PHT of November 12, 2021 through https://conveneagm.com/ph/MONDE2021ASM. Validation of proxies will be done on or before November 16, 2021 at 9:00 a.m. PHT.

Pursuant to the Securities and Exchange Commission ("**SEC**") Notice dated March 16, 2021, the Information Statement and its attachments, the minutes of the previous stockholders' meeting, and other documents related to the meeting may be accessed at www.mondenissin.com, and also through https://conveneagm.com/ph/MONDE2021ASM. 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 November 12, 2021.[2]

All other communications should be sent by email to investor.relations@mondenissin.com, copying corporate.secretary@mondenissin.com.

This notice supersedes the disclosure notice filed with the Securities and Exchange Commission and the Philippine Stock Exchange on October 12, 2021.

Makati City, October 18, 2021.

Tiu, Helen

HELEN G. TIU
Corporate Secretary and
Chief Legal Officer

[2] *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 Chairman 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 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 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/MONDE2021ASM 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 confirming that they have successfully registered for the ASM ("**Confirmation Email**"). The Confirmation Email will also include a guide on how to access a secure online portal which will enable successful registrants to participate and vote at the ASM. Registrants who do not receive a Confirmation Email within three (3) business days from submission of complete requirements may contact 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/MONDE2021ASM. Questions and comments pertaining to any item on the agenda may be sent during the Registration Period and during the ASM through the Portal.
   b. Each of the agenda items submitted for voting 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 https://conveneagm.com/ph/MONDE2021ASM. 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. Successful registrants may vote through the secure online 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. Stockholders may revoke a proxy through the Portal at any time prior to the close of the Registration Period. Proxies will be locked in and may no longer be revoked or changed after the close of the Registration Period at 5 p.m. PHT on November 12, 2021.
f. Stockholders voting *in absentia* may cast their votes electronically through the Portal at any time from November 8, 2021 until November 22, 2021 at 5 p.m. PHT. Stockholders participating by remote communication may also vote live during the ASM.
g. 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 (h) below, each outstanding share of stock entitles the registered stockholder to one vote.
h. Election of directors will be by plurality of votes. Cumulative voting is allowed. Each outstanding share of stock entitles the registered stockholder to one vote per board seat to be filled.
i. 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.
j. The meeting proceedings shall be recorded in audio and video formats.

4. Approval of Minutes of Previous Stockholders' Meeting Held on May 28, 2021

The minutes of the special stockholders' meeting held on May 28, 2021 are available at www.mondenissin.com and at https://conveneagm.com/ph/MONDE2021ASM. 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 May 28, 2021 special stockholders' meeting covers the following items:

a. The delegation to the Board of Directors ("**Board**") of the power to amend the By-Laws, in whole or in part, or to repeal and adopt new By-Laws in accordance with the Revised Corporation Code's Section 47 and the By-Laws' Article X, Section 2, provided that such delegation may be revoked by the affirmative vote of stockholders owning or representing at least a majority of the outstanding capital stock at any stockholders' meeting duly called for the purpose; and

b. The ratification of acts of the Board and of the Officers from March 1, 2021 to May 28, 2021 (including reversal of December 31, 2020 retained earnings appropriation of P6.8 Billion, declaration of P1.19 cash dividends per share payable on or before December 31, 2021 to stockholders of record as of March 1, 2021, approval of 2020 audited financial statements, election of interim directors, appointment of statutory officers, appointment of Board Committee members, approval of resolutions related to the listing of the company's shares with the Philippine Stock Exchange and to register such shares with the SEC for initial public offering in the Philippines as well as to make offerings outside of the Philippine through Rule 144A and Regulation S as well as authorizing all agreements and appointment of company representatives in connection with the same, approval of certain amendments to the company's Articles of Incorporation and adoption of new By-Laws, approval of Code of Conduct and Ethics, General Data Privacy to Policy, Conflict of Interest

Policy, Insider Trading Policy, Policy and Data Relating to Heath, Safety and Welfare of Employees, Related Party Transactions Policy and Whistleblowing Policy, approval of Board Charter and Board Committee Charters (*i.e.*, Executive Committee, Audit Committee, Risk and Related Party Transactions Committee and Corporate Governance, Nomination and Remuneration Committee), approval of meeting fees for attendance of independent directors at Board and Board Committee meetings, authorizing the company to issue comfort letter or guarantee in connection with the obligations of the company's subsidiaries and affiliates, designation of company representatives to certain government agencies in connection with applications and actions before such government agencies, designation of authorized filers for submission of company reports on the SEC's Online Submission Tool, 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, authorizing the appointment of company's representatives in connection with court cases and other legal proceedings involving the company, authorizing the purchase of certain assets from company's affiliates, authorizing the engagement of third party service providers, authorizing the company to enter into amendments of loans with Metrobank regarding reclassification of current portion of said loan and changes to interest rates, and adoption of company's dividend policy (*i.e.*, an annual dividend payment ratio of 60% of preceding fiscal year's net income after tax, subject to the requirement of applicable laws and regulations, capex requirements, compliance with loan covenant restricting dividend distribution without in any way guaranteeing dividend payments in the future).

5. Management Report

The Chairman will deliver the message to the stockholders and the CEO, Mr. Henry Soesanto, and Chief Financial Officer ("**CFO**"), Mr. Jesse C. Teo, will report on MONDE's performance in 2020 and the outlook for 2021. The stockholders will be requested to note the Management Report.

6. Ratification of the 2020 Audited Financial Statements

The Audited Financial Statements ("**AFS**") as of December 31, 2020 will be presented to the stockholders for their approval. The AFS will be embodied in the Information Statement that may be accessed by the stockholders at www.mondenissin.com and at https://conveneagm.com/ph/MONDE2021ASM. 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. Amendment of the By-Laws, particularly:

    a. 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
    b. Article III, Section 11.1, with respect to the CFO, removing the second sentence "He/she shall be elected by the Board and shall hold office at the pleasure of the Board."

Approval of the 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 is required for the foregoing amendments of MONDE's By-Laws.

8. Ratification of All Acts of the Board, Board Committees, Officers, and Management for the period of May 28, 2021 to November 23, 2021

   The acts of the Board and its Committees, the Officers, and Management were those adopted since the last special stockholders' meeting on May 28, 2021 until November 23, 2021. They include:

   a. the appointment of corporate officers (*i.e.,* Chief Information Officer and lead independent director);
   b. authorizing MONDE to (i) open other bank accounts to deposit IPO proceeds, and (ii) invest IPO proceeds in low-risk short-term derivative investments and trust fund and designating authorizing signatories for the same;
   c. authorizing the reallocation of use of IPO proceeds;
   d. authorizing MONDE to open standby letters of credit and designating signatories for the same;
   e. authorizing MONDE to avail of online banking facilities and designating company representatives/signatories/approvers based on transaction size;
   f. authorizing MONDE to open accounts with banks and non-bank financial intermediaries and designating signatories for the same;
   g. approval of new signatories for transactions with banks, financial intermediaries, and trust investment companies;
   h. authorizing amendment of existing bank loans and designating authorized signatories for the same;
   i. authorizing MONDE to issue comfort letter, surety, or guarantee in connection with the obligations of its subsidiaries and affiliates and designating signatories for the same;
   j. authorizing MONDE to enter into service agreements needed by the company in the normal course of business (*e.g.,* corporate governance training agreement, maintenance and calibration service agreements, waste water treatment service agreements, forklift operations service agreements, consumer insights-related service agreements, service agreements for nutritional and chemical analysis, bad orders hauling and disposal service agreement, courier service agreement, digital platform service agreement, internal audit-related service agreements, enterprise risk management related service agreements, hospitalization, medical, surgical and similar service agreements with hospitals and medical centers including related data sharing agreements, accommodation agreements with hotels, service agreement for the use of the Client Profile Registration System and Online Visibility system of the Bureau of Customs) and designating company representatives and/or signatories regarding the same;
   k. authorizing MONDE to enter into agreements relating to sustainability initiatives and activities and designating signatories for the same;
   l. authorizing MONDE to enter into Memorandum of Agreement regarding internship programs and/or job placement assistance and designating signatories for the same;
   m. authorizing MONDE to enter into insurance policies and designating signatories for the same;

n. authorizing MONDE to enter into membership agreements with third party service providers and designating signatories for the same;
o. authorizing MONDE to enter into lease contracts (including pallet rental agreements and rental agreements for computer equipment and printers) and designating signatories for the same;
p. authorizing MONDE to enter into supply agreements and designating signatories for the same;
q. designation of representatives to certain government agencies in connection with applications and actions before such government agencies as well as designating signatories for such applications and related documentation;
r. authorizing MONDE to execute Supplier Enrollment Form for cash management solutions enrollment of GrowSari with MONDE's bank account with Robinsons Bank;
s. designating additional signatories for non-disclosure agreements;
t. authorizing MONDE to execute quitclaims and designating signatories for the same;
u. authorizing MONDE to appoint representatives in connection with court cases and other legal proceedings involving MONDE;
v. authorizing MONDE to sell company vehicles and designating the authorized signatory for the same;
w. authorizing MONDE to make additional equity investments in, and/or lend money to MONDE's subsidiaries and affiliates, and designating signatories for related documentation;
x. 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;
y. approval of guidelines and limitations on engaging external auditor for non-audit services;
z. authorizing the postponement of MONDE's annual stockholders' meeting;
aa. authorizing MONDE's annual stockholders' meeting to be held via remote communication on November 23, 2021, setting record date for ASM, and authorizing Chief Executive Officer to executive information statement;
bb. approval of the agenda for MONDE's annual stockholders' meeting agenda;
cc. approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding final list of nominees for directors for election at MONDE's annual stockholders' meeting;
dd. approval of MONDE's unaudited financial statements for the six-month period ended June 30, 2021;
ee. the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business.

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.

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

Pursuant to the By-Laws, Revised Manual of Corporate Governance, and applicable SEC rules, any stockholder, including minority stockholders, may submit nominations for the election of directors. As of September 24, 2021, 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 the company 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.

10. Appointment of External Auditor

The Board's Audit Committee will endorse to the stockholders the appointment of SyCip Gorres Velayo & Co. ("**SGV & Co.**") 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 profile of SGV & Co. is included in the Information Statement.

A resolution for the appointment of SGV & Co. 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.

11. 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 November 12, 2021.

The Chairman will open the floor for comments and questions by the stockholders with respect to the agenda items. In this connection, MONDE's CEO and key management officers will address stockholders' comments and questions sent in during the Registration Period in accordance with existing laws, rules, SEC regulations, and MONDE's internal guidelines.

12. Adjournment

Upon confirmation by the Corporate Secretary that there are no other matters to be considered, the Chairman 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 the 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 2021 Annual Stockholders' Meeting on **November 23, 2021 (Tuesday)** 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 May 28, 2021 Minutes of the Stockholders' Meeting
☐ For ☐ Against ☐ Abstain

2. Ratification of the 2020 Audited Financial Statements
☐ For ☐ Against ☐ Abstain

3. a. Amendment of Article IV, Section 4 of the By-Laws to change date of annual stockholders' meeting to last Friday of June of each year
☐ For ☐ Against ☐ Abstain

b. Amendment of Article III, Section 11.1 of the By-Laws to remove the second sentence
☐ For ☐ Against ☐ Abstain

4. 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		
Hoediono Kweefanus		
Betty T. Ang		
Henry Soesanto		
Monica Darmono		
Kataline Darmono		
Delfin L. Lazaro (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*

5. Noting of the Management Report
☐ Noted ☐ Abstain

6. Ratification of all acts of the Board of Directors, Board Committees, Officers, and Management for the period of May 28, 2021 to November 23, 2021
☐ For ☐ Against ☐ Abstain

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

8. 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 third parties to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2021 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 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 November 12, 2021 (*i.e.*, the deadline for submission of proxies) at https://conveneagm.com/ph/MONDE2021ASM. Proxies will be validated after they are received and until November 16, 2021.

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 the authorization letter duly signed by all joint account holders on the authority of the signatory 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 November 12, 2021, after which time the proxy will be locked-in and may no longer be revoked or changed.

THIS FORM IS MERELY A REFERENCE DOCUMENT. SHAREHOLDERS WISHING TO EXECUTE THEIR PROXY MUST DO SO ELECTRONICALLY THROUGH THE ONLINE PORTAL ACCESSIBLE AT https://conveneagm.com/ph/MONDE2021ASM.

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: Metro Manila, 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: November 23, 2021
   Time: 10:00 A.M. Philippines Time (PHT)
   Place: To be conducted virtually via https://conveneagm.com/ph/MONDE2021ASM

9. Approximate date on which the Information Statement is distributed to security holders:

   November 2, 2021

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.

TABLE OF CONTENTS

INFORMATION REQUIRED IN INFORMATION STATEMENT

This Preliminary Information Statement is dated October 18, 2021 and is being furnished to the Company's stockholders and institutional investors of record as of October 26, 2021, in connection with its annual stockholders' meeting on November 23, 2021 ("**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:	November 23, 2021
Time:	10:00 A.M. PHT
Place:	To be conducted virtually via https://conveneagm.com/ph/MONDE2021ASM

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

The Information Statement may be accessed beginning October 30, 2021 at: www.mondenissin.com and https://conveneagm.com/ph/MONDE2021ASM

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) 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 (other than election to office).

(b) 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 September 30, 2021:**

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 October 26, 2021 ("**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 September 30, 2021:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Hartono Kweefanus JL Syamsurizal Kota Adm. Jakarta Pusat, Indonesia (Director)	Hartono Kweefanus (same as record owner)	Indonesian	4,214,244,600	23.453%
Common	Hoediono Kweefanus[1] JL Raya Darmo 65 Surabaya, Indonesia (Director)	Hoediono Kweefanus (same as record owner)	Indonesian	948,324,600	5.278%
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	18.176%
Common	Henry Soesanto[3] Unit 45A, Discovery Primea Suites 6749 Ayala Avenue, Brgy. Urdaneta (Director)	Henry Soesanto (same as record owner)	Indonesian	1,548,681,396	8.620%
Common	My Crackers, Inc. 1763 P.M. Guanzon St. Paco, Manila	Keng Sun Mar Peter Mar	Filipino	1,228,611,496	6.838%
Common	PCD Nominee Corporation (Non-Filipino)[4] Philippine Depository & Trust Corp., 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers[5]	Various Non-Filipino	4,849,888,881	26.991%

[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 Ms. Monica Darmono's 765,897,596 shares.

[4] PCD Nominee Corporation is the registered owner of the shares in the books of the Company's stock transfer agent. PCD Nominee Corporation is a corporation wholly owned by the 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. 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 September 30, 2021: 1,764,930,212 common shares or 9.8223% of the voting stock is for the account of BDO Securities Corporation, 1,448,990,923 common shares or 8.0640% of the voting stock is for the account of Standard Chartered Bank, and 1,246,330,120 common shares or 6.9362% of the voting stock is for the account of The Hong Kong and Shanghai Banking Corp. Ltd. – Clients' Acct.

(2) Security Ownership of Directors and of Management (Executive Officers) as of September 30, 2021:

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) 1,548,681,396	Indonesian	8.6188%
Common	Monica Darmono[9]	(direct) 765,897,596	Indonesian	4.2624%
Common	Delfin L. Lazaro[10]	(direct and indirect) 740,002 Henry Soesanto is the beneficial owner of 2 shares	Filipino	0.0041%
Common	Nina Perpetua D. Aguas[11]	(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) 360,000	Filipino	0.0020%
Common	Samuel C. Sih	(direct) 3,150,000	Filipino	0.0175%
Common	Helen G. Tiu	(direct) 3,800,000	Filipino	0.0211%
Other Executive Officers				
Common	Wendy T. Antioquia	(direct) 1,093,000	Filipino	0.0061%
Common	Jesse C. Teo	(direct) 750,000	Filipino	0.0042%
Common	Romeo L. Marañon, Jr.	(direct) 508,500	Filipino	0.0028%
Common	Melissa C. Pabustan	(direct) 375,000	Filipino	0.0021%
Common	Elvira S. Mensalvas	(direct) 255,000	Filipino	0.0014%
Common	Michael Stanley D. Tan[12]	(direct and indirect) 190,000	Filipino	0.0011%
Common	Michael J. Paska	(direct) 75,000	American	0.0004%
Common	Daniel Teichert	(direct) 74,100	German	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) 15,000	Filipino	0.0001%
Common	Luzviminda M. Mercurio	(direct) 10,000	Filipino	0.0001%
All Directors and Officers as a group		10,754,788,300		59.8532%

(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.

[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 Mr. Henry Soesanto's 1,548,681,396 shares.
[10] Mr. Delfin L. Lazaro's has indirect beneficial ownership over the 370,000 shares held by a company he controls.
[11] Ms. Nina Perpetua D. Aguas has indirect beneficial ownership over the 252,000 shares held by her spouse.
[12] Mr. Michael Stanley D. Tan has indirect beneficial ownership over the 30,000 shares held by his spouse.

(4) **Changes in Control**

No change of control in the Company has occurred since the beginning of its last fiscal 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, Chairman and Director
Hoediono Kweefanus, Vice-Chairman and Director
Betty T. Ang, Director
Henry Soesanto, Director
Monica Darmono, Director
Delfin L. Lazaro, Lead Independent Director
Nina Perpetua D. Aguas, Independent Director
Marie Elaine Teo, Independent Director
Kataline Darmono, 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
Monica Darmono, Treasurer
Marivic N. Cajucom-Uy, Chief Sustainability Officer
Helen G. Tiu, Chief Legal Officer, Corporate Secretary, and Data Protection Officer
Jesse C. Teo, Chief Financial Officer
Samuel C. Sih, National Sales Director
Michael J. Paska, Corporate Business Development and Investor Relations Director
Michael Stanley D. Tan, Supply Chain Director
Melissa C. Pabustan, Marketing Director
Daniel Teichert, Chief Risk Executive
Jon Edmarc R. Castillo, Chief Compliance Officer
Shiela P. Alarcio, Chief Internal Audit Executive
Katherine C. Lee-Bacus, Assistant Corporate Secretary
Elvira S. Mensalvas, Quality Assurance Department Head
Romeo L. Marañon, Jr., Bakery Business Unit Head
Wendy T. Antioquia, Regional Research and Development Director
Luzviminda M. Mercurio, Human Resources Director

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

In accordance with the Amended By-Laws and other Company charters and procedures, the Company's Board of Directors approved the Final List of Qualified Candidates ("**Final List**") for election as directors of the Company, following the Final List's recommendation and endorsement by the Board of Directors' Corporate Governance, Nomination, and Remuneration Committee ("**CGNR Committee**").[13] The Final List comprises the following individuals:

Hartono Kweefanus
Hoediono Kweefanus
Betty T. Ang
Henry Soesanto
Monica Darmono
Kataline Darmono
Delfin L. Lazaro (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 and Kataline Darmono were nominated by Henry Soesanto. Henry Soesanto was nominated by Monica Darmono. Delfin L. Lazaro, Nina Perpetua D. Aguas, and Marie Elaine Teo were nominated as independent directors by a minority stockholder, Aaron Jeric M. Legaspi.[14] All Nominees are the Company's incumbent directors. Additional information on the Nominees can be found in **Annex B**.

The CGNR Committee has evaluated the qualifications of the Nominees and prepared the Final List in accordance with the SRC IRR and the Amended By-Laws. In accordance with SEC Memorandum Circular No. 5, series of 2017, the Certifications executed by the Nominees for independent director are attached here as **Annex C**.

Only Nominees whose names appear in the Final List are eligible for election as directors. No nominations will be entertained on the floor during the Meeting.

(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

[13] The CGNR Committee comprises independent directors Marie Elaine Teo (Chairman), Delfin L. Lazaro, and Nina Perpetua D. Aguas.
[14] Mr. Legaspi beneficially owns 128,700 common shares or 0.0007% of the Company's total voting shares. He is not related to any of the Nominees.

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.

(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. Material related party transactions are reviewed and approved by the Board of Directors' Risk and Related Party Transactions Committee in accordance with the Company's Related Party Transaction Policy.

No other transaction, without proper disclosure, was undertaken by the Group in which any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Company's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

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.

(6) Appraisals and Performance Report for the Board of Directors

The directors' attendance record for board meetings in 2020 up to before the Company's initial public offering on June 1, 2021 ("**Listing Date**") is as follows:

Director	No. of Meetings Attended/Held	Attendance Percentage
Hartono Kweefanus	18/18	100.0%
Hoediono Kweefanus	18/18	100.0%
Betty T. Ang	18/18	100.0%
Henry Soesanto	18/18	100.0%
Monica Darmono	17/18	94.44%
Daniel Ang [a]	16/16	100.0%
Adrian Qijing Foo [b]	16/16	100.0%
David J. Nicol [c]	2/2	100.0%
Helen G. Tiu [d]	2/2	100.0%
Delfin L. Lazaro [e]	1/1	100.0%
Nina Perpetua D. Aguas [f]	1/1	100.0%
Marie Elaine Teo [g]	1/1	100.0%
Kataline Darmono [h]	1/1	100.0%

[a] Mr. Daniel Ang resigned on March 1, 2021 and was replaced by Atty. Helen G. Tiu.
[b] Mr. Adrian Qijing Foo resigned on March 1, 2021 and was replaced by Mr. David J. Nicol.
[c] Mr. David J. Nicol served as Director from March 1, 2021 to April 15, 2021 only.
[d] Atty. Helen G. Tiu served as Director from March 1, 2021 to April 15, 2021 only.
[e] Mr. Delfin L. Lazaro's term as an independent director started on April 15, 2021.

(f) Ms. Nina Perpetua D. Aguas's term as an independent director started on April 15, 2021.
(g) Ms. Marie Elaine Teo's term as an independent director started on April 7, 2021.
(h) Ms. Kataline Darmono's term as a non-executive director started on April 12, 2021.

The directors' attendance record for board meetings in 2021 after Listing Date is as follows:

Director	No. of Meetings Attended/Held	Attendance Percentage
Hartono Kweefanus	5/5	100.0%
Hoediono Kweefanus	5/5	100.0%
Betty T. Ang	5/5	100.0%
Henry Soesanto	5/5	100.0%
Monica Darmono	4/5	80.0%
Delfin L. Lazaro	5/5	100.0%
Nina Perpetua D. Aguas	5/5	100.0%
Marie Elaine Teo	5/5	100.0%
Kataline Darmono	5/5	100.0%

(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 of Directors due to any disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

(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 fiscal years, as well as those estimated to be paid in the ensuing fiscal year, to the Company's Chief Executive Officer ("**CEO**") and senior executive officers are as follows:

Name	Year	Salary (in ₱)	Bonus (in ₱)	Others (in ₱)	Total (in ₱)
Total compensation of the CEO and senior executive officers[15]	2019	28,125,313.00	99,008,637.00	0.00	127,133,950.00
	2020	28,859,466.00	112,665,726.00	0.00	141,525,192.00
	2021 (projected)	42,680,238.00	132,981,364.00	0.00	175,661,602.00
All other officers and directors as a group unnamed	2019	41,756,033.00	39,027,996.00	0.00	80,784,029.00
	2020	49,605,491.00	51,744,801.00	0.00	101,350,292.00
	2021 (projected)	69,103,815.00	55,557,567.00	0.00	124,661,382.00
Total	2019	69,881,346.00	138,036,633.00	0.00	207,917,979.00
	2020	78,464,957.00	164,410,527.00	0.00	242,875,484.00
	2021 (projected)	111,784,053.00	188,538,931.00	0.00	300,322,984.00

[15] Mr. Henry Soesanto is CEO. The senior executive officers for 2019 and 2020 are: Ms. Betty T. Ang (President), Ms. Marivic N. Cajucom-Uy (Chief Sustainability Officer), Mr. Samuel C. Sih (National Sales Director), and Mr. Tomasito D. Tiu (Vice President for Manufacturing). Mr. Tomasito D. Tiu retired on March 31, 2021 and was replaced on the list of senior executive officers by Atty. Helen G. Tiu (Chief Legal Officer).

(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 to the Board of Directors or the stockholders, as applicable. 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.

(1) Standard Arrangements

Other than payment of reasonable per diems for the attendance by independent directors at the meetings of the Board of Directors and of Board Committees, there are no standard 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 of Directors approved a resolution fixing the current meeting fees of independent directors, as follows:

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

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

(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 fiscal year, and the ensuing fiscal year.

In 2020, there were no Board Committees. All the current Board Committees were created by the Board of Directors at its meeting on March 1, 2021. Moreover, in 2020, there were no independent directors. Accordingly, no per diem was paid to any independent director in 2020. As aforementioned, directors who are not independent directors do not receive meeting fees nor any other form of remuneration as 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 special 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 of Directors' 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 two 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 fiscal years are as follows:

Year	Audit and Audit-Related Fees (in ₱)
2020	23,298,702.00
2019	12,466,086.00
2018	11,600,000.00

The Company will comply with the requirement under paragraph (3)(B)(ix) of 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**

(a) **Financial Statements**

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, 2020 are attached as **Annex D**.

The additional components of the audited financial statements required by the SEC under SRC Rule 68, as amended, are attached to this Information Statement as follows:

(a) Reconciliation of Retained Earnings Available for Dividend Declaration (**Annex D-1**)
(b) Schedule of Indicators of Financial Soundness (**Annex D-2**)
(c) Map of the Group of Companies (**Annex D-3**)
(d) Schedule of Financial Assets (**Annex D-4**)
(e) Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal, Stockholders (Other than Related Parties) (**Annex D-5**)
(f) Amounts Payable to Related Parties Eliminated during Consolidation (**Annex D-6**)

The Group's interim unaudited financial statements for the period ended June 30, 2021 is attached as **Annex D-7**.

(b) **Management's Discussion and Analysis or Plan of Operation**

The Group's Management's Discussion and Analysis or Plan of Operation as of and for the year ended December 31, 2020 is attached as **Annex E**.

The Group's Management Discussion and Analysis of the results of operations and financial condition as of June 30, 2021 (SEC Form 17-Q) is attached as **Annex E-1**.

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 pursuant to SRC Rule 68, Par. 6 (Consolidated Financial Statements).

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 special stockholders' meeting held on May 28, 2021 covering the following matters:

i. the delegation to the Board of Directors of the power to amend the Company's By-Laws, in whole or in part, or to repeal and adopt new by-laws in accordance with the Revised Corporation Code's Section 47 and the Company By-Laws' Article X, Section 2, provided that such delegation may be revoked by the affirmative vote of stockholders owning or representing at least a majority of the outstanding capital stock at any stockholders' meeting duly called for the purpose;

ii. the ratification of acts of the Board of Directors and of the Company officers from March 1, 2021 to May 28, 2021 (including the reversal of the December 31, 2020 retained earnings appropriation of ₱ 6.8 Billion, declaration of ₱1.19 cash dividends per share payable on or before December 31, 2021 to stockholders of record as of March 1, 2021, approval of 2020 audited financial statements, election of interim directors, appointment of statutory officers, appointment of Board Committee members, approval of resolutions related to the listing of the Company's shares with the Philippine Stock Exchange and to register such shares with the SEC for initial public offering in the Philippines as well as to make offerings outside of the Philippines through Rule 144A and Regulation S as well as authorizing all agreements and appointment of Company representatives in connection with the same, approval of certain amendments to the Company's Articles of Incorporation and adoption of new by-laws, approval of the Company's Code of Conduct and Ethics, General Data Privacy Policy, Conflict of Interest Policy, Insider Trading Policy, Policy and Data Relating to Heath, Safety and Welfare of Employees, Related Party Transactions Policy and Whistleblowing Policy, approval of the Company's Board Charter and Board Committee Charters [*i.e.*, Executive Committee, Audit Committee, Risk and Related Party Transactions Committee and Corporate Governance, Nomination, and Remuneration (CGNR) Committee], approval of meeting fees for attendance of independent directors at Board and Board Committee meetings, authorizing the Company to issue comfort letter or guarantee in connection with the obligations of the Company's subsidiaries and affiliates, designation of Company representatives to certain government agencies in connection with applications and actions before such government agencies, designation of authorized filers for submission of Company reports on the SEC's Online Submission Tool, 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, authorizing the appointment of Company's representatives in connection with court cases and other legal proceedings involving the Company, authorizing the purchase of certain assets from Company's affiliates, authorizing the engagement of third party service providers, authorizing the Company to enter into amendments of existing bank loans, and adoption of Company's dividend policy [*i.e.*, an annual dividend payment ratio of 60% of preceding fiscal year's net income after tax subject to the requirement of applicable laws and regulations, capex requirements, compliance with loan covenant restricting dividend distribution without in any way guaranteeing dividend payments in the future]).

(b) Ratification of the 2020 Audited Financial Statements.

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

The Company will request the stockholders to note the management report which consists of the message of the Chairman, the report of the CEO, and the report of the CFO.

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

The Amended By-Laws' further amendment to (i) change the date in Article IV, Section 4 on the annual stockholders' meeting from "Fourth Tuesday of November" to "Last Friday of June" and (ii) removing the second sentence of Article III, Section 11.1 in respect to the Chief Financial Officer, which provides that "He/she shall be elected by the Board and shall hold office at the pleasure of the Board", will be submitted for the stockholders' approval.

Item 18. **Other Proposed Action**

(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 May 28, 2021 to November 23, 2021.

i. the appointment of corporate officers (*i.e.,* Chief Information Officer and lead independent director);
ii. authorizing the Company to (i) open other bank accounts to deposit initial public offering ("**IPO**") proceeds, and (ii) invest IPO proceeds in low-risk short-term derivative investments and trust fund and designating authorizing signatories for the same;
iii. authorizing the reallocation of use of IPO proceeds;
iv. authorizing the Company to open standby letters of credit and designating signatories for the same;
v. authorizing the Company to avail of online banking facilities and designating company representatives/signatories/approvers based on transaction size;
vi. authorizing the Company to open accounts with banks and non-bank financial intermediaries and designating signatories for the same;
vii. approval of new signatories for transactions with banks, financial intermediaries, and trust investment companies;
viii. authorizing amendment of existing bank loans and designating authorized signatories for the same;
ix. authorizing the Company to issue comfort letter, surety, or guarantee in connection with the obligations of its subsidiaries and affiliates and designating signatories for the same;
x. authorizing the Company to enter into service agreements needed by the company in the normal course of business (*e.g.,* corporate governance training agreement, maintenance and calibration service agreements, waste water treatment service agreements, forklift operations service agreements, consumer insights-related service agreements, service agreements for nutritional and chemical analysis, bad orders hauling and disposal service agreement, courier service agreement, digital platform service agreement, internal audit-related service agreements, enterprise risk management related service agreements, hospitalization, medical, surgical and similar service agreements with hospitals and medical centers including related data sharing agreements, accommodation agreements with hotels, service agreement for the use of the Client Profile Registration System and Online Visibility system of the Bureau of Customs) and designating company representatives and/or signatories regarding the same;
xi. authorizing the Company to enter into agreements relating to sustainability initiatives and activities and designating signatories for the same;
xii. authorizing the Company to enter into Memorandum of Agreement regarding internship programs and/or job placement assistance and designating signatories for the same;
xiii. authorizing the Company to enter into insurance policies and designating signatories for the same;
xiv. authorizing the Company to enter into membership agreements with third party service providers and designating signatories for the same;

xv. authorizing the Company to enter into lease contracts (including pallet rental agreements and rental agreements for computer equipment and printers) and designating signatories for the same;
xvi. authorizing the Company to enter into supply agreements and designating signatories for the same;
xvii. designation of representatives to certain government agencies in connection with applications and actions before such government agencies as well as designating signatories for such applications and related documentation;
xviii. authorizing the Company to execute Supplier Enrollment Form for cash management solutions enrollment of GrowSari with the Company's bank account with Robinsons Bank;
xix. designating additional signatories for non-disclosure agreements;
xx. authorizing the Company to execute quitclaims and designating signatories for the same;
xxi. authorizing the Company to appoint representatives in connection with court cases and other legal proceedings involving the Company;
xxii. authorizing the Company to sell company vehicles and designating the authorized signatory for the same;
xxiii. authorizing the Company to make additional equity investments in, and/or lend money to the Company's subsidiaries and affiliates, and designating signatories for related documentation;
xxiv. 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;
xxv. approval of guidelines and limitations on engaging external auditor for non-audit services;
xxvi. authorizing the postponement of the Company's annual stockholders' meeting;
xxvii. authorizing the Meeting to be held via remote communication on November 23, 2021, setting record date for ASM, and authorizing Chief Executive Officer to executive information statement;
xxviii. approval of the agenda for the Meeting;
xxix. approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding final list of nominees for directors for election at the Meeting;
xxx. approval of the Company's unaudited financial statements for the six-month period ended June 30, 2021;
xxxi. the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business.

(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. In light of the Regulations, stockholders will be allowed to vote only either through remote communication, electronically *in absentia*, or by appointing the CEO as proxy.

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 for inspection and recording not later than seven (7) business days prior to the date of the Meeting or on or before 5 p.m. PHT of November 12, 2021. Validation of proxies shall be done on or before November 16, 2021.

A stockholder may vote electronically *in absentia* using the digital ballot available at https://conveneagm.com/ph/MONDE2021ASM. 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 i be independently validated by a third party.

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

To comply with applicable regulations prohibiting mass gatherings and/or requiring social distancing to prevent the spread of COVID-19, and to ensure the safety and welfare of our stockholders, the Company will dispense with the physical attendance of stockholders at the Meeting and will allow attendance 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/MONDE2021ASM. 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 November 12, 2021 at the following webpage: https://conveneagm.com/ph/MONDE2021ASM.

Stockholders may send questions or comments pertaining to any item on the Meeting's agenda through the secure online portal until 5 p.m. PHT of November 12, 2021, 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 p.m. PHT of November 12, 2021.

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 on October 18, 2021.

MONDE NISSIN CORPORATION
By:

HENRY SOESANTO
Chief Executive Officer

Annex A

REQUIREMENTS AND PROCEDURE FOR
VOTING AND PARTICIPATING IN THE
2021 ANNUAL STOCKHOLDERS' MEETING OF
MONDE NISSIN CORPORATION

A. CONDUCT OF THE VIRTUAL MEETING. – Monde Nissin Corporation's ("**MONDE's**") 2021 Annual Stockholders' Meeting ("**ASM**") will be held on November 23, 2021, Tuesday, at 10 a.m. Philippine Time (PHT), through the AGM@Convene virtual platform accessible at https://conveneagm.com/ph/MONDE2021ASM.

As a consequence of the prevailing quarantine and social gathering restrictions, 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 October 26, 2021 ("**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/MONDE2021ASM.[1]

D. REGISTRATION. – Stockholders intending to participate in the ASM by remote communication must register at https://conveneagm.com/ph/MONDE2021ASM starting October 30, 2021 at 9 a.m. PHT until November 12, 2021 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;

[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.

b. The stockholder’s stock certificate number; and

c. The stockholder’s valid and active email address and contact number.

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 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 and contact number.

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

a. A clear scanned copy 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 (October 26, 2021) or (ii) sub-proxy issued by the broker or PCD participant to the beneficial owner-stockholder, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

b. A clear scanned copy of the beneficial owner-stockholder’s valid government-issued ID showing photograph, signature, and other personal details, 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 and contact number.

4. FOR CORPORATE STOCKHOLDERS UNDER A PCD PARTICIPANT/BROKER’S ACCOUNT OR WITH “SCRIPLESS SHARES”

a. A clear scanned copy 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 (October 26, 2021) or (ii) sub-proxy issued by the broker or PCD participant to the corporate stockholder, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

b. A clear scanned copy of the corporate stockholder's Secretary's Certificate stating the full name of the corporate stockholder's individual representative authorized to represent, and vote 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 and contact number.

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

a. A clear scanned copy 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 (October 26, 2021) or (ii) sub-proxy executed by the broker or PCD participant in favor of the representative designated by all the joint account holders, in JPG, PNG, or PDF format and with a file size no larger than 12MB;

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 and contact number.

Deficiencies or inconsistencies in the information provided to MONDE will result in unsuccessful registration 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 confirming that they have successfully registered ("**Confirmation Email**"). The Confirmation Email will also include a guide on how to access a secure online portal which will enable successful registrants to participate and vote at the ASM. Registrants who do not receive a Confirmation Email within three (3) business days from submission of complete requirements may contact 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 10 through the secure online portal from November 8, 2021 until 5 p.m. PHT of November 22, 2021. The Confirmation Email will provide the procedure on how to access the secure online portal.

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/MONDE2021ASM. Stockholders voting *in absentia* should cast their vote no later than 5 p.m. PHT on November 22, 2021.

5. A stockholder also has the option of voting through the appointment of MONDE's CEO as proxy. Stockholders wishing to execute a proxy must do so digitally through the secure online portal accessible at https://conveneagm.com/ph/MONDE2021ASM.

6. Accomplished proxies should be received by MONDE on the secure online portal no later than 5 p.m. PHT on November 12, 2021.

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 November 12, 2021. Proxies may no longer be revoked after November 12, 2021.

8. MONDE's Corporate Secretary and her designated assistants will tabulate votes received. MONDE's external auditor 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/MONDE2021ASM.

2. During the ASM, each agenda item 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 November 12, 2021, and during the ASM.

3. The Corporate Secretary shall report the preliminary tally of votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval, as of 5 p.m. PHT of November 22, 2021, 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 November 12, 2021 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

Mr. Hartono Kweefanus, Indonesian, age 71, serves as the Company's Chairman of the Board 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.

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 66, 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 42 years. Ms. Ang has been with the Company for 42 years.

Mr. Henry Soesanto, Indonesian, age 69, 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, USA's Plant-Based Nutrition Certificate Program. Mr. Soesanto has served as Director of the Company for 40 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 15 years.

Mr. Delfin L. Lazaro, Filipino, age 75, serves as an Independent Director of the Company. He also serves on the board of directors of AC Industrial Technology Holdings, Inc., Ayala Corporation, AYC Holdings, Ltd., Purefoods International Limited, AC International Finance Limited, Integrated Micro-Electronics, Inc., and Globe Telecom, Inc. Mr. Lazaro is also the chairman and president of A.C.S.T. Business Holdings, Inc., Bellbridge Resources Corporation, Beyond Borders Medical Solutions, Inc., Lazaro Agricultural Corporation, DLL Shaw Holdings Corporation, DLL Woodstown Holdings Corporation, DLL

Maunong Holdings Corporation. He is also the President and CEO of Quezon Avenue Holdings, Inc., the vice chairman and president of Asiacom Philippines, Inc., the treasurer of Probe Productions, Inc., and is an advisor to the board of Ayala Land, Inc. as well as being a member of the advisory council of the Bank of the Philippine Islands. He earned his Bachelor of Science in Metallurgical Engineering from the University of the Philippines, and his Masters of Business Administration (with distinction) from the Harvard Graduate School of Business. Mr. Lazaro joined the Company as Independent Director in April 2021.

Ms. Nina Perpetua D. Aguas, Filipino, age 68, 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 in April 2021.

Ms. Kataline Darmono, Indonesian, age 43, serves as a non-executive Director of the Company. 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, U.S.A., and her Masters of Business Administration from Pepperdine University in California, U.S.A. Ms. Darmono joined the Company as Non-Executive Director in April 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 in April 2021.

Ms. Marivic N. Cajucom-Uy, Filipino, age 57, 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 32 years.

Mr. Samuel C. Sih, Filipino, age 57, serves as National Sales Director of the Company. 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, Corporate Secretary, and Data Protection Officer. She 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 (ATSC); 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. Atty. Tiu has served as Corporate Secretary since 2014.

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.

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.

Mr. Michael Stanley D. Tan, Filipino, age 49, serves as Supply Chain Director of the Company. He has previously served in various capacities including Site Director, Papers operations Manager, and Start-Up Consultant at Proctor and Gamble. He has a Bachelor of Science in Electrical Engineering from Silliman University. Mr. Tan has been with the Company for three years.

Ms. Melissa Chua-Pabustan, Filipino, age 49, serves as Marketing Director 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. Daniel Teichert, German, age 42, 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 for five years.

Mr. Jon Edmarc R. Castillo, Filipino, age 34, is a member of the Philippine Bar and serves as the Company's Chief Compliance Officer. He 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 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 2020.

Ms. Katherine C. Lee-Bacus, Filipino, age 32, serves as the Company's Assistant Corporate Secretary. She 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 2021.

Ms. Elvira S. Mensalvas, Filipino, age 59, serves as the Quality Assurance (QA) Department Head of the Company. Ms. Mensalvas has been with the Company for 30 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. Mr. Marañon, Jr. has been with the Company for 24 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.

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. Ms. Mercurio joined the Company in 2021.

Annex C

Certifications of the Nominees for Independent Directors

Annex C-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DELFIN L. LAZARO**, a national of the Philippines, of legal age and a resident of 28 Narra Avenue, Forbes Park, Makati City, 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
Monde Nissin Corporation	Independent Director	Apr 2021 – Present
Ayala Land, Inc.	Independent Adviser to the Board	Apr 2020 – Present
AC Industrial Technology Holdings, Inc.	Director	Aug 2016 – Present
Bank of the Philippines Islands	Member, Advisory Council	Apr 2016 – Present
Unlimited Productions, Inc.	Treasurer	May 2015 – Present
A.C.S.T. Business Holdings, Inc.	Chairman and President	May 2008 – Present
Ayala Corporation	Director	Jan 2007 – Present
AYC Holdings, Ltd.	Director	Jul 2006 – Present
Bellbridge Resources Corporation	Chairman and President	Nov 2005 – Present
Beyond Borders Medical Solutions, Inc.	Chairman and President	Nov 2005 – Present
Purefoods International Limited	Director	Feb 2003 – Present
AC International Finance Limited	Director	Dec 2002 – Present
Lazaro Agricultural Corporation	Chairman and President	Aug 2000 – Present
Integrated Micro-Electronics, Inc.	Director	May 2000 – Present
DLL Shaw Holdings Corporation	Chairman and President	Apr 2000 – Present
DLL Woodstown Holdings Corporation	Chairman and President	Apr 2000 – Present
Atlas Fertilizer Corporation	Chairman	Apr 2000 – Present
DLL Maunong Holdings Corporation	Chairman and President	Apr 2000 – Present
Asiacom Philippines, Inc.	Vice Chairman and President	May 1999 – Present
Probe Productions, Inc.	Treasurer	May 1998 – Present
Globe Telecom, Inc.	Director	Jan 1997 – Present
Quezon Avenue Holdings, Inc.	President and CEO	Nov 1996 – Present
D.L. Lazaro, Inc.	Chairman and President	Jul 1992 – 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 21st day of September 2021, at Makati City.

DELFIN L. LAZARO

Affiant's Signature over Printed Name

REPUBLIC OF THE PHILIPPINES}
CITY OF MAKATI } ss.

SUBSCRIBED AND SWORN to before me this 21st day of September 2021 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P0910250A issued at DFA Manila on 14 November 2016.

Doc. No. 4;
Page No. 2;
Book No. 2;
Series of 2021;

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

MARION NERISSE DY KHO
Notary Public for Makati City
Appointment No. M-230 until Dec., 31, 2022
Roll of Attorneys No. 72076
PTR No. 8539588ME • 01/06/2021 • Makati City
IBP No. 139944 • 01/12/2021 • Makati Chapter
MCLE Compliance No. VI-0019290 • 03/25/2019 until 04/14/2022
21st Floor, 6750 Office Tower, Ayala Avenue,
Makati City, 1226 Metro Manila, Philippines

Annex C-2

NC0L7L0L5H

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 29th day of September 2021, and did there and then see the original **CERTIFICATION OF INDEPENDENT DIRECTOR** hereto attached, duly signed in my presence by **MS MARIE ELAINE TEO** (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.**

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 29th day of September 2021.

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

NOTARY PUBLIC
SINGAPORE

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2021/0028
1 Apr 2021 – 31 Mar 2022
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: 19503172

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:**	5th October 2021
7. **By:**	Melissa Goh, Deputy Director, SAL
8. **No.:**	AC0L7Q08OB
9. **Seal/Stamp:**	10. **Signature:** Melissa

SINGAPORE ACADEMY OF LAW
CERTIFICATION SEAL

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
Monde Nissin Corporation	Independent Director	Apr 2021 - 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 29th day of September, at Singapore.

MARIE ELAINE TEO

Affiant's Signature over Printed Name

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2021/0028
1 Apr 2021 – 31 Mar 2022
SINGAPORE

______________________}
______________________} ss.

SUBSCRIBED AND SWORN to before me this ______ day of ______________ at ________________, affiant personally appeared before me and exhibited to me his/her ______________________ issued at ______________________ on ______________________.

Doc. No. __________;
Page No. __________;
Book No. _________;
Series of __________;

Annex C-3

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	Aug 2021 – Present
Monde Nissin Corporation	Independent Director	Apr 2021 - Present
Bank of Florida, Chairman of the Board	Chairman of the Board	Aug 2019 - Present
Insurance Institute for Asia & the Pacific, Director	Director	May 2018 - Present
World Bank Group's Advisory Council on Gender & Development	Advisory Member	Apr 2018 – Present
Insular Life Assurance Co.	Executive Chairman	Jan 2018 – Present
Unionbank of the Philippines	Director	Jan 2016 – Present
Insular Healthcare, Inc.	Chairman	Jan 2016 – Present
Insular Foundation	Chairman and Trustee	Jan 2016 – Present
Insular Life Assurance Co.	Independent Board 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 MNCof any changes in the abovementioned information within five days from its occurrence.

Done, this 21st day of September, 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 21st day of September 2021 at Makati City, affiant personally appeared before me and exhibited to me her Passport No. P2172687A issued at DFA NCR South on 7 March 2022.

Doc. No. 3;
Page No. 2;
Book No. 2;
Series of 2021;

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

MARION NERISSE DY KHO
Notary Public for Makati City
Appointment No. M-230 until Dec., 31, 2022
Roll of Attorneys No. 72076
PTR No. 8539588ME • 01/06/2021 • Makati City
IBP No. 139944 • 01/12/2021 • Makati Chapter
MCLE Compliance No. VI-0019290 • 03/25/2019 until 04/14/2022
21st Floor, 6750 Office Tower, Ayala Avenue,
Makati City, 1226 Metro Manila, Philippines

Annex D

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)
12	3rd Monday of April	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
Racquel Garces	mnc-sec.communications @mondenissin.com	+632 7759-7595	–

CONTACT PERSON's ADDRESS

21st Floor, 6750 Office Tower, Ayala Ave., Makati City

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, 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

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

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

Monde Nissin

MONDE NISSIN CORPORATION
21st Floor, 6750 Office Tower,
Ayala Avenue, Makati City
Philippines 1226

Tel.: (632) 7 759.7500
Fax: (632) 8 810.9207
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, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Henry Soesanto
Acting Chairman of the Board

Henry Soesanto
Acting President

Jesse C. Teo
Chief Financial Officer

Signed this 1st day of March 2021

Monde Nissin

MONDE NISSIN CORPORATION
21st Floor, 6750 Office Tower,
Ayala Avenue, Makati City
Philippines 1226

Tel.: (632) 7 759.7500
Fax: (632) 8 810.9207
www.mondenissin.com

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

SUBSCRIBED AND SWORN TO before me this 1st day of March 2021 at Makati City, Metro Manila, by:

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. 433;
Page No. 88;
Book No. I;
Series of 2021.

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

MARION NERISSE D. KHO
Notary Public for Makati City
Appointment No. M-316 until Dec. 31, 2020 *
Roll of Attorneys. No. 72076
PTR No.8121389MG • 01/06/20 • Makati City **
IBP No.102358 • 01/03/20 • Makati Chapter ***
MCLE Compliance No. VI-0019319 • 3/25/2019
SyCipLaw Center, 105 Paseo de Roxas
Makati City, 1226 Metro Manila
Philippines

*extended until June 30, 2021 per B.M. No. 3795
** PTR No. 8530588; 01/06/21; Makati
*** IBP No. 139944; 01/12/21; Makati

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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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, 2020 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to 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, 2020, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended 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.

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.

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.

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
SEC Accreditation No. 1700-A (Group A),
August 16, 2018, valid until August 15, 2021
Tax Identification No. 178-486-845
BIR Accreditation No. 08-001998-094-2020,
July 27, 2020, valid until July 26, 2023
PTR No. 8534246, January 4, 2021, Makati City

March 1, 2021

MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2020	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents (Note 5)	**₱7,093,014,862**	₱10,499,291,065	₱6,578,054,214
Trade and other receivables (Note 6)	**6,456,718,430**	7,276,194,148	7,241,789,517
Inventories (Note 7)	**6,073,003,451**	5,858,561,366	6,152,368,422
Loans receivable (Note 23)	**–**	–	4,937,018,557
Prepayments and other current assets (Note 8)	**972,252,627**	701,228,612	848,581,201
Total Current Assets	**20,594,989,370**	24,335,275,191	25,757,811,911
Noncurrent Assets			
Intangible assets (Note 13)	**33,600,331,015**	34,336,382,911	34,708,732,024
Property, plant and equipment (Note 12)	**26,636,573,782**	24,120,818,808	21,194,284,278
Investments in associates and joint ventures (Notes 4 and 11)	**1,024,068,245**	993,201,835	1,000,746,061
Deferred tax assets - net (Note 24)	**843,075,203**	883,182,969	755,468,274
Noncurrent receivables (Notes 9, 23 and 27)	**655,521,471**	500,000,000	500,000,000
Other noncurrent assets (Note 14)	**1,047,857,077**	785,410,024	1,048,743,032
Total Noncurrent Assets	**63,807,426,793**	61,618,996,547	59,207,973,669
	₱84,402,416,163	₱85,954,271,738	₱84,965,785,580
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities (Note 15)	**₱10,140,676,184**	₱9,015,643,792	₱9,648,110,083
Acceptances and trust receipts payable (Notes 7 and 16)	**605,902,034**	2,593,955,292	2,405,377,495
Current portion of loans payable (Note 17)	**9,559,593,645**	11,245,786,380	11,470,831,258
Refund liabilities (Note 15)	**279,696,147**	259,382,810	341,974,753
Current portion of lease liabilities (Note 25)	**88,072,967**	31,455,047	–
Income tax payable	**282,397,364**	700,052,021	379,106,429
Total Current Liabilities	**20,956,338,341**	23,846,275,342	24,245,400,018
Noncurrent Liabilities			
Loans payable (Note 17)	**19,986,408,011**	22,776,407,052	32,532,615,826
Convertible note (Note 17)	**7,027,163,502**	7,257,979,719	–
Deferred tax liabilities - net (Note 24)	**4,199,918,067**	3,929,013,337	4,004,961,898
Derivative liability (Note 26)	**2,513,886,182**	2,713,807,267	718,310,326
Lease liabilities (Note 25)	**2,674,958,536**	2,013,130,697	–
Pension liability (Note 22)	**481,480,886**	190,121,313	235,131,479
Other noncurrent liabilities	**22,225,774**	5,531,133	–
Total Noncurrent Liabilities	**36,906,040,958**	38,885,990,518	37,491,019,529
Total Liabilities	**57,862,379,299**	62,732,265,860	61,736,419,547
Equity			
Capital stock (Note 18)	**6,570,000,000**	6,570,000,000	6,570,000,000
Retained earnings (Note 18):			
Appropriated	**11,155,336,000**	8,961,452,000	9,794,274,000
Unappropriated	**12,497,957,136**	9,847,540,651	8,394,661,604
Fair value reserve of financial assets at FVOCI (Note 10)	**(235,130,244)**	(235,130,244)	(235,130,244)
Remeasurement losses on pension liability (Note 22)	**(289,888,680)**	(62,425,778)	(94,624,211)
Equity reserve (Note 18)	**(89,762,438)**	(89,762,438)	(96,728,240)
Cumulative translation adjustments (Note 18)	**(4,366,784,166)**	(3,266,356,789)	(2,515,166,416)
Equity Attributable to Equity Holders of the Parent Company	**25,241,727,608**	21,725,317,402	21,817,286,493
Non-controlling Interests (Notes 4 and 18)	**1,298,309,256**	1,496,688,476	1,412,079,540
Total Equity	**26,540,036,864**	23,222,005,878	23,229,366,033
	₱84,402,416,163	₱85,954,271,738	₱84,965,785,580

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
NET SALES (Note 19)	**₱67,945,511,388**	₱65,450,874,768	₱63,367,090,973
COST OF GOODS SOLD (Notes 7 and 19)	**41,439,516,662**	40,194,132,095	39,182,286,144
GROSS PROFIT	**26,505,994,726**	25,256,742,673	24,184,804,829
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**13,409,329,128**	13,141,232,486	14,916,438,607
	13,096,665,598	12,115,510,187	9,268,366,222
OTHER INCOME (EXPENSES)			
Impairment loss (Notes 11, 12, 13, and 21)	**(1,013,838,212)**	(790,837,482)	(824,955,035)
Foreign exchange gain - net (Notes 4 and 17)	**914,239,888**	88,320,613	156,567,755
Share in net losses of associates and joint ventures (Note 11)	**(98,300,042)**	(251,333,100)	(137,428,628)
Gain (loss) on sale of property, plant and equipment (Note 12)	**2,701,546**	(81,338,209)	(17,003,267)
Miscellaneous income (Note 21)	**247,464,188**	356,168,901	452,408,169
	52,267,368	(679,019,277)	(370,411,006)
INCOME BEFORE FINANCE INCOME (EXPENSES)	**13,148,932,966**	11,436,490,910	8,897,955,216
FINANCE INCOME (EXPENSES)			
Interest expense (Notes 16, 17, 21, and 25)	**(1,786,143,065)**	(2,438,390,448)	(2,077,603,451)
Interest income (Notes 5, 9, 17 and 21)	**262,529,618**	304,431,373	108,373,135
Derivative gain (loss) (Note 26)	**99,409,104**	(178,459,189)	16,854,242
	(1,424,204,343)	(2,312,418,264)	(1,952,376,074)
INCOME BEFORE INCOME TAX	**11,724,728,623**	9,124,072,646	6,945,579,142
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**3,194,375,540**	2,641,203,716	1,957,045,794
Deferred	**464,646,553**	(166,402,183)	328,534,470
	3,659,022,093	2,474,801,533	2,285,580,264
NET INCOME FROM CONTINUING OPERATIONS	**8,065,706,530**	6,649,271,113	4,659,998,878
NET LOSS AFTER TAX FROM DISCONTINUED OPERATIONS (Note 4)	–	–	(1,931,542,229)
NET INCOME	**8,065,706,530**	6,649,271,113	2,728,456,649
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)	**(1,100,427,377)**	(758,156,175)	(244,209,781)
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:			
Loss on financial assets at fair value through other comprehensive income (Note 10)	–	–	(118,443,046)
Remeasurement gain (loss) on defined benefit plans (Note 22)	**(330,765,084)**	34,170,236	30,181,285
Income tax effect	**98,483,370**	(12,036,103)	(6,907,330)
	(232,281,714)	22,134,133	23,273,955
Other comprehensive income (loss) - net of tax	**(1,332,709,091)**	(736,022,042)	(339,378,872)
TOTAL COMPREHENSIVE INCOME	**₱6,732,997,439**	₱5,913,249,071	₱2,389,077,777

(Forward)

	Years Ended December 31		
	2020	2019	2018
Net income from continuing operations attributable to:			
Equity holders of the Parent Company	**₱7,340,900,485**	₱5,827,171,431	₱3,971,737,976
Non-controlling interests	**724,806,045**	822,099,682	688,260,902
	₱8,065,706,530	₱6,649,271,113	₱4,659,998,878
Net loss from discontinued operations attributable to:			
Equity holders of the Parent Company	**₱–**	₱–	(₱1,931,542,229)
Non-controlling interests	**–**	–	–
	₱–	₱–	(₱1,931,542,229)
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱6,013,010,206**	₱5,108,179,491	₱1,699,790,468
Non-controlling interests	**719,987,233**	805,069,580	689,287,309
	₱6,732,997,439	₱5,913,249,071	₱2,389,077,777
Earnings per Share (EPS) (Note 18)			
Basic, income attributable to equity holders of the parent	**₱1.12**	₱0.89	₱0.31
Diluted, income attributable to equity holders of the parent	**₱1.05**	₱0.95	₱0.31
EPS from continuing operations (Note 18)			
Basic, income attributable to equity holders of the parent	**₱1.12**	₱0.89	₱0.60
Diluted, income attributable to equity holders of the parent	**₱1.05**	₱0.95	₱0.60

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 18)	Retained Earnings (Note 18) Appropriated	Retained Earnings (Note 18) Unappropriated	Fair Value Reserve of Financial Assets at FVOCI (Note 10)	Remeasurement Gains (Losses) on Pension Liability (Note 22)	Equity Reserve (Note 18)	Cumulative Translation Adjustments (Note 18)	Total	Non-controlling Interests (Notes 4 and 18)	Total Equity
Balance as at January 1, 2020	₱6,570,000,000	₱8,961,452,000	₱9,847,540,651	(₱235,130,244)	(₱62,425,778)	(₱89,762,438)	(₱3,266,356,789)	₱21,725,317,402	₱1,496,688,476	₱23,222,005,878
Net income	–	–	7,340,900,485	–	–	–	–	7,340,900,485	724,806,045	8,065,706,530
Other comprehensive income (loss), net of tax	–	–	–	–	(227,462,902)	–	(1,100,427,377)	(1,327,890,279)	(4,818,812)	(1,332,709,091)
Total comprehensive income (loss)	–	–	7,340,900,485	–	(227,462,902)	–	(1,100,427,377)	6,013,010,206	719,987,233	6,732,997,439
Acquisition during the year (Note 4)	–	–	–	–	–	–	–	–	94,823,202	94,823,202
Appropriation during the year (Note 18)	–	11,110,884,000	(11,110,884,000)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	(8,917,000,000)	8,917,000,000	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	(2,496,600,000)	–	–	–	–	(2,496,600,000)	(1,013,189,655)	(3,509,789,655)
Balance as at December 31, 2020	₱6,570,000,000	₱11,155,336,000	₱12,497,957,136	(₱235,130,244)	(₱289,888,680)	(₱89,762,438)	(₱4,366,784,166)	₱25,241,727,608	₱1,298,309,256	₱26,540,036,864
Balance as at January 1, 2019	₱6,570,000,000	₱9,794,274,000	₱8,394,661,604	(₱235,130,244)	(₱94,624,211)	(₱96,728,240)	(₱2,515,166,416)	₱21,817,286,493	₱1,412,079,540	₱23,229,366,033
Effect of adoption of PFRS 16 (Notes 12, 24 and 25)	–	–	(49,664,384)	–	–	–	–	(49,664,384)	(160,644)	(49,825,028)
Balance as at January 1, 2019	6,570,000,000	9,794,274,000	8,344,997,220	(235,130,244)	(94,624,211)	(96,728,240)	(2,515,166,416)	21,767,622,109	1,411,918,896	23,179,541,005
Net income	–	–	5,827,171,431	–	–	–	–	5,827,171,431	822,099,682	6,649,271,113
Other comprehensive income (loss), net of tax	–	–	–	–	32,198,433	–	(751,190,373)	(718,991,940)	(17,030,102)	(736,022,042)
Total comprehensive income (loss)	–	–	5,827,171,431	–	32,198,433	–	(751,190,373)	5,108,179,491	805,069,580	5,913,249,071
Equity reserve	–	–	–	–	–	6,965,802	–	6,965,802	–	6,965,802
Appropriation during the year (Note 18)	–	6,933,578,000	(6,933,578,000)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	(7,766,400,000)	7,766,400,000	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	(5,157,450,000)	–	–	–	–	(5,157,450,000)	(720,300,000)	(5,877,750,000)
Balance as at December 31, 2019	₱6,570,000,000	₱8,961,452,000	₱9,847,540,651	(₱235,130,244)	(₱62,425,778)	(₱89,762,438)	(₱3,266,356,789)	₱21,725,317,402	₱1,496,688,476	₱23,222,005,878
Balance as at January 1, 2018	₱6,570,000,000	₱10,397,974,000	₱7,462,250,857	(₱116,687,198)	(₱117,421,458)	(₱114,254,632)	(₱2,270,406,936)	₱21,811,454,633	₱1,416,193,623	₱23,227,648,256
Net income	–	–	2,040,195,747	–	–	–	–	2,040,195,747	688,260,902	2,728,456,649
Other comprehensive income (loss), net of tax	–	–	–	(118,443,046)	22,797,247	–	(244,759,480)	(340,405,279)	1,026,407	(339,378,872)
Total comprehensive income (loss)	–	–	2,040,195,747	(118,443,046)	22,797,247	–	(244,759,480)	1,699,790,468	689,287,309	2,389,077,777
Equity reserve (Notes 4 and 18)	–	–	–	–	–	17,526,392	–	17,526,392	(17,526,392)	–
Appropriation during the year (Note 18)	–	7,580,400,000	(7,580,400,000)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	(8,184,100,000)	8,184,100,000	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	(1,711,485,000)	–	–	–	–	(1,711,485,000)	(675,875,000)	(2,387,360,000)
Balance as at December 31, 2018	₱6,570,000,000	₱9,794,274,000	₱8,394,661,604	(₱235,130,244)	(₱94,624,211)	(₱96,728,240)	(₱2,515,166,416)	₱21,817,286,493	₱1,412,079,540	₱23,229,366,033

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱11,724,728,623**	₱9,124,072,646	₱6,945,579,142
Income before income tax from discontinued operations	**–**	–	(2,346,624,038)
Income before income tax	**11,724,728,623**	9,124,072,646	4,598,955,104
Adjustments to reconcile income before income tax to net cash flows:			
Depreciation (Notes 12, 19 and 20)	**2,237,000,340**	1,987,426,199	1,920,000,094
Interest expense (Notes 16, 17, 21, and 25)	**1,786,143,065**	2,438,390,448	2,077,603,451
Impairment loss (Notes 11, 12, 13, and 21)	**1,013,838,212**	790,837,482	4,195,309,446
Unrealized foreign exchange loss (gain) - net	**(544,600,026)**	(183,608,198)	28,563,156
Interest income (Notes 5, 9, and 21)	**(262,529,618)**	(304,431,373)	(108,373,135)
Derivative loss (gain) (Note 26)	**(99,409,104)**	178,459,189	(16,854,242)
Share in net losses of associates and joint venture (Note 11)	**98,300,042**	251,333,100	137,428,628
Amortization (Notes 13, 19 and 20)	**66,317,960**	65,091,165	70,978,009
Bargain purchase (Note 4)	**(18,249,360)**	–	–
(Gain) loss on sale of property, plant and equipment (Note 12)	**(2,701,546)**	81,338,209	17,003,267
Fair value adjustment on previously held interest in investment in associate (Note 11)	**(2,146,486)**	–	–
Gain on sale of a subsidiary/associate (Note 4)	**–**	(13,937,385)	(1,749,094,221)
Movement in pension liability (Notes 19, 20 and 22)	**(28,049,746)**	(11,998,181)	7,388,977
Working capital adjustments:			
Decrease (increase) in:			
Trade and other receivables	**707,502,382**	(163,439,825)	(225,655,356)
Inventories	**(214,442,085)**	293,807,056	(117,146,045)
Prepayments and other current assets	**(51,107,025)**	147,352,589	(273,712,130)
Increase (decrease) in:			
Accounts payable and other current liabilities	**434,293,314**	(888,852,240)	705,735,536
Acceptance and trust receipts payable	**(1,952,849,490)**	238,662,390	416,671,446
Refund liabilities	**20,313,337**	(82,591,943)	74,212,387
Net cash generated from operations	**14,912,352,789**	13,947,911,328	11,759,014,372
Income tax paid	**(3,612,030,197)**	(2,320,258,124)	(1,892,944,306)
Interest received	**97,087,509**	303,212,543	108,854,000
Net cash flows from operating activities	**11,397,410,101**	11,930,865,747	9,974,924,066
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Notes 12 and 28)	**(3,753,474,865)**	(3,660,223,994)	(4,521,015,247)
Investment in associates and joint venture (Note 11)	**(248,125,124)**	(371,539,638)	(167,390,483)
Intangible assets (Note 13)	**(14,351,835)**	(54,980,481)	(9,965,749)
Noncurrent receivables (Notes 9 and 23)	**(245,521,471)**	–	–
Proceeds from:			
Sale of property, plant and equipment	**36,130,192**	4,279,177	244,050,218
Loans receivable (Note 23)	**–**	4,937,018,557	–
Sale of investment in associate (Note 11)	**–**	48,080,417	–
Noncurrent receivables (Note 9)	**–**	–	597,091,819
Acquisition of a subsidiary, net of cash acquired (Note 4)	**(16,915,384)**	–	–
Dividends from an associate (Note 11)	**15,999,951**	12,062,865	12,062,865
Disposal of a subsidiary net of cash disposed (Note 4)	**–**	–	(713,916,483)
Decrease (increase) in other noncurrent assets	**(258,209,991)**	263,333,008	(251,420,820)
Net cash flows from (used in) investing activities	**(4,484,468,527)**	1,178,029,911	(4,810,503,880)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans (Note 17)	**(₱4,335,786,380)**	(₱23,803,448,018)	(₱4,277,716,600)
Cash dividends (Note 18)	**(3,509,789,655)**	(5,877,750,000)	(2,387,360,000)
Interest	**(1,477,031,101)**	(2,361,116,569)	(1,878,249,355)
Debt issue costs	**–**	(466,544,462)	(67,700,000)
Payments of principal portion of lease liabilities (Note 25)	**(854,890,967)**	(240,062,632)	–
Proceeds from (payments for) derivatives	**(72,984,921)**	(20,490,657)	113,327,798
Availment of loans	**–**	14,453,758,060	4,677,445,018
Proceeds from convertible note (Note 17)	**–**	9,122,684,658	–
Increase (decrease) in other noncurrent liabilities	**771,894**	5,531,133	(70,111,961)
Net cash used in financing activities	**(10,249,711,130)**	(9,187,438,487)	(3,890,365,100)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,336,769,556)**	3,921,457,171	1,274,055,086
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(69,506,647)**	(220,320)	(8,384,013)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,499,291,065**	6,578,054,214	5,312,383,141
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱7,093,014,862**	₱10,499,291,065	₱6,578,054,214

See accompanying Notes to Consolidated Financial Statements.

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 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).

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 approved and authorized for issue by the Board of Directors (BOD) on March 1, 2021.

2. Basis of Preparation and Summary of Significant Accounting Policies

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

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through 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 peso, except when otherwise indicated.

The consolidated financial statements will be used for inclusion in an offering circular for a planned offering transaction.

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, 2020, 2019, and 2018. 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 that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business.* The amendments to PFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

- Amendments to PFRS 7, *Financial Instruments: Disclosures,* PFRS 9, *Financial Instruments: Interest Rate Benchmark Reform,* and PAS 39, *Financial Instruments: Recognition and Measurement.* The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material.* The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions.* The amendments provide 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 it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  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.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

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. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2.* The amendments provide 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).

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.

- 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.

- *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.

  - 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.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements.* The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Effective beginning on or after January 1, 2023

- 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.

- PFRS 17, *Insurance Contracts.* PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

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.

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.

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.

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.

The consolidated statement of comprehensive income 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 statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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 fair value through profit or loss (FVTPL).

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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, 2020, 2019, and 2018 consist of financial assets at amortized cost 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, noncurrent receivables and advances to employees recorded under "other noncurrent assets" in the consolidated statement of financial position.

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 carried at FVOCI 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) asset	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	5–20 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.

Effective January 1, 2019, it is the Group's policy to classify ROU assets as part of property, plant and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. 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.

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

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

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

Distribution rights	20 years
Trademarks	7–10 years
Software	3–10 years
Recipes	5 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 (Upon adoption of PFRS 16)

The Group adopted PFRS 16, *Leases*, starting January 1, 2019. PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Group adopted PFRS 16 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The effect of adoption of PFRS 16 as at January 1, 2019 is disclosed in Notes 12 and 25.

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.

Leases (Prior to Adoption of PFRS 16)
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangements at inception date. The arrangement is, or contains, a lease if the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a Lessee. Leases where the lessee does not substantially obtain all the risk and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss 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. 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, reversal of allowance for ECL, gain from disposal of shares of stocks, bargain purchase 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	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 (Australia) Pty Ltd* (MNA)	Australian Dollar
Monde Nissin Property Pty Ltd*	Australian Dollar
Monde Nissin International Investments Ltd (MNIIL)	United States Dollar

**Subsidiary until December 18, 2018*

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

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

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

Employee Benefits

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

Income Taxes

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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.

<u>Earnings per share (EPS)</u>
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.

Discontinued Operations
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, and:

- Represent a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net loss after tax from discontinued operations in the consolidated statements of comprehensive income.

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.

Judgments

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.

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, 2020, 2019 and 2018, the Group assessed that the value of any return assets is nil given the perishable nature of the products.

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.

Evaluation of Lease Commitments (Applicable prior to adoption of PFRS 16). The Group, as a lessee, has entered into various lease agreements for its plant sites and warehouses. The Group has determined that the lessor retains all the significant risks and rewards of ownership of the property which the Group leases because of the following factors: (a) the lessor will not transfer the ownership of the leased assets to the Group upon termination of the lease; and (b) the lessor has not given the Group an option to purchase the asset at a price that is sufficiently lower than the fair value at the date of the option. Accordingly, the said lease is accounted for as operating lease.

Rent expense amounted to ₱244,711,017 in 2018 (see Notes 19 and 20).

Assessing Useful Life of Brand and Trademark. Brand and trademark 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.

In 2018, the Group reassessed the estimated useful life of its brand (Cauldron) and based on the current and expected circumstances, the Group concluded that the estimated useful life should be changed from 10 years to indefinite. The effect of change in estimated useful life of assets reduced amortization expense by ₱18,841,422 and increased net income by the same amount in 2018.

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 ₱727,560,000 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 ₱494,134,500, ₱530,512,500, and ₱566,890,500 as at December 31, 2020, 2019, and 2018, respectively (see Note 13).

Determination of acquisition date of 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.

Reclassification. In 2020, the Group reclassified certain accounts in the consolidated statement of financial position and consolidated statement of comprehensive income which, based on the Group's assessment are not material to the consolidated financial statements and do not affect total current and non-current assets and total current and non-current liabilities. The 2019 and 2018 numbers were also reclassified to conform to the 2020 presentation.

<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.

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 ₱2,513,886,182, ₱2,321,535,807, and nil as at December 31, 2020, 2019, and 2018, 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 2020. The customers' payment terms were not extended due to the pandemic. The overdue trade receivables however increased in the first two months of strict community quarantine but have greatly improved in the succeeding months and the good momentum was sustained up to December 31, 2020. 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.

Allowance for ECL on trade receivables amounted to ₱67,574,988, ₱368,806,669, and ₱605,662,809 as at December 31, 2020, 2019, and 2018, respectively. The carrying amount of trade and other receivables amounted to ₱6,456,718,430, ₱7,276,194,148, and ₱7,241,789,517 as at December 31, 2020, 2019, and 2018, 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.

Allowance for ECL on noncurrent receivables and other receivables amounted to ₱193,571,547, ₱184,641,461, and ₱156,200,676 as at December 31, 2020, 2019, and 2018, respectively. The carrying amount of noncurrent receivables and other receivables amounted to ₱655,521,471 and ₱51,789,755, respectively, as at December 31, 2020, ₱500,000,000 and ₱88,939,690, respectively, as at December 31, 2019 and ₱500,000,000 and ₱70,643,956, respectively, as at December 31, 2018 (see Notes 6 and 9).

Impairment of Non-Financial Assets with Indefinite Useful Life (Goodwill, Brand and Trademark). The Group performs impairment review of non-financial assets with indefinite useful life (goodwill, brand and trademark) on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the VIU of the CGUs to which goodwill is allocated. 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 goodwill, brand and trademark 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.

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.

1. *Goodwill and brand*

    a. MNUKL – 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:

        i. Sales growth – Sales revenue is assumed to increase an average of 15.00% each year from 2021 to 2024 and an average of 16.00% from 2010 to 2023 for both Quorn and Cauldron.

        ii. Long-term growth rate – The long-term growth rate used was 2.00% in 2020, 2019 and 2018, and is based on published industry research.

iii. Discount rate – The pre-tax discount rate, which is derived from MNUKL's weighted average cost of capital (WACC), is 6.51% in 2020, and 5.50% in 2019 and 2018, 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 2020 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 2020, 2019 and 2018. The Group's goodwill and brand related to MNUKL are as follows:

	2020	2019	2018
Goodwill (see Note 13)	**₱15,851,354,400**	₱16,187,353,231	₱16,368,917,207
Brand (see Note 13)	**17,094,130,821**	17,456,472,601	17,652,271,540

b. MNA – The Group estimated the recoverable amount to be the assets' VIU. The VIU calculation is based on the discounted cash flow model. The cash flows are derived from the budget for the next five years. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing:

i. Sales growth – Sales growth for the CGU's is at an average compound annual rate of 4.30% from 2019 to 2023.

ii. 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 5.00%.

iii. Discount rate – The discount rate calculation is based on the specific circumstances of MNA 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 10.50% in 2018.

Based on the assumptions above, the Group recognized impairment loss on goodwill and brand of MNA amounting to ₱2,700,618,597 and ₱669,735,814, respectively, in 2018 (see Notes 4 and 13). The Group's investment in MNA were sold to MNSG Holdings Pte. Ltd. in 2018.

c. MNSPL

In 2018, the Group recognized an impairment loss amounting to ₱94,984,730 based on its VIU calculation. The commercialization and distribution of the products carrying the Group's brand did not materialize as planned in the intended markets, thus, the projected cashflow is zero. No additional impairment loss was recorded in 2020 and 2019 since the brand has already been fully impaired in 2018.

Assessment of Impairment of Non-Financial Assets (Property, plant and equipment, Investment in associates and joint ventures and other noncurrent assets). 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 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.

1. 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 these assets may not be recoverable. The COVID-19 pandemic did not have a significant impact on the impairment assessment of the Group's property, plant and equipment since the Group manufactures and distributes essential goods. The Group determined that the actual performance of certain property, plant and equipment in MNC and MNUKL below the estimated or planned outputs is an indicator of impairment. There are no impairment indicators identified on other property, plant and equipment of the Group.

   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 6.51% in 2020, and 5.50% in 2019 on the cash flow projections.

   a. *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 was 15.00% up to the end of the useful life.

   b. *Discount rates* – discount rates were estimated based on the industry WACC, which includes the cost of equity and debt after considering the gearing ratio.

   For MNC's impaired property, plant and equipment, the Group determined that the VIU of these assets is zero since these assets pertain to discontinued product lines with no expected future cashflows. Management assessed that any scrap value (FVLCD) is not material.

   Based on this assessment, the Group recognized an impairment loss amounting to ₱1,013,838,212 in 2020, ₱710,995,231 in 2019 and ₱587,678,919 in 2018 (see Notes 12 and 21). Accumulated impairment losses amounted to ₱2,837,528,410, ₱1,867,208,819, and ₱1,125,828,093 as at December 31, 2020, 2019, and 2018, respectively. The carrying value of the Group's property, plant and equipment amounted to ₱26,636,573,782, ₱24,120,818,808, and ₱21,194,284,278 as at December 31, 2020, 2019, and 2018, respectively (see Note 12).

2. 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.

      i. 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.

      ii. 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%.

      iii. 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 recognized impairment loss on its investment in NAMZ Pte Ltd amounting to nil in 2020, ₱79,842,251 in 2019, and ₱142,291,386 in 2018 (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, 2020, 2019, and 2018 (see Note 11).

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 ₱2,763,031,503, ₱2,044,585,744, and nil as at December 31, 2020, 2019, and 2018, 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 rebates 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 rebates annually and refund liabilities are adjusted accordingly. As at December 31, 2020, 2019, and 2018, the amount recognized as refund liabilities for the expected returns and volume discounts are ₱279,696,147, ₱259,382,810, and ₱341,974,753, 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.

As at December 31, 2020, 2019 and 2018, 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 ₱843,075,203, ₱883,182,969, and ₱755,468,274 as at December 31, 2020, 2019, and 2018, respectively (see Note 24).

Deferred tax assets amounting to ₱676,261,069, ₱115,912,210, and ₱128,465,117 were not recognized in the consolidated financial statements as at December 31, 2020, 2019, and 2018, respectively, since the Group believes that it will not be utilized in the future (see Note 24). Deferred tax assets on cumulative translation adjustments amounting to ₱1,310,035,250, ₱979,907,037, and ₱754,549,925 as at December 31, 2020, 2019, and 2018, 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, 2020, 2019, and 2018, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱2,831,533,880, ₱2,808,156,247, and ₱2,380,210,266, 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 Useful Lives of Property, Plant and Equipment. The useful lives of property, plant and equipment are estimated based on the economic lives of the property, plant and equipment and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the property, plant and equipment are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property, plant and equipment in 2020, 2019 and 2018 other than changes in the estimated useful life of leasehold improvements in line with the adoption of PFRS 16 in 2019 (see Note 12). The carrying value of property, plant and equipment amounted to ₱26,636,573,782, ₱24,120,818,808, and ₱21,194,284,278 as at December 31, 2020, 2019, and 2018, respectively (see Note 12).

Estimation of Legal contingencies and Regulatory Assessments. As at December 31, 2020, 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 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 December 31, 2020, 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 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, 2020, 2019 and 2018, are set out below:

			Percentage of Ownership					
		Country of	**2020**		2019		2018	
Subsidiaries	Principal Activity	Incorporation	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	–	100.00	–	100.00	–
MNUKL	Investment holding	United Kingdom	–	**100.00**	–	100.00	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	–	**100.00**	–	100.00	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States of America	–	**100.00**	–	100.00	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00	–	100.00
Quorn Foods Italy SRL**	Sales, and Marketing	Italy	–	**100.00**	–	100.00	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	–	**100.00**	–	100.00	–	100.00
MNNZ	Distribution of food related goods	New Zealand	–	**100.00**	–	100.00	–	100.00
MNHTL***	Investment company	Thailand	–	**6.50**	–	6.50	–	100.00
MIL	Manufacture of seasonings	Thailand	–	**100.00**	–	100.00	–	100.00
MNTH***	Manufacture and distribution of bread and cookies	Thailand	–	**56.40**	–	56.40	–	100.00
MNIIL	Investment company	British Virgin Islands	**100.00**	–	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	–	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	–	90.91	–	90.91	–
SFC****	Manufacture and process of bread	Philippines	**80.00**	–	25.00	–	45.00	–
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	–	**80.00**	–	–	–	–
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**60.00**	–	60.00	–	60.00	–

**Dormant*
***In dissolution*
****The Group effectively owns 100%*
*****80% owned and accounted as a 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 2018, the Parent Company made additional investments in MNSPL amounting to ₱407,256,050 ($7,724,301).

In 2019, MNSPL repatriated a portion of its capital to the Parent Company, amounting to ₱4,863,872,292. MNSPL also paid the 3rd tranche of the subscription agreement with NAMZ Pte Ltd for SGD2,125,000 (390,000 preference shares), which increased its ownership interest in NAMZ Pte Ltd from 24.32% in 2018 to 30.00% in 2019 (see Note 11).

In 2020, MNSPL repatriated a portion of its capital to the Parent Company, amounting to ₱2,465,674,516. As a result, the Parent Company's shares in MNSPL were reduced from 587,250,257 shares to 474,250,257 shares.

ii. MNHTL

In 2019, the Board of Directors of MNHTL approved the increase in the authorized capital of MNHTL from THB9,100,000 divided into 91,000 ordinary shares with par value of THB100 per share to THB139,100,000 divided into 1,391,000 ordinary shares with par value of THB100 per share. MNIIL subscribed to the newly issued 1,300,000 shares which resulted to a 93.50% ownership interest in MNHTL. Ownership interest of MNSPL was reduced to 6.50%.

iii. MNIIL

On August 15, 2018, the Parent Company transferred 1 share of MIL to MNIIL in exchange for THB1,039 (₱1,670).

On September 6, 2018, MIL issued 1,000,000 shares to MNIIL for an aggregate subscription price of THB100,000,000.

On October 1, 2018, the Parent Company entered into a "Subscription and Share Transfer Agreement" with MNIIL to subscribe for an additional 44,746,403 shares of MNIIL in exchange for the transfer by the Parent Company of 1,999,994 shares of MIL.

On October 2, 2018, the Parent Company made additional investments in MNIIL amounting to ₱16,988,028 ($314,000).

On October 3, 2018, MNIIL transferred 2,999,995 shares of MIL to MNSPL in exchange for a promissory note amounting to THB2,178,329,419. On October 5, 2018, MNSPL transferred 2,999,995 shares of MIL to MNHTL for THB2,178,329,419. As a result, MIL became indirectly owned through MNHTL.

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 ₱920,069,040 ($18,420,870).

iv. MNTH

On November 14, 2014, MNTH issued additional 2,500,000 ordinary shares. 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 of the above transactions, 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 MMYSC, entered into an Agreement wherein MMYSC, agreed to transfer its 1,750,000 shares (representing 10.00%) in MNTH to the Parent Company in exchange for THB1.

On October 1, 2018, the Parent Company and MIL agreed to transfer all of its shares in MNTH to MNSPL. As a result of this, MNSPL now owns 100% of MNTH.

In 2019, the Board of Directors of MNTH approved the increase in the authorized capital of MNTH from THB1,750,000,000 (17,500,000 shares) to THB3,100,000,000 (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%.

v. KBT

In 2017, the Parent Company made additional investments in KBT amounting to ₱28,000,000. 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 ₱33,361,312 (see Note 18).

vi. 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 ₱7,342,200. Also, under the agreement, the Parent Company agreed to donate to AGPI ₱7,342,200 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 ₱7,732,696 in 2016 (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, 2020, 2019, and 2018, the Group's allowance for impairment losses on MNAC's assets are as follow:

	2020	2019	2018
Other current assets (see Note 8)	**₱3,602,949**	₱3,602,949	₱3,528,958
Advances to suppliers and contractors (see Note 14)	**55,786,696**	55,786,696	55,786,696
Property, plant and equipment (see Note 12)	**7,663,769**	7,663,769	7,663,769
	₱67,053,414	₱67,053,414	₱66,979,423

vii. 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. SFC was incorporated on June 27, 2016. The Parent Company and NIC held 45.00% and 55.00% ownership interest, respectively.

The Parent Company made additional investments amounting to ₱216,494,771 in 2019 (see Note 11). NIC has also made additional investments to SFC to retain its ownership interest in SFC.

In 2019, the Parent Company agreed to sell its 20% ownership interest in SFC to MNSG Holdings Pte. Ltd. in exchange for ₱48,000,000. As a result of this agreement, the Group recognized a gain of ₱13,937,385 recorded under the “Miscellaneous income” account in the consolidated statement of comprehensive income (see Note 11).

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 ₱188,125,124. 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 ₱256,150,000. 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	₱34,314,616
Trade and other receivables (see Note 6)	39,983,056
Prepayments and other current assets	219,916,990
Property, plant and equipment (see Note 12)	1,095,471,482
Intangible assets (see Note 13)	14,720,800
Other noncurrent assets	4,237,062
	₱1,408,644,006
Liabilities	
Accounts payable	₱193,335,948
Other current liabilities	155,824,404
Loans payable	390,000,000
Lease liability (see Note 25)	157,900,992
Other liabilities	15,922,747
Deferred tax liability	21,332,146
	934,316,237
Total identifiable net assets at fair value	₱474,327,769

	Amount
Fair value of previously-held equity interest	₱105,105,207
Non-controlling interest measured at fair value	94,823,202
Purchase consideration transferred	256,150,000
Total value	456,078,409
Total identifiable net assets at fair value	(474,327,769)
Bargain purchase*	(₱18,249,360)

**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 ₱39,983,056 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. The right-of-use 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.

From the date of acquisition, SFC contributed ₱156,091,955 of revenue and a loss before income tax of ₱83,880,948 to the Group. If the acquisition had taken place at the beginning of the year, contribution to the revenue would have been ₱402,156,301 and loss before income tax from continuing operations for the Group would have been ₱565,859,806.

The net cash outflow from the acquisition is as follows:

Net cash acquired from the subsidiary	₱34,314,616
Cash paid*	(51,230,000)
	(₱16,915,384)

**20% of total acquisition price*

As at December 31, 2020, unpaid portion of the total acquisition price amounted to ₱204,920,000 and is recorded under "Accounts payable and other current liabilities" account.

b. Material partly-owned subsidiary

Financial information of MMYSC, a subsidiary with material non-controlling interests, is provided below:

Proportion of equity interest held by non-controlling interests:

Name	**2020**	2019	2018
MMYSC	**40.00%**	40.00%	40.00%

The summarized financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized statements of financial position:

	2020	2019	2018
Current assets	**₱2,539,891,299**	₱3,154,351,710	₱3,084,422,216
Noncurrent assets	**3,743,826,206**	3,577,109,289	2,542,856,644
Current liabilities	**1,417,095,277**	1,390,487,247	1,389,911,020
Noncurrent liabilities	**883,353,173**	790,773,546	43,806,110
Total equity	**₱3,983,269,055**	₱4,550,200,206	₱4,193,561,730
Attributable to:			
Equity holders of the Parent	**₱2,787,572,609**	₱3,085,003,089	₱2,819,397,202
Non-controlling interests	**1,195,696,446**	1,465,197,117	1,374,164,528
	₱3,983,269,055	₱4,550,200,206	₱4,193,561,730

Summarized statements of comprehensive income:

	2020	2019	2018
Revenues	**₱10,006,495,019**	₱10,310,373,649	₱9,885,963,396
Expenses	**(7,403,342,397)**	(7,459,732,098)	(7,353,113,637)
Income before income tax	**2,603,152,622**	2,850,641,551	2,532,849,759
Provision for income tax	**(626,786,746)**	(668,440,714)	(602,364,034)
Net income	**1,976,365,876**	2,182,200,837	1,930,485,725
Other comprehensive loss	**(12,047,031)**	(25,160,751)	(794,609)
Total comprehensive income	**₱1,964,318,845**	₱2,157,040,086	₱1,929,691,116
Attributable to:			
Equity holders of the Parent	**₱1,178,591,307**	₱1,335,782,553	₱1,221,118,664
Non-controlling interests	**785,727,538**	821,257,533	708,572,452
	₱1,964,318,845	₱2,157,040,086	₱1,929,691,116

Summarized statements of cash flows:

	2020	2019	2018
Operating activities	**₱2,766,405,014**	₱2,665,236,417	₱2,203,906,645
Investing activities	**(709,428,872)**	(712,303,221)	192,892,279
Financing activities	**(2,592,416,155)**	(1,860,713,233)	(1,687,500,000)
Net increase in cash and cash equivalents	**(₱535,440,013)**	₱92,219,963	₱709,298,924
Dividends paid to non-controlling interests	**₱1,012,500,000**	₱720,000,000	₱675,000,000

c. Discontinued Operations of MNA

On December 18, 2018, the Parent Company entered into a "Deed of Absolute Sale of Shares" with MNSG Holdings Pte. Ltd. wherein the Parent Company agreed to transfer 100% ownership in MNA to MNSG Holdings Pte. Ltd. in exchange for $1,000,000 (₱53,173,000). As a result of the agreement, the Group recognized a gain on sale of a subsidiary amounting to ₱1,749,094,221 booked under "Net loss after tax from discontinued operations", ₱322,928,412 of which pertains to MNA's cumulative translation adjustments.

Statements of comprehensive income of MNA for the period January 1 to December 18, 2018:

	2018
Revenue	₱11,816,965,424
Expenses	15,912,683,683
Operating loss	(4,095,718,259)
Gain on sale of a subsidiary	1,749,094,221
Loss before income tax	(2,346,624,038)
Benefit from deferred taxes on operating loss	415,081,809
Loss after tax from discontinued operations	(₱1,931,542,229)

In 2018, expenses include impairment loss amounting to ₱3,370,354,411 (see Notes 3 and 13).

The major classes of assets and liabilities of MNA as at December 18, 2018 are as follow:

	2018
Assets	
Cash and cash equivalents	₱767,089,483
Trade and other receivables	1,846,349,214
Inventories	969,677,836
Prepayments and other current assets	14,035,514
Property, plant and equipment (see Note 12)	978,396,393
Intangible assets (see Note 13)	890,807,573
Deferred tax assets (see Note 24)	59,532,171
Other noncurrent assets	60,370,001
	₱5,586,258,185
Liabilities	
Accounts payable and other current liabilities	₱2,296,489,842
Loans payable	4,662,761,152
	₱6,959,250,994

Loans payable has an interest rate of 5.10% per annum and payable quarterly.

Cash flows of MNA for the year ended December 31, 2018 are as follow:

	2018
Operating	(₱381,365,785)
Investing	463,289,722
Financing	534,340,154
Cash inflow	₱616,264,091

d. 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.

	2020			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱52,910,573,348**	**₱15,034,938,040**	**₱–**	**₱67,945,511,388**
Costs and expenses	**(39,802,437,362)**	**(12,743,090,128)**	**–**	**(52,545,527,490)**
Depreciation and amortization	**(1,642,274,436)**	**(661,043,864)**	**–**	**(2,303,318,300)**
Finance income	**1,436,835,633**	**5,564,739**	**(1,080,461,650)**	**361,938,722**
Finance expense	**(1,517,311,659)**	**(1,349,293,056)**	**1,080,461,650**	**(1,786,143,065)**
Foreign exchange gain (loss) - net	**900,878,113**	**13,361,775**	**–**	**914,239,888**
Impairment loss	**(229,979,881)**	**(783,858,331)**	**–**	**(1,013,838,212)**
Share in profit (loss) of associates and joint venture	**(98,300,042)**	**–**	**–**	**(98,300,042)**
Other income (expense)	**258,888,471**	**(8,722,737)**	**–**	**250,165,734**
Income before income tax	**12,216,872,185**	**(492,143,562)**	**–**	**11,724,728,623**
Provision for income tax	**3,292,153,199**	**366,868,894**	**–**	**3,659,022,093**
Net income	**₱8,924,718,986**	**(₱859,012,456)**	**₱–**	**₱8,065,706,530**
Other information				
Total assets	**₱54,462,662,369**	**₱49,251,201,442**	**(₱19,311,447,648)**	**₱84,402,416,163**
Total liabilities	**₱43,373,262,402**	**₱33,800,564,545**	**(₱19,311,447,648)**	**₱57,862,379,299**
Investment in associates and joint venture	**₱1,024,068,245**	**₱–**	**₱–**	**₱1,024,068,245**
Capital expenditures	**₱1,968,781,181**	**₱1,784,693,684**	**₱–**	**₱3,753,474,865**
Noncash expenses other than depreciation and amortization:				
Provision for ECL	**₱93,080,871**	**₱21,261,752**	**₱–**	**₱114,342,623**
Inventory obsolescence	**91,882,632**	**269,625,108**	**–**	**361,507,740**
	₱184,963,503	**₱290,886,860**	**₱–**	**₱475,850,363**

	2019			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱50,259,881,951	₱15,190,992,817	₱–	₱65,450,874,768
Costs and expenses	(38,203,793,100)	(13,079,054,117)	–	(51,282,847,217)
Depreciation and amortization	(1,584,997,426)	(467,519,938)	–	(2,052,517,364)
Finance income	1,402,386,824	5,784,828	(1,103,740,279)	304,431,373
Finance expense	(2,423,859,922)	(1,296,729,994)	1,103,740,279	(2,616,849,637)
Foreign exchange gain (loss) - net	136,667,060	(48,346,447)	–	88,320,613
Impairment loss	(678,523,778)	(112,313,704)	–	(790,837,482)
Share in profit (loss) of associates and joint venture	(251,333,100)	–	–	(251,333,100)
Other income (expense)	360,138,837	(85,308,145)	–	274,830,692
Income before income tax	9,016,567,346	107,505,300	–	9,124,072,646
Provision for income tax	2,222,426,915	252,374,618	–	2,474,801,533
Net income	₱6,794,140,431	(₱144,869,318)	₱–	₱6,649,271,113
Other information				
Total assets	₱54,679,869,119	₱49,875,148,153	(₱18,600,745,534)	₱85,954,271,738
Total liabilities	₱48,046,436,235	₱33,286,575,159	(₱18,600,745,534)	₱62,732,265,860
Investment in associates and joint venture	₱993,201,835	₱–	₱–	₱993,201,835
Capital expenditures	₱2,137,758,828	₱1,522,465,166	₱–	₱3,660,223,994
Noncash expenses other than depreciation and amortization:				
Provision for ECL	₱29,694,572	₱97,607	₱–	₱29,792,179
Inventory obsolescence	156,925,695	263,628,880	–	420,554,575
	₱186,620,267	₱263,726,487	₱–	₱450,346,754

	2018			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales				
Third parties	₱48,389,525,474	₱14,977,565,499	₱–	₱63,367,090,973
Inter-segment	–	449,209,721	(449,209,721)*	–
	48,389,525,474	15,426,775,220	(449,209,721)	63,367,090,973
Costs and expenses	(39,158,649,992)	(13,056,990,723)	–	(52,215,640,715)
Depreciation and amortization	(1,466,769,962)	(416,314,074)	–	(1,883,084,036)
Finance income	1,520,334,747	(24)	(1,395,107,346)	125,227,377
Finance expense	(2,077,603,451)	(1,394,636,762)	1,394,636,762	(2,077,603,451)
Foreign exchange gain (loss) - net	160,083,994	(3,986,823)	470,584	156,567,755
Impairment loss	(824,955,035)	–	–	(824,955,035)
Share in profit (loss) of associates and joint venture	(137,428,628)	–	–	(137,428,628)
Other income (expense)	456,886,242	(21,481,340)	–	435,404,902
Income before income tax	6,861,423,389	533,365,474	(449,209,721)	6,945,579,142
Provision for income tax	2,073,320,940	212,259,324	–	2,285,580,264
Net income	₱4,788,102,449	₱321,106,150	(₱449,209,721)*	₱4,659,998,878

**Eliminating entry is against the Group's discontinued operations - MNA*

Other information				
Total assets	₱60,991,551,896	₱47,689,092,590	(₱23,714,858,906)	₱84,965,785,580
Total liabilities	₱54,696,703,146	₱30,754,868,134	(₱23,715,151,733)	₱61,736,419,547
Investment in associates and joint venture	₱1,000,746,061	₱–	₱–	₱1,000,746,061
Capital expenditures	₱2,142,529,239	₱2,378,486,008	₱–	₱4,521,015,247

Noncash expenses other than depreciation and amortization:				
Provision for ECL	₱192,760,454	(₱1,625,154)	₱–	₱191,135,300
Inventory obsolescence	108,891,559	110,345,872	–	219,237,431
	₱301,652,013	₱108,720,718	₱–	₱410,372,731

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:

	2020	2019	2018
Domestic	**₱49,702,036,534**	₱46,766,399,518	₱44,752,789,148
Foreign	**18,243,474,854**	18,684,475,250	18,614,301,825
	₱67,945,511,388	₱65,450,874,768	₱63,367,090,973

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 non-current financial assets, deferred tax assets and post-employment benefit assets.

	2020	2019	2018
Domestic	**₱17,778,344,626**	₱15,113,602,916	₱13,516,892,338
Foreign	**44,440,616,702**	45,055,019,118	44,407,862,318
	₱62,218,961,328	₱60,168,622,034	₱57,924,754,656

5. Cash and Cash Equivalents

	2020	2019	2018
Cash on hand and in banks	**₱3,620,373,627**	₱3,941,691,616	₱4,166,846,141
Cash equivalents	**3,472,641,235**	6,557,599,449	2,411,208,073
	₱7,093,014,862	₱10,499,291,065	₱6,578,054,214

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 ₱81,598,461 in 2020, ₱288,273,735 in 2019 and ₱92,004,761 in 2018 (see Note 21).

6. Trade and Other Receivables

	2020	2019	2018
Trade receivables:			
Non-related parties	**₱6,414,106,257**	₱7,526,361,728	₱7,708,593,600
Related parties (see Note 23)	**58,397,406**	29,699,399	68,214,770
Nontrade receivables	**36,106,738**	40,940,474	21,819,592
Other receivables	**15,683,017**	47,999,216	48,824,364
	6,524,293,418	7,645,000,817	7,847,452,326
Allowance for ECL	**(67,574,988)**	(368,806,669)	(605,662,809)
	₱6,456,718,430	₱7,276,194,148	₱7,241,789,517

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

Nontrade receivables comprise of various receivables from employees. These are noninterest-bearing and normally settled through salary deductions.

Other receivables comprise mainly of accruals for interest from the cross-currency swap agreement (see Note 26), receivable from a supplier, and advances made to employees for SSS claims.

The acquisition of a subsidiary resulted in an increase in trade receivables of ₱39,983,056 in 2020 (see Note 4).

Movements in the allowance for ECL follow:

	2020	2019	2018
Balance at beginning of year	**₱368,806,669**	₱605,662,809	₱577,000,157
Write-off	**(399,701,804)**	(355,109)	(3,142,146)
Provision for ECL (see Note 20)	**98,543,597**	1,351,394	37,028,430
Reversal (see Note 21)	**–**	(238,071,189)	–
Sale of a subsidiary (see Note 4)	**–**	–	(5,445,096)
Currency translation adjustments	**(73,474)**	218,764	221,464
Balance at end of year	**₱67,574,988**	₱368,806,669	₱605,662,809

The Group directly wrote off receivables amounting to ₱6,868,940 in 2020, nil in 2019 and ₱15,400,671 in 2018 (see Note 20), as management assessed that there is no reasonable expectation of recovery.

Trade and other receivables from related parties that were eliminated upon consolidation amounted to ₱2,351,090,662 in 2020, ₱1,591,426,745 in 2019, and ₱1,605,486,885 in 2018.

7. Inventories

	2020	2019	2018
At cost:			
In-transit	**₱124,561,072**	₱348,636,975	₱399,430,587
Raw materials	**120,274,930**	101,108,751	242,680,478
Finished goods	**85,659,389**	58,887,432	51,719,969
Packaging and other materials	**14,580,150**	–	165,021,711
Work in-process	**5,177,053**	6,036,245	17,777,552
	350,252,594	514,669,403	876,630,297
At NRV:			
Finished goods	**2,528,917,689**	2,062,905,169	2,162,129,315
Raw materials	**1,677,530,472**	2,169,129,450	2,029,217,701
Work in-process	**823,835,137**	413,533,635	502,055,727
Packaging and other materials	**692,467,559**	698,323,709	582,335,382
	5,722,750,857	5,343,891,963	5,275,738,125
	₱6,073,003,451	₱5,858,561,366	₱6,152,368,422

The cost of inventories recognized under "Cost of goods sold" account amounted to ₱41,439,516,662 in 2020, ₱40,194,132,095 in 2019 and ₱39,182,286,144 in 2018 (see Note 19).

The carrying value of the Group's right of return assets amounted to nil as at December 31, 2020, 2019 and 2018 (see Note 3).

The costs of inventories carried at NRV as at December 31 are as follows:

	2020	2019	2018
Finished goods	**₱2,692,978,588**	₱2,132,789,680	₱2,160,915,638
Raw materials	**1,744,292,778**	2,190,310,080	2,078,128,433
Work in-process	**852,404,691**	477,206,392	533,282,206
Packaging and other materials	**732,301,223**	830,862,043	644,012,167
	₱6,021,977,280	₱5,631,168,195	₱5,416,338,444

Movements in the allowance for inventory obsolescence for raw materials and finished goods are as follows:

	2020	2019	2018
Balance at beginning of year	**₱287,276,232**	₱140,600,319	₱189,331,904
Provision	**361,507,740**	420,554,575	219,237,431
Write-off	**(348,745,307)**	(273,779,909)	(207,320,356)
Currency translation adjustments	**(812,242)**	(98,753)	(4,554,734)
Sale of a subsidiary (see Note 4)	–	–	(56,093,926)
Balance at end of year	**₱299,226,423**	₱287,276,232	₱140,600,319

Under the terms of the agreements covering liabilities under trust receipts totaling ₱605,902,034, ₱2,593,955,292, and ₱2,405,377,495 as at December 31, 2020, 2019, and 2018, 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

	2020	2019	2018
Input VAT	**₱364,711,525**	₱156,217,336	₱151,957,120
Deferred input VAT	**335,950,379**	269,412,778	242,397,284
Prepayments	**239,836,976**	255,511,945	431,646,383
Creditable withholding tax and other credits	**16,020,863**	5,444,271	5,561,746
Other current assets	**19,335,833**	18,245,231	20,547,626
	975,855,576	704,831,561	852,110,159
Allowance for non-recoverability of other current assets (see Note 4)	**(3,602,949)**	(3,602,949)	(3,528,958)
	₱972,252,627	₱701,228,612	₱848,581,201

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.

Deferred input VAT represents the input VAT related to the unpaid portion of the cost of services.

Prepayments pertain to prepayments of freight, insurance, and advertising expenses.

Creditable withholding tax represents unapplied certificates which can be used as payment of income tax due in the succeeding years.

9. Noncurrent Receivables

	2020	2019	2018
Non-related parties	**₱500,000,000**	₱500,000,000	₱500,000,000
Related parties (see Note 23)	**349,093,018**	184,641,461	156,200,676
	849,093,018	684,641,461	656,200,676
Allowance for ECL	**(193,571,547)**	(184,641,461)	(156,200,676)
	₱655,521,471	₱500,000,000	₱500,000,000

Noncurrent receivables mainly consist of interest-bearing loans receivable from SSCC and MNSG Holdings Pte. Ltd. (see Notes 23 and 27).

Noncurrent receivables specifically and collectively assessed to be potentially uncollectible were provided for with an allowance. Provision for ECL recognized amounting to ₱8,930,086 in 2020, ₱28,440,785 in 2019 and ₱138,706,199 in 2018 (see Note 20).

Interest income from noncurrent receivables amounted to ₱15,864,873 in 2020, ₱16,157,638 in 2019 and ₱16,368,374 in 2018 (see Note 21).

10. **Financial Assets at FVOCI**

Unquoted equity securities

As at December 31, 2020, 2019, and 2018, unquoted equity securities pertain to investment in Wide Faith Foods and Co. Ltd, which have been written-down to nil as of December 31, 2020, 2019 and 2018.

Movement in fair value reserve of financial assets are as follows:

	2020	2019	2018
Balance, at January 1	**(₱235,130,244)**	(₱235,130,244)	(₱116,687,198)
Fair value change on financial assets at FVOCI during the year	–	–	(118,443,046)
Balance, at December 31	**(₱235,130,244)**	(₱235,130,244)	(₱235,130,244)

The acquisition cost of these unquoted equity securities amounted to ₱235,130,244 as at December 31, 2020, 2019, and 2018.

11. **Investments in Associates and Joint Venture**

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership **2020**	2019	2018	Amount **2020**	2019	2018
Associates								
Monde Land Inc. (MLI)	Buying, leasing and acquiring of real estate	Philippines	**40.00**	40.00	40.00	**₱909,598,051**	₱890,472,251	₱881,760,538
Sarimonde Foods Corporation (SFC)** (see Note 4)	Manufacturing and distribution of bread, fresh products, other related products in the Philippines	Philippines	**80.00**	25.00	45.00	**–**	42,678,790	98,985,523
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**	20.00	20.00	**80,000,000**	20,000,000	20,000,000
NAMZ Pte Ltd***	Research and development	Singapore	**21.20**	30.00	24.32	**324,210,513**	324,210,513	242,665,646
YCE Group Pte Ltd***	Manufacturing of ice	Singapore	**32.00**	32.00	32.00	**78,249,087**	78,249,087	78,249,087
						1,392,057,651	1,355,610,641	1,321,660,794
Joint Venture								
Honey Droplet Hong Kong***	Purchasing, processing, exporting, and selling honey worldwide (excluding Japan)	Hong Kong	**50.00**	50.00	50.00	**218,748,310**	218,748,310	221,201,880
Monde Malee Beverage Corporation (MMBC)	Importation, marketing, promotion, and sale of beverage products	Philippines	**48.99**	48.99	48.99	**34,470,194**	40,050,794	–
						253,218,504	258,799,104	221,201,880
Less allowance for impairment loss on investments in (see Note 3):								
NAMZ Pte Ltd*						**324,210,513**	324,210,513	242,665,646
YCE						**78,249,087**	78,249,087	78,249,087
Honey Droplet Hong Kong						**218,748,310**	218,748,310	221,201,880
						621,207,910	621,207,910	542,116,613
						₱1,024,068,245	₱993,201,835	₱1,000,746,061

** Difference between the impairment loss recognized in the consolidated statement of comprehensive income and movement in the allowance for impairment loss is due to foreign exchange differences.*
***80% owned and accounted as a subsidiary effective September 7, 2020*
**** Indirect ownership through MNSPL*

Investments in Associates

	2020	2019	2018
Acquisition costs, beginning of year	**₱1,466,301,041**	₱1,397,044,790	₱1,229,654,307
Additions	**248,125,124**	298,039,638	167,390,483
Step-up acquisition (see Note 4)	**(474,104,359)**	–	–
Disposals	–	(228,783,387)	–
Acquisition costs, end of year	**1,240,321,806**	1,466,301,041	1,397,044,790
Accumulated equity share in net earnings:			
Balance at beginning of year	**(110,690,400)**	(75,383,996)	74,107,497
Step-up acquisition (see Note 4)	**368,999,152**	–	–
Share in net losses*	**(92,719,442)**	(217,883,894)	(137,428,628)
Dividends from MLI	**(15,999,951)**	(12,062,865)	(12,062,865)
Fair value adjustment on step-up acquisition	**2,146,486**	–	–
Disposals	–	194,640,355	–
	151,735,845	(110,690,400)	(75,383,996)
	1,392,057,651	1,355,610,641	1,321,660,794
Accumulated impairment loss	**(402,459,600)**	(402,459,600)	(320,914,733)
	₱989,598,051	₱953,151,041	₱1,000,746,061

**Includes share in net losses of SFC before the step-up acquisition amounting to ₱127,845,193.*

Summarized consolidated financial information for individually material associates, follows:

	2020	2019		2018	
	MLI	MLI	SFC	MLI	SFC
Consolidated Statement of Financial Position					
Current assets	**₱145,015,734**	₱97,177,673	₱345,799,891	₱138,550,873	₱337,316,769
Noncurrent assets	**1,361,928,344**	1,358,283,310	1,263,616,982	1,318,257,316	1,089,819,123
Current liabilities	**(121,156,576)**	(135,841,194)	(508,384,986)	(169,282,875)	(436,445,494)
Noncurrent liabilities	**(42,123,004)**	(23,769,792)	(930,316,727)	(13,454,598)	(770,722,569)
Equity	**₱1,343,664,498**	₱1,295,849,997	170,715,160	₱1,274,070,716	₱219,967,829
Group's share in equity	**₱537,465,799**	₱518,339,999	₱42,678,790	₱509,628,286	₱98,985,523
Goodwill	**372,132,252**	372,132,252	–	372,132,252	–
Group's carrying amount of the investment	**₱909,598,051**	₱890,472,251	₱42,678,790	₱881,760,538	₱98,985,523
Consolidated Statement of Comprehensive Income					
Revenue	**₱224,804,860**	₱186,539,302	₱401,574,056	₱307,204,481	₱370,908,112
Cost of sales	**(67,292,303)**	(53,238,148)	(430,090,344)	(186,339,485)	(370,816,857)
Sales, general and administrative expenses	**(20,680,090)**	(18,724,401)	(442,770,107)	(40,593,923)	(322,480,317)
Other expenses	**(4,485,250)**	(6,489,515)	(59,456,907)	7,271,527	(30,815,068)
Income (loss) before income tax	**132,347,217**	108,087,238	(530,743,302)	87,542,600	(353,204,130)
Provision for (benefit from) income tax	**44,532,840**	37,942,785	(391,140)	28,219,333	111,492
Income (loss) after income tax	**87,814,377**	70,144,453	(530,352,162)	59,323,267	(353,315,622)
Other comprehensive income	**–**	647,658	–	362,027	–
Total comprehensive income (loss)	**₱87,814,377**	₱70,792,111	(₱530,352,162)	₱59,685,294	(₱353,315,622)
Group's share of profit (loss) for the year	**₱35,125,751**	₱28,316,844	(₱238,658,473)	₱23,874,118	(₱158,992,030)

Aggregated summarized financial information for immaterial associates follow:

	2020	2019	2018
Consolidated Statement of Comprehensive Income			
Revenue	**₱86,551,027**	₱64,177,855	₱13,429,459
Cost of sales	**(63,400,824)**	(45,552,653)	−
Sales, general and administrative expenses	**(10,703,917)**	(52,733,805)	(21,783,045)
Other income (expenses)	**(15,019,156)**	(14,098,357)	2,376,755
Loss before income tax	**(2,572,870)**	(48,206,960)	(5,976,831)
Provision for (benefit from) income tax	−	506,127	(421,022)
Loss after income tax	**(2,572,870)**	(47,700,833)	(6,397,853)
Other comprehensive income (loss)	−	(513,089)	177,550
Total comprehensive loss	**(₱2,572,870)**	(₱48,213,922)	(₱6,220,303)

The Group has unrecognized share in net losses in associates amounting to ₱2,572,870 in 2020, ₱40,671,657 in 2019 and ₱3,909,587 in 2018. The accumulated share in net losses in associates not recognized amounted to ₱47,154,114, ₱44,581,244 and ₱3,909,587 as at December 31, 2020, 2019 and 2018, respectively.

a. MLI
The Group's carrying amount of its investment in MLI is ₱909,598,051, ₱890,472,251, and ₱881,760,538 as at December 31, 2020, 2019, and 2018, respectively. The difference between the carrying amount of the Group's investment in MLI as at December 31, 2020, 2019, and 2018 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 2019, MNSPL paid the 3rd tranche of the subscription agreement with NAMZ Pte Ltd for ₱81,544,867 (SGD2,125,000) which increased its ownership interest in NAMZ Pte Ltd from 24.32% to 30.00%.

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. SFC
In April 2020, prior to the acquisition of the 55% ownership interest of NIC in SFC, the Group made additional investments in SFC amounting to ₱188,125,124. As discussed in Note 4, SFC is already a subsidiary as at December 31, 2020.

d. *CHTI*
CHTI is a company engaged in and carry on a general and commercial business by buying, selling, storage, warehouse and transport of grain and other related commodities. The Group entered into a Joint Venture Agreement with CHTI in 2018 with a 20% share for an investment of ₱20,000,000. In March 2020, the Group made an additional investment amounting to ₱60,000,000. As at December 31, 2020, CHTI has ₱400,000,000 of registered capital, of which the Group owns 20%.

The associates had no contingent liabilities or capital commitments as at December 31, 2020, 2019 and 2018.

Investment in Joint Venture

	2020	2019	2018
Acquisition costs, beginning of year	**₱379,622,817**	₱306,122,817	₱306,122,817
Additions	**–**	73,500,000	–
Acquisition costs, end of year	**379,622,817**	379,622,817	306,122,817
Accumulated equity share in net earnings:			
Balance at beginning of year	**(120,823,713)**	(84,920,937)	(83,649,071)
Share in net losses	**(5,580,600)**	(33,449,206)	–
Currency translation adjustments	**–**	(2,453,570)	(1,271,866)
	(126,404,313)	(120,823,713)	(84,920,937)
	253,218,504	258,799,104	221,201,880
Accumulated impairment loss	**(218,748,310)**	(218,748,310)	(221,201,880)
	₱34,470,194	₱40,050,794	₱–

Aggregate summarized financial information of individually-immaterial joint ventures follow:

	2020	2019	2018
Revenue	**₱36,459,435**	₱51,518,141	₱23,228,991
Expenses	**(85,619,066)**	(68,096,378)	(59,881,980)
Other income (expenses)	**6,404,292**	3,586,551	(188,524)
Loss before income tax	**(42,755,339)**	(12,991,686)	(36,841,513)
Provision for income tax	**–**	316,664	–
Loss after income tax	**(42,755,339)**	(13,308,350)	(36,841,513)
Other comprehensive loss	**(349,116)**	(368,797)	–
Total comprehensive loss	**(₱43,104,455)**	(₱13,677,147)	(₱36,841,513)

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 the business or property investment. 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, 2020, 2019, and 2018.

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 ₱100,000,000 of registered capital, of which the Group and Malee shares 48.99% each and the remaining 2.00% are held by individual investors.

Share in net losses of MMBC has exceeded the cost of investment thereby bringing the carrying value of investment in MMBC to zero. As at December 31, 2018, the Group has unrecognized share in net losses of MMBC amounting to ₱31,310,203.

In 2019, the Group made additional investment amounting to ₱73,500,000. The unrecognized share in net losses of MMBC amounting to ₱31,310,203 were recognized by the Group in 2019.

The Group has unrecognized share in net losses in joint ventures amounting to ₱37,523,855 in 2020 ₱11,538,144 in 2019 and ₱36,841,513 in 2018. The accumulated share in net losses in joint ventures not recognized amounted to ₱85,903,512, ₱48,379,657 and ₱36,841,513 as at December 31, 2020, 2019 and 2018, respectively.

The joint ventures have no contingent liabilities or capital commitments as at December 31, 2020, 2019 and 2018.

12. Property, Plant and Equipment

	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	₱470,301,100	₱5,891,398	₱7,916,782,885	₱1,631,739,739	₱145,003,401	₱25,896,529,322	₱313,768,181	₱102,407,723	₱186,911,649	₱1,211,889,800	₱5,587,261,201	₱1,764,382,111	₱276,024,703	₱39,301,349	₱87,082,713	₱45,635,277,275
Additions	–	–	551,684,298	6,721,799	195,000	108,679,681	30,997,953	7,753,303	35,584,926	725,759,903	2,286,098,002	1,086,130,071	135,483,126	3,395,698	36,721,454	5,015,205,214
Acquisition of a subsidiary (see Note 4)	–	–	457,348,539	–	–	396,585,604	12,282,073	6,510,000	2,538,325	69,554,461	–	(15,372,701)	–	–	166,025,181	1,095,471,482
Disposals	–	–	(21,323,586)	–	–	(10,583,143)	(3,383,585)	(9,836,607)	(5,002,017)	–	–	–	(14,337,427)	–	–	(64,466,365)
Reclassifications (see Note 13)	–	–	43,911,703	7,469,421	–	3,994,147,648	11,370,180	8,554,000	2,016,649	(113,320,952)	(3,954,148,649)	–	–	–	–	–
Foreign currency translation adjustments	(14,182,478)	(314,441)	(335,401,872)	(2,329,078)	–	(71,478,918)	(2,595,081)	(65,840)	12,254,505	(29,982,370)	13,823,331	–	–	–	–	(430,272,242)
Balance at end of year	456,118,622	5,576,957	8,613,001,967	1,643,601,881	145,198,401	30,313,880,194	362,439,721	115,322,579	234,304,037	1,863,900,842	3,933,033,885	2,835,139,481	397,170,402	42,697,047	289,829,348	51,251,215,364
Accumulated Depreciation																
Balance at beginning of year	–	3,603,080	3,458,531,211	663,694,915	75,306,086	14,858,205,566	236,871,856	59,333,612	138,088,935	–	–	60,588,762	52,861,717	5,309,455	34,854,453	19,647,249,648
Depreciation (see Notes 19 and 20)	–	278,353	345,435,087	116,167,062	15,386,634	1,507,036,011	43,225,734	15,088,864	30,010,798	–	–	70,411,583	57,835,821	5,121,899	31,002,494	2,237,000,340
Disposals	–	–	–	–	–	(10,007,439)	(2,902,553)	(7,032,619)	(4,962,602)	–	–	–	(6,132,506)	–	–	(31,037,719)
Foreign currency translation adjustments	–	(191,242)	(42,739,952)	(955,155)	–	(28,291,668)	(2,457,461)	(52,293)	(1,411,326)	–	–	–	–	–	–	(76,099,097)
Balance at end of year	–	3,690,191	3,761,226,346	778,906,822	90,692,720	16,326,942,470	274,737,576	67,337,564	161,725,805	–	–	131,000,345	104,565,032	10,431,354	65,856,947	21,777,113,172
Accumulated Impairment Loss																
Balance at beginning of year	–	–	191,334,766	–	966,759	1,044,599,687	–	–	36,047	530,350,542	99,921,018	–	–	–	–	1,867,208,819
Impairment loss (see Notes 3 and 21)	–	–	511,873,038	104,167,063	–	333,342,006	–	–	–	13,332,645	51,123,460	–	–	–	–	1,013,838,212
Foreign currency translation adjustments	–	–	(8,894,887)	–	–	(34,623,734)	–	–	–	–	–	–	–	–	–	(43,518,621)
Balance at end of year	–	–	694,312,917	104,167,063	966,759	1,343,317,959	–	–	36,047	543,683,187	151,044,478	–	–	–	–	2,837,528,410
Net Book Value	₱456,118,622	₱1,886,766	₱4,157,462,704	₱760,527,996	₱53,538,922	₱12,643,619,765	₱87,702,145	₱47,985,015	₱72,542,185	₱1,320,217,655	₱3,781,989,407	₱2,704,139,136	₱292,605,370	₱32,265,693	₱223,972,401	₱26,636,573,782

	2019																
	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	Machineries In-transit	Total
Cost																	
Balance at beginning of year	₱462,693,255	₱5,671,849	₱7,347,208,893	₱1,373,361,162	₱138,977,090	₱24,616,618,678	₱272,734,057	₱91,161,730	₱136,193,752	₱839,260,721	₱3,982,741,678	₱–	₱–	₱–	₱–	₱462,260,506	₱39,728,883,371
Effect of adoption of PFRS 16*	–	–	–	–	–	–	–	–	–	–	–	1,764,382,111	276,024,703	39,301,349	87,082,713	–	2,166,790,876
Balance at beginning of year, as restated	462,693,255	5,671,849	7,347,208,893	1,373,361,162	138,977,090	24,616,618,678	272,734,057	91,161,730	136,193,752	839,260,721	3,982,741,678	1,764,382,111	276,024,703	39,301,349	87,082,713	462,260,506	41,895,674,247
Additions	–	–	799,104	1,121,673	5,456,664	121,334,286	11,235,073	13,908,638	33,581,144	1,127,392,435	2,807,655,483	–	–	–	–	(462,260,506)	3,660,223,994
Disposals	–	–	–	(460,672)	–	(48,541,593)	(1,130,786)	(6,564,286)	(126,792)	–	(56,423,673)	–	–	–	–	–	(113,247,802)
Reclassifications (see Note 13)	–	–	580,589,768	256,091,371	274,821	998,279,935	29,180,263	3,855,670	16,262,237	(754,800,184)	(1,146,782,236)	–	–	–	–	–	(17,048,355)
Foreign currency translation adjustments	7,607,845	219,549	(11,814,880)	1,626,205	294,826	208,838,016	1,749,574	45,971	1,001,308	36,828	69,949	–	–	–	–	–	209,675,191
Balance at end of year	470,301,100	5,891,398	7,916,782,885	1,631,739,739	145,003,401	25,896,529,322	313,768,181	102,407,723	186,911,649	1,211,889,800	5,587,261,201	1,764,382,111	276,024,703	39,301,349	87,082,713	–	45,635,277,275
Accumulated Depreciation																	
Balance at beginning of year	–	3,185,412	3,031,273,767	551,946,479	41,298,443	13,417,587,229	199,313,432	50,308,842	113,857,396	–	–	–	–	–	–	–	17,408,771,000
Effect of adoption of PFRS 16	–	–	33,957,818	3,755,190	16,807,884	–	–	–	–	–	–	–	–	–	–	–	54,520,892
Balance at beginning of year, as restated	–	3,185,412	3,065,231,585	555,701,669	58,106,327	13,417,587,229	199,313,432	50,308,842	113,857,396	–	–	–	–	–	–	–	17,463,291,892
Depreciation (see Notes 19 and 20)	–	291,926	366,033,803	107,864,536	17,226,283	1,266,792,932	36,943,644	15,127,710	23,410,521	–	–	60,592,311	52,886,054	5,321,692	34,934,787	–	1,987,426,199
Disposals	–	–	–	(460,672)	–	(19,792,240)	(1,119,367)	(6,132,887)	(125,250)	–	–	–	–	–	–	–	(27,630,416)
Foreign currency translation adjustments	–	125,742	27,265,823	589,382	(26,524)	193,617,645	1,734,147	29,947	946,268	–	–	(3,549)	(24,337)	(12,237)	(80,334)	–	224,161,973
Balance at end of year	–	3,603,080	3,458,531,211	663,694,915	75,306,086	14,858,205,566	236,871,856	59,333,612	138,088,935	–	–	60,588,762	52,861,717	5,309,455	34,854,453	–	19,647,249,648
Accumulated Impairment Loss																	
Balance at beginning of year	–	–	160,444,737	–	966,759	957,719,587	–	–	36,047	–	6,660,963	–	–	–	–	–	1,125,828,093
Impairment loss (see Notes 3 and 21)	–	–	24,679,457	–	–	62,705,177	–	–	–	530,350,542	93,260,055	–	–	–	–	–	710,995,231
Foreign currency translation adjustments	–	–	6,210,572	–	–	24,174,923	–	–	–	–	–	–	–	–	–	–	30,385,495
Balance at end of year	–	–	191,334,766	–	966,759	1,044,599,687	–	–	36,047	530,350,542	99,921,018	–	–	–	–	–	1,867,208,819
Net Book Value	₱470,301,100	₱2,288,318	₱4,266,916,908	₱968,044,824	₱68,730,556	₱9,993,724,069	₱76,896,325	₱43,074,111	₱48,786,667	₱681,539,258	₱5,487,340,183	₱1,703,793,349	₱223,162,986	₱33,991,894	₱52,228,260	₱–	₱24,120,818,808

**Impact of the Group's reassessment of the useful life of leasehold improvements in line with PIC Q&A No. 2019-12, Determining the lease term under PFRS 16, Leases, when the Group adopted PFRS 16 in 2019.*

	2018												
	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	Machineries In-transit	Total
Cost													
Balance at beginning of year	₱733,393,193	₱232,054,051	₱7,294,755,986	₱993,072,186	₱106,938,172	₱23,287,615,990	₱240,731,789	₱93,190,600	₱165,760,774	₱1,505,225,332	₱2,194,653,955	₱–	₱36,847,392,028
Additions	3,252,155	–	3,530,316	9,733,391	26,206,511	108,843,437	35,184,575	21,515,025	19,634,997	793,164,376	3,037,689,958	462,260,506	4,521,015,247
Disposals	(213,190,720)	–	(265,805)	–	–	(307,893,615)	(1,747,678)	(18,758,151)	(217,469)	–	–	–	(542,073,438)
Sale of a subsidiary (see Note 4)	(73,912,315)	(226,700,145)	(134,623,008)	–	–	(668,775,122)	(20,515,118)	(6,266,603)	(51,569,850)	–	(129,456,048)	–	(1,311,818,209)
Reclassifications	–	–	86,801,461	368,200,571	6,418,752	2,100,195,628	16,459,922	1,414,286	1,149,051	(1,460,358,716)	(1,120,280,955)	–	–
Foreign currency translation adjustments	13,150,942	317,943	97,009,943	2,355,014	(586,345)	96,632,360	2,620,567	66,573	1,436,249	1,229,729	134,768	–	214,367,743
Balance at end of year	462,693,255	5,671,849	7,347,208,893	1,373,361,162	138,977,090	24,616,618,678	272,734,057	91,161,730	136,193,752	839,260,721	3,982,741,678	462,260,506	39,728,883,371
Accumulated Depreciation													
Balance at beginning of year	–	2,739,339	2,674,357,987	442,641,074	34,179,115	12,449,389,905	182,919,811	58,583,702	101,651,561	–	–	–	15,946,462,494
Depreciation (see Notes 19 and 20)	–	285,223	332,436,544	108,669,867	7,119,328	1,394,734,214	41,449,365	14,409,934	20,895,619	–	–	–	1,920,000,094
Sale of a subsidiary (see Note 4)	–	–	(10,407,863)	–	–	(282,334,322)	(25,598,034)	(5,367,765)	(9,713,832)	–	–	–	(333,421,816)
Disposals	–	–	(9,470)	–	–	(261,702,860)	(1,747,602)	(17,342,553)	(217,468)	–	–	–	(281,019,953)
Foreign currency translation adjustments	–	160,850	34,896,569	635,538	–	117,500,292	2,289,892	25,524	1,241,516	–	–	–	156,750,181
Balance at end of year	–	3,185,412	3,031,273,767	551,946,479	41,298,443	13,417,587,229	199,313,432	50,308,842	113,857,396	–	–	–	17,408,771,000
Accumulated Impairment Loss													
Balance at beginning of year	–	–	145,999,891	–	966,759	356,286,538	–	–	36,047	–	6,660,963	–	509,950,198
Impairment loss (see Notes 3 and 21)	–	–	5,811,821	–	–	581,867,098	–	–	–	–	–	–	587,678,919
Foreign currency translation adjustments	–	–	8,633,025	–	–	19,565,951	–	–	–	–	–	–	28,198,976
Balance at end of year	–	–	160,444,737	–	966,759	957,719,587	–	–	36,047	–	6,660,963	–	1,125,828,093
Net Book Value	₱462,693,255	₱2,486,437	₱4,155,490,389	₱821,414,683	₱96,711,888	₱10,241,311,862	₱73,420,625	₱40,852,888	₱22,300,309	₱839,260,721	₱3,976,080,715	₱462,260,506	₱21,194,284,278

Machineries under installation pertain to plant equipment for various product lines that are still under installation which are expected to be completed in 2021 to 2022. Additions to machineries under installation include costs for the construction of a new production and research and development facilities.

Construction in-progress pertains to the construction of an additional building which is expected to be completed in 2021 to 2022. There were no capitalized borrowing costs as the construction in-progress were funded by cash from operations.

Machineries in-transit are plant equipment that the supplier already shipped but have not yet arrived at the Group's dock.

In 2020, 2019 and 2018, the Group sold property, plant and equipment with a total net book value of ₱33,428,646, ₱85,617,386 and ₱261,053,485, respectively, for a cash consideration of ₱36,130,192 in 2020, ₱4,279,177 in 2019 and ₱244,050,218 in 2018. The net gains on these disposals were recognized in the consolidated statement of other comprehensive income.

There are no idle property, plant and equipment as at December 31, 2020, 2019, and 2018.

The Group has no property, plant and equipment used as collateral as at December 31, 2020, 2019 and 2018.

13. **Intangible Assets**

	2020					
	Goodwill	**Brand**	**Distribution Rights**	**Trademarks**	**Software**	**Total**
Cost						
Balance at beginning of year	**₱16,187,353,231**	**₱17,588,079,889**	**₱727,560,000**	**₱3,483,386**	**₱259,762,333**	**₱34,766,238,839**
Additions	**–**	**–**	**–**	**–**	**14,351,835**	**14,351,835**
Acquisition of a subsidiary (see Note 4)	**–**	**–**	**–**	**14,459,000**	**261,800**	**14,720,800**
Foreign currency translation adjustments	**(335,998,831)**	**(363,202,470)**	**–**	**(71,548)**	**(1,634,366)**	**(700,907,215)**
Balance at end of year	**15,851,354,400**	**17,224,877,419**	**727,560,000**	**17,870,838**	**272,741,602**	**34,094,404,259**
Accumulated Amortization						
Balance at beginning of year	**–**	**41,465,290**	**197,047,500**	**2,173,561**	**99,027,579**	**339,713,930**
Amortization (see Notes 19 and 20)	**–**	**–**	**36,378,000**	**428,112**	**29,511,848**	**66,317,960**
Foreign currency translation adjustments	**–**	**(860,690)**	**–**	**–**	**(1,239,954)**	**(2,100,644)**
Balance at end of year	**–**	**40,604,600**	**233,425,500**	**2,601,673**	**127,299,473**	**403,931,246**
Accumulated Impairment Loss	**–**	**90,141,998**	**–**	**–**	**–**	**90,141,998**
Net Book Value	**₱15,851,354,400**	**₱17,094,130,821**	**₱494,134,500**	**₱15,269,165**	**₱145,442,129**	**₱33,600,331,015**

	2019					
	Goodwill	Brand	Distribution Rights	Trademarks	Software	Total
Cost						
Balance at beginning of year	₱16,368,917,207	₱17,784,343,919	₱727,560,000	₱4,365,891	₱188,278,190	₱35,073,465,207
Additions	–	–	–	–	54,980,481	54,980,481
Reclassifications (see Note 12)	–	–	–	–	17,048,355	17,048,355
Foreign currency translation adjustments	(181,563,976)	(196,264,030)	–	(882,505)	(544,693)	(379,255,204)
Balance at end of year	16,187,353,231	17,588,079,889	727,560,000	3,483,386	259,762,333	34,766,238,839
Accumulated Amortization						
Balance at beginning of year	–	41,930,381	160,669,500	2,173,561	69,817,743	274,591,185
Amortization (see Notes 19 and 20)	–	–	36,378,000	–	28,713,165	65,091,165
Foreign currency translation adjustments	–	(465,091)	–	–	496,671	31,580
Balance at end of year	–	41,465,290	197,047,500	2,173,561	99,027,579	339,713,930
Accumulated Impairment Loss	–	90,141,998	–	–	–	90,141,998
Net Book Value	₱16,187,353,231	₱17,456,472,601	₱530,512,500	₱1,309,825	₱160,734,754	₱34,336,382,911

	2018						
	Goodwill	Brand	Distribution Rights	Trademarks	Recipes	Software	Total
Cost							
Balance at beginning of year	₱22,411,964,556	₱20,560,291,967	₱727,560,000	₱4,176,466	₱83,586,459	₱176,934,337	₱43,964,513,785
Additions	–	–	–	61,552	–	9,904,197	9,965,749
Sale of a subsidiary (see Note 4)	(5,848,130,670)	(2,548,689,314)	–	–	(79,644,435)	–	(8,476,464,419)
Foreign currency translation adjustments	(194,916,679)	(227,258,734)	–	127,873	(3,942,024)	1,439,656	(424,549,908)
Balance at end of year	16,368,917,207	17,784,343,919	727,560,000	4,365,891	–	188,278,190	35,073,465,207
Accumulated Amortization							
Balance at beginning of year	–	42,171,525	124,291,500	2,037,818	59,060,127	51,119,257	278,680,227
Amortization (see Notes 19 and 20)	–	–	36,378,000	135,743	16,921,814	17,542,452	70,978,009
Sale of a subsidiary (see Note 4)	–	–	–	–	(72,203,676)	–	(72,203,676)
Foreign currency translation adjustments	–	(241,144)	–	–	(3,778,265)	1,156,034	(2,863,375)
Balance at end of year	–	41,930,381	160,669,500	2,173,561	–	69,817,743	274,591,185
Accumulated Impairment Loss							
Balance at beginning of year	3,280,951,614	1,086,106,995	–	–	–	–	4,367,058,609
Impairment loss (see Notes 3 and 21)	2,700,618,597	764,720,544	–	–	–	–	3,465,339,141
Sale of a subsidiary (see Note 4)	(5,848,130,670)	(1,665,322,500)	–	–	–	–	(7,513,453,170)
Foreign currency translation adjustments	(133,439,541)	(95,363,041)	–	–	–	–	(228,802,582)
Balance at end of year	–	90,141,998	–	–	–	–	90,141,998
Net Book Value	₱16,368,917,207	₱17,652,271,540	₱566,890,500	₱2,192,330	₱–	₱118,460,447	₱34,708,732,024

Goodwill and brand were acquired through business combinations.

Goodwill, brand and trademark per entity are as follows:

	2020			2019		2018	
	Goodwill	**Brand**	**Trademark**	Goodwill	Brand	Goodwill	Brand
MNUKL	**₱15,851,354,400**	**₱17,094,130,821**	**₱–**	₱16,187,353,231	₱17,456,472,601	₱16,368,917,207	₱17,652,271,540
MNC	**–**	**–**	**14,459,000**	–	–	–	–
Total	**₱15,851,354,400**	**₱17,094,130,821**	**₱14,459,000**	₱16,187,353,231	₱17,456,472,601	₱16,368,917,207	₱17,652,271,540

The Group performed its annual impairment test in December 2020, 2019, and 2018 (see Note 3).

Distribution rights were from the Parent Company's Distribution, and Marketing and Sales Development Agreement with SSCC wherein SSCC appointed the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years (until July 25, 2034) (see Note 27).

14. Other Noncurrent Assets

	2020	2019	2018
Deferred input VAT for amortization	**₱279,133,013**	₱242,445,121	₱250,216,821
Advances to suppliers and contractors	**637,524,324**	374,239,648	741,673,938
Refundable and other deposits	**75,805,823**	123,210,590	76,135,610
Withholding tax receivables	**47,344,650**	–	–
Advances to employees	**42,524,141**	67,191,544	27,750,739
Others	**21,311,822**	34,109,817	8,752,620
	1,103,643,773	841,196,720	1,104,529,728
Less allowance for advances to suppliers and contractors (see Note 4)	**55,786,696**	55,786,696	55,786,696
	₱1,047,857,077	₱785,410,024	₱1,048,743,032

Deferred input VAT pertains to input VAT from acquisition of capital goods which are claimed over 5 years.

Advances to suppliers and contractors comprise mainly of advance payments for major equipment and construction/improvements of plant sites and office spaces.

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**

	2020	2019	2018
Trade payables			
Non-related parties	**₱4,648,497,052**	₱4,258,437,543	₱4,411,282,461
Related parties (see Note 23)	**35,708,765**	43,156,596	174,856,601
Nontrade payables	**2,449,581,739**	2,240,888,860	2,736,055,144
Accruals for:			
Advertising and promotions	**936,724,458**	1,079,849,060	1,127,905,946
Personnel costs	**436,262,880**	2,254,743	1,825,449
Selling, general and administrative expenses	**337,168,684**	303,132,183	111,673,736
Trade spend	**235,041,191**	189,596,083	225,717,993
Interest	**166,287,725**	237,886,093	196,363,354
Freight	**63,786,546**	81,083,402	85,999,299
Other accruals	**228,241,544**	180,408,686	244,044,936
Statutory payables	**400,828,394**	297,077,620	288,862,479
Others	**202,547,206**	101,872,923	43,522,685
	₱10,140,676,184	₱9,015,643,792	₱9,648,110,083

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.

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 ₱2,067,053,437 in 2020, ₱1,962,867,270 in 2019, and ₱3,996,745,069 in 2018.

Refund Liabilities

As at December 31, 2020, 2019 and 2018, the Group's refund liabilities consist of the following:

	2020	2019	2018
Refund liabilities			
Arising from rights of return	**₱166,969,747**	₱189,982,240	₱202,702,033
Arising from retrospective volume rebates	**112,726,400**	69,400,570	139,272,720
	₱279,696,147	₱259,382,810	₱341,974,753

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 3.25% in 2020, 3.13% in 2019, and 2.62% in 2018.

The Group has outstanding acceptance and trust receipts payable amounting to ₱605,902,034, ₱2,593,955,292, and ₱2,405,377,495 as at December 31, 2020, 2019, and 2018, respectively.

The Group recognized interest expense amounting to ₱32,770,183 in 2020, ₱85,566,233 in 2019 and ₱54,076,585 in 2018 (see Note 21).

17. Loans Payable and Convertible Note

Loans Payable

	2020	2019	2018
Parent Company	**₱22,325,000,000**	₱26,470,786,380	₱38,691,626,880
MNUKL	**7,302,376,400**	7,457,163,800	−
SFC	**110,000,000**	−	−
MNSPL	**−**	−	2,315,096,627
MNIIL	**−**	−	2,362,348,391
	29,737,376,400	33,927,950,180	43,369,071,898
Current portion	**(9,559,593,645)**	(11,245,786,380)	(11,470,831,258)
Unamortized debt issue costs	**(191,374,744)**	94,243,252	634,375,186
	₱19,986,408,011	₱22,776,407,052	₱32,532,615,826

Details of the Group's loans are as follow:

Description	Maturities	Interest Rates	**2020** US$/£ Balances	**2020** Php Equivalent	2019 US$/£ Balances	2019 Php Equivalent	2018 US$/£ Balances	2018 Php Equivalent
Parent								
₱18,700,000,000 Floating Rate Corporate Notes (FRCNs)	December 2022	3-day average of the 3-Month PDST-R2 + 60 bps p.a. until December 29, 2018 and after which 3-day average of the 3-Month BVAL + 75 bps (subject to floor rate of the BSP overnight borrowing rate)	**$–**	**₱8,736,666,667**	$–	₱8,736,666,667	$–	₱17,600,000,000
₱9,000,000,000 FRCN	October 2021	Average 3-month BVAL rate + 100 bps or BSP RRP rate + 25 bps, whichever is higher	**–**	**5,486,666,667**	–	5,576,666,667	–	9,000,000,000
₱4,550,000,000 FRCN	November 2023	Average 3-month BVAL rate + 125 bps	**–**	**1,001,666,666**	–	1,081,666,666	–	2,500,000,000
₱7,100,000,000 Fixed Rate Note (FXCN)	October 2023	4.50% until October 2020 and 3.75% thereafter until maturity	**–**	**7,100,000,000**	–	7,100,000,000	–	7,100,000,000
₱850,000,000 short term loan	November 2019	3.25%	**–**	**–**	–	–	–	850,000,000
£25,000,000 term loan	October 2020	3.00%	**–**	**–**	£23,800,000	1,570,623,880	£24,600,000	1,641,626,880
$47,500,000 short term loan	July 2019 extended every month until October 2020	3.50%	**–**	**–**	$47,500,000	2,405,162,500	–	–
Total Parent Company loan				**22,325,000,000**		26,470,786,380		38,691,626,880
MNUKL								
£113,000,000 term loan	March 2024	Margin and LIBOR	**£113,000,000**	**7,302,376,400**	£113,000,000	7,457,163,800	£–	–
SFC								
₱110,000,000 short term loan	January 2021	Floating between 4.75% to 5.00%	**–**	**110,000,000**	–	–	–	–
MNSPL								
₱2,315,096,627 short-term promissory note	January 2019	2.69% p.a.	**–**	**–**	–	–	–	2,315,096,627
MNIIL								
₱2,362,348,391 short-term promissory note	January 2019	2.25% p.a.	**–**	**–**	–	–	–	2,362,348,391
				₱29,737,376,400		₱33,927,950,180		₱43,369,071,898

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 3.50x until December 31, 2018. Thereafter, 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.

In 2016, the Parent Company and the financial institutions agreed to amend the definitions of debt to equity ratio and of shareholder's equity to exclude deferred tax liabilities related to any acquisitions made by the Group from the total liabilities and to exclude the cumulative translation adjustment account from the shareholder's equity.

As at December 31, 2020, 2019, and 2018, 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 ₱165,066,284, which is recorded under "Interest income" account in the consolidated statement of comprehensive income (see Note 21).

Interest expense related to the loan amounted to ₱952,751,987 in 2020, ₱1,737,608,606 in 2019, and ₱1,691,078,443 in 2018 (see Note 21).

b. *MNUKL Loan*
MNUKL has an outstanding unsecured loans payable amounting to ₱7,302,376,400 (£113,000,000), ₱7,457,163,800 (£113,000,000), and nil as at December 31, 2020, 2019, and 2018, respectively. Interest rate is based on Margin and LIBOR.

These loans have the following financial covenants:

i. MNUKL 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. MNUKL is required to maintain an interest cover of greater than 4.0x from March 31, 2019 and each quarter thereafter.

Interest expense related to the loan amounted to ₱201,502,338 in 2020, ₱161,716,682 in 2019 and nil in 2018 (see Note 21).

As at December 31, 2020, 2019, and 2018, the Group is in compliance with the financial covenants.

c. *SFC*
In 2020, SFC obtained additional unsecured short-term loan from a financial institution amounting to ₱110,000,000 with floating interest between 5% to 5.25% per annum and is payable monthly. As at December 31, 2020, outstanding loan from a financial institution amounted to ₱110,000,000.

Interest expense related to the loan amounted to ₱9,307,781 in 2020 (see Note 21).

d. *MNSPL*
MNSPL has an outstanding unsecured short-term promissory note amounting to nil as at December 31, 2020 and 2019, and ₱2,315,096,627 as at December 31, 2018, with an annual interest rate of 2.69%.

Interest expense related to the loan amounted to nil in 2020, ₱14,145,375 in 2019 and ₱6,546,531 in 2018 (see Note 21).

e. *MNIIL*
MNIIL has an outstanding unsecured short-term promissory note amounting to nil as at December 31, 2020 and 2019, and ₱2,362,348,391 as at December 31, 2018, with an annual interest rate of 2.25%. These loans are guaranteed by the Parent Company.

Interest expense related to the loan amounted to nil in 2020, ₱5,615,662 in 2019 and ₱2,440,731 in 2018 (see Note 21).

Convertible Note
On February 5, 2019, the Parent Company and Arran Investment Pte. Ltd. (Investor or Arran), 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 ₱9,122,684,658 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 (see Note 18), representing 7.00% of the issued and outstanding shares of the Parent Company on a fully-diluted basis (6.44% of the issued and outstanding shares of the Parent Company in 2021 as a result of the issuance of the Parent Company's common shares to MY Crackers, Inc, (MCI) (see Note 29)). On April 12, 2019, the Parent Company issued to the Investor 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 $174,810,958. 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. 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 (see Note 26) on issuance date of the Convertible Note.

Shown below are the movements in the value of the host liability:

	2020	2019
Host liability:		
Beginning balance	**₱7,257,979,719**	₱–
Gross proceeds	**–**	7,266,558,087
Unrealized foreign exchange gain	**(580,435,191)**	–
Accretion of interest (see Note 21)	**406,994,503**	317,974,963
Payments of cash variable interest	**(105,000,000)**	(105,000,000)
Amortization of debt issue cost	**47,624,471**	33,186,667
Debt issue cost	**–**	(254,739,998)
	₱7,027,163,502	₱7,257,979,719

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. Cash variable interests, net of payments, amounted to ₱82,916,118 in 2020 and ₱283,195,139 in 2019 (see Note 21).

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 29.

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

	2020	2019	2018
Balance at beginning of year	**₱127,310,079**	(₱634,375,186)	(₱379,209,530)
Amortization during the year (see Note 21)	**74,989,556**	295,081,323	(322,865,656)
Additions during the year	**165,066,284**	466,544,462	67,700,000
Foreign currency translation adjustments	**(2,062,315)**	59,480	–
Balance at end of year	**₱365,303,604**	₱127,310,079	(₱634,375,186)

18. **Equity**

Capital Stock

	2020	2019	2018	Amount
Capital stock				
Par value	₱1	₱1	₱100	
Authorized number of shares	12,000,000,000	12,000,000,000	120,000,000	₱12,000,000,000
Issued and subscribed	6,570,000,000	6,570,000,000	65,700,000	₱6,570,000,000

On September 25, 2019, the SEC approved the reduction of the Group's par value per share from ₱100.00 to ₱1.00. Accordingly, the Group's outstanding capital stock has increased from 65,700,000 shares to 6,570,000,000 shares even though the aggregate value remains the same at ₱6,570,000,000.

On March 1, 2021, majority of the BOD and stockholders representing at least two-thirds (2/3) of the Parent Company's total issued and outstanding capital stock approved the amendment of the Parent Company's Articles of Incorporation to reflect, among others, the decrease in par value of the common shares of the Parent Company from ₱1.00 to ₱0.50 per common share. Such decrease in par value and the corresponding amendment to the Articles of Incorporation of the Parent Company are subject to approval by the SEC (see Note 29).

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
November 7, 2018	₱24.50	₱1,609,650,000
December 7, 2018	1.55	101,835,000
June 26, 2019	46.50	3,055,050,000
November 6, 2019	0.32	2,102,400,000
October 1, 2020	0.15	985,500,000
November 5, 2020	0.23	1,511,100,000

In 2020, 2019, and 2018, the BOD also approved the following:

- Reversal of the 2017 appropriation for ₱7,999,600,000 for dividends, expansions, and other capital requirements.

- Appropriation of ₱6,948,400,000 from the Parent Company's retained earnings for dividends, expansions and other capital requirements in 2019.

- Reversal of the 2018 appropriation for ₱6,948,400,000 for dividends, expansions, and other capital requirements.

- Appropriation of ₱6,200,000,000 from the Parent Company's retained earnings for dividends, expansions, and other capital requirements, and to comply with the financial covenants in 2020.

- Reversal of the 2019 appropriation for ₱8,200,000,000 for dividends, expansions, and other capital requirements.

- Appropriation of ₱10,700,000,000 from the Parent Company's retained earnings for dividends, expansions, and other capital requirements, and to comply with the financial covenants in 2021.

MMYSC
In 2020, 2019, and 2018, the BOD approved the following:

- Release of the 2017 appropriation for ₱184,500,000 for plant capacity expansion.

- Appropriation of ₱632,000,000 for expansion and other capital requirements which are expected to be completed in 2019-2020.

- Release of the 2018 appropriation for ₱818,000,000 for plant capacity expansion.

- Appropriation of ₱717,000,000 for expansion and other capital requirements which are expected to be completed in 2020-2021.

- Release of 2019 appropriation of ₱717,000,000 for plant capacity expansion.

- Appropriation of ₱410,884,000 for expansion and other capital requirements which are expected to be completed in 2021-2022.

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 ₱16,578,000. The statutory reserve of MIL amounted to ₱44,452,000 as at December 31, 2020 and 2019, and ₱27,874,000 as at December 31, 2018.

The Group's appropriated retained earnings follows:

	2020		2019		2018	
	Expected Completion	**Amount**	Expected Completion	Amount	Expected Completion	Amount
Appropriation to comply with financial covenants (see Note 17)		**₱4,200,000,000**		₱2,000,000,000		₱2,000,000,000
Expansions and capital expenditures*	**2021-2022**	**4,410,884,000**	2020-2021	4,717,000,000	2019-2020	4,666,400,000
Dividends	**2021**	**2,500,000,000**	2020	1,500,000,000	2019	3,100,000,000
MIL statutory reserve	**Indefinite**	**44,452,000**	Indefinite	44,452,000	Indefinite	27,874,000
		₱11,155,336,000		₱8,261,452,000		₱9,794,274,000

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, 2020, 2019, and 2018, undistributed retained earnings of subsidiaries amounting to ₱12,177,213,308, ₱12,635,596,323, and ₱10,962,010,543, 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 ₱2,455,336,000, ₱2,561,452,000, and ₱2,533,374,000 as at December 31, 2020, 2019, and 2018, respectively.

Equity Reserve

	2020	2019	2018
MNTH (see Note 4)	**(₱115,391,054)**	(₱115,391,054)	(₱122,356,856)
MNAC (see Note 4)	**(7,732,696)**	(7,732,696)	(7,732,696)
KBT (see Note 4)	**33,361,312**	33,361,312	33,361,312
	(₱89,762,438)	(₱89,762,438)	(₱96,728,240)

Cumulative Translation Adjustments

	2020	2019	2018
MNSPL (see Note 26)	**₱4,046,231,894**	₱3,089,610,834	₱2,956,264,192
MNIIL	**186,341,768**	167,316,549	60,898,409
MNTH	**68,095,679**	(25,315,005)	(51,919,987)
MIL	**66,114,825**	34,744,411	(457,042,000)
	₱4,366,784,166	₱3,266,356,789	₱2,508,200,614
Attributable to:			
Equity holders of the Parent	**₱4,366,784,166**	₱3,266,356,789	₱2,515,166,416
Non-controlling interests	**–**	–	(6,965,802)
	₱4,366,784,166	₱3,266,356,789	₱2,508,200,614

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

Basic EPS

	2020	2019	2018
Net income attributable to equity holders of the parent:			
Continuing operations	**₱7,340,900,485**	₱5,827,171,431	₱3,971,737,976
Discontinued operation	**–**	–	(1,931,542,229)
	7,340,900,485	5,827,171,431	2,040,195,747
Common shares	**6,570,000,000**	6,570,000,000	6,570,000,000
Basic EPS from continuing operations	**₱1.12**	₱0.89	₱0.60
Basic EPS from discontinued operations	**₱–**	₱–	(₱0.29)

Diluted EPS

	2020	2019	2018
Net income attributable to equity holders of the parent:			
Continuing operations	**₱7,340,900,485**	₱5,827,171,431	₱3,971,737,976
Discontinued operation	**–**	–	(1,931,542,229)
	7,340,900,485	5,827,171,431	2,040,195,747
Adjustments, net of tax:			
Unrealized foreign exchange gain	**(406,304,634)**	–	–
Accretion of interest	**284,896,152**	222,582,474	–
Derivative loss	**134,645,262**	325,786,465	–
Cash variable interest	**58,041,283**	198,236,597	–
Accretion of debt issue cost	**33,337,130**	23,230,667	
	7,445,515,678	6,597,007,634	2,040,195,747
Common shares	**6,570,000,000**	6,570,000,000	6,570,000,000
Effects of dilution from Convertible Note (see Note 17)	**494,516,100**	350,282,238	–
Weighted average number of shares	**7,064,516,100**	6,920,282,238	6,570,000,000
Diluted EPS from continuing operations	**₱1.05**	₱0.95	₱0.60
Diluted EPS from discontinued operations	**₱–**	₱–	(₱0.29)

The number of common shares in 2018 have been adjusted for the effect of the reduction in par value approved by the SEC on September 25, 2019 as discussed above.

19. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	2020	2019	2018
APAC BFB			
Philippines	**₱50,913,349,369**	₱48,825,060,255	₱47,038,545,596
Thailand	**1,884,396,237**	1,081,509,569	1,063,473,849
New Zealand	**63,725,205**	326,848,862	218,361,648
Singapore	**49,102,537**	26,463,265	69,144,381
	52,910,573,348	50,259,881,951	48,389,525,474
Meat Alternative			
United Kingdom	**15,034,938,040**	15,190,992,817	14,977,565,499
	₱67,945,511,388	₱65,450,874,768	₱63,367,090,973

All revenues are recognized at a point in time.

Cost of Goods Sold

	2020	2019	2018
Direct materials	**₱31,119,205,613**	₱28,768,209,205	₱27,926,931,179
Direct labor (see Note 20)	**3,264,154,632**	2,926,775,947	3,275,601,214
Manufacturing overhead:			
Depreciation and amortization (see Notes 12 and 13)	**1,898,518,286**	1,675,955,774	1,616,349,784
Repairs and maintenance	**1,416,468,654**	1,312,573,187	1,132,642,080
Plant utilities and other consumption	**1,057,545,518**	1,171,372,579	1,029,311,701
Indirect labor (see Note 20)	**977,495,880**	1,047,310,568	657,083,932
Light and water	**704,279,083**	731,312,801	1,002,408,503
Steam	**489,334,743**	446,291,603	430,622,766
Rent (see Notes 23 and 25)	**50,062,594**	43,333,791	76,695,833
Others	**1,185,961,427**	1,713,232,128	969,066,075
Total manufacturing costs	**42,163,026,430**	39,836,367,583	38,116,713,067
Inventory movements (see Note 7):			
Finished goods	**(371,622,341)**	202,378,562	1,051,740,936
Work in-process	**(351,887,427)**	155,385,950	13,832,141
	₱41,439,516,662	₱40,194,132,095	₱39,182,286,144

20. **Sales, General and Administrative Expenses**

	2020	2019	2018
Salaries, wages and employee benefits (see Note 21)	**₱3,805,016,011**	₱3,257,519,259	₱2,689,309,841
Advertising and promotional expenses	**3,356,573,553**	3,503,994,312	4,414,146,533
Transportation and delivery	**2,518,207,112**	2,508,288,897	4,115,149,046
Outside services	**1,082,882,449**	1,156,293,112	1,025,415,146
Depreciation and amortization (see Notes 12 and 13)	**404,800,014**	376,561,590	266,734,252
Taxes and licenses	**348,937,359**	299,869,058	327,161,422
Fringe benefit tax	**219,937,238**	112,492,812	107,414,397
Repairs and maintenance	**216,555,207**	389,727,526	308,909,246
Dealer support	**173,499,057**	202,045,044	203,790,298
Insurance	**168,487,684**	106,843,322	87,047,175
Research and development	**159,599,422**	126,308,811	122,319,526
Provision for ECL and write-off (see Notes 6 and 9)	**114,342,623**	29,792,179	191,135,300
Project costs	**102,682,304**	180,561,817	5,273,843
Warehouse supplies	**64,943,866**	100,088,843	72,517,696
Light, water, and telecommunication	**61,513,429**	97,995,655	79,926,714
Entertainment, amusement and recreation	**17,610,582**	17,331,784	70,968,025
Rent (see Notes 23 and 25)	**7,438,098**	35,924,180	168,015,184
Others	**586,303,120**	639,594,285	661,204,963
	₱13,409,329,128	₱13,141,232,486	₱14,916,438,607

21. Interest Income and Expense, Impairment Loss, Depreciation and Amortization Expense, Personnel Costs and Miscellaneous Income

Interest Income

	2020	2019	2018
Gain on loan modification (see Note 17)	**₱165,066,284**	₱–	₱–
Cash and cash equivalents (see Note 5)	**81,598,461**	288,273,735	92,004,761
Noncurrent receivables (see Note 9)	**15,864,873**	16,157,638	16,368,374
	₱262,529,618	₱304,431,373	₱108,373,135

Interest Expense

	2020	2019	2018
Interest on loans payable (see Note 17)	**₱1,163,562,106**	₱1,919,086,325	₱1,700,065,705
Accretion of interest on convertible note (see Note 17)	**406,994,503**	317,974,963	–
Interest expense on lease liabilities (see Note 25)	**153,705,385**	117,857,500	–
Cash variable interest (see Note 17)	**82,916,118**	283,195,139	–
Acceptance and trust receipts payable (see Note 16)	**32,770,183**	85,566,233	54,076,585
Amortization of debt issue costs (see Note 17)	**(74,989,556)**	(295,081,323)	322,865,656
Others	**21,184,326**	9,791,611	595,505
	₱1,786,143,065	₱2,438,390,448	₱2,077,603,451

Impairment Loss

	2020	2019	2018
Property, plant and equipment (see Notes 3 and 12)	**₱1,013,838,212**	₱710,995,231	₱587,678,919
Intangible assets (see Notes 3 and 13)	–	–	94,984,730
Investments in associates and joint venture (see Notes 3 and 11)	–	79,842,251	142,291,386
	₱1,013,838,212	₱790,837,482	₱824,955,035

Personnel Costs

	2020	2019	2018
Cost of goods sold:			
Direct labor (see Note 19)	**₱3,228,042,445**	₱2,897,396,762	₱3,247,059,924
Indirect labor (see Note 19)	**977,495,880**	1,047,310,568	657,083,932
Retirement expense (see Notes 19 and 22)	**36,112,187**	29,379,185	28,541,290
Sales, general and administrative expenses:			
Salaries and wages (see Note 20)	**2,815,487,170**	2,623,577,436	2,136,996,920
Employee benefits (see Note 20)	**969,612,187**	590,521,928	513,626,475
Retirement expense (see Notes 20 and 22)	**19,916,654**	43,419,895	38,686,446
	₱8,046,666,523	₱7,231,605,774	₱6,621,994,987

Depreciation and Amortization Expense

	2020	2019	2018
Cost of goods sold (see Note 19)	**₱1,898,518,286**	₱1,675,955,774	₱1,616,349,784
Sales, general and administrative expense (see Note 20)	**404,800,014**	376,561,590	266,734,252
	₱2,303,318,300	₱2,052,517,364	₱1,883,084,036

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 allowance for ECL, gain from disposal of shares of stocks, bargain purchase 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, 2020.

The Group's plan assets are managed and maintained by a local bank.

Changes in the net defined benefit liability in 2020, 2019, and 2018 follow:

	2020						Remeasurements in OCI							
	January 1, 2020	Current Service Cost	Net Interest Cost	Subtotal	Past Service Cost	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	(₱764,159,322)	(₱45,710,687)	(₱40,873,691)	(₱86,584,378)	₱–	₱129,066,636	₱6,702,168	(₱237,456,875)	(₱109,592,912)	₱–	(₱340,347,619)	₱–	₱11,355,765	(₱1,050,668,918)
Fair value of plan asset	574,038,009	–	30,555,537	30,555,537	–	(88,122,966)	–	–	–	9,582,535	9,582,535	43,134,917	–	569,188,032
Net pension liability	(₱190,121,313)	(₱45,710,687)	(₱10,318,154)	(₱56,028,841)	₱–	₱40,943,670	₱6,702,168	(₱237,456,875)	(₱109,592,912)	₱9,582,535	(₱330,765,084)	₱43,134,917	₱11,355,765	(₱481,480,886)

	2019						Remeasurements in OCI							
	January 1, 2019	Current Service Cost	Net Interest Cost	Subtotal	Past Service Cost	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, 2019
Present value of defined benefit obligation	(₱777,009,489)	(₱55,098,477)	(₱58,585,956)	(₱113,684,433)	(₱6,432,332)	₱113,028,395	(₱9,084,922)	₱23,879,437	₱6,302,273	₱–	₱21,096,788	₱–	(₱1,158,251)	(₱764,159,322)
Fair value of plan asset	541,878,010	–	40,885,353	40,885,353	–	(79,475,324)	–	–	–	13,073,448	13,073,448	57,676,522	–	574,038,009
Net pension liability	(₱235,131,479)	(₱55,098,477)	(₱17,700,603)	(₱72,799,080)	(₱6,432,332)	₱33,553,071	(₱9,084,922)	₱23,879,437	₱6,302,273	₱13,073,448	₱34,170,236	₱57,676,522	(₱1,158,251)	(₱190,121,313)

	2018	Net Benefit Cost in Profit or Loss				Remeasurements in OCI							
	January 1, 2018	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Changes in Experience Adjustments	Remeasurement Loss on Plan Asset	Subtotal	Contributions by Employer	Foreign Currency Translation Adjustments	December 31, 2018
Present value of defined benefit obligation	(₱813,045,438)	(₱53,064,692)	(₱46,194,990)	(₱99,259,682)	₱62,552,824	₱152,358,315	(₱34,465,047)	(₱43,768,693)	₱–	₱74,124,575	₱–	(₱1,381,768)	(₱777,009,489)
Fair value of plan asset	556,503,419	–	32,031,946	32,031,946	(60,390,587)	–			(43,943,290)	(43,943,290)	57,676,522	–	541,878,010
Net pension liability	(₱256,542,019)	(₱53,064,692)	(₱14,163,044)	(₱67,227,736)	₱2,162,237	₱152,358,315	(₱34,465,047)	(₱43,768,693)	(₱43,943,290)	₱30,181,285	₱57,676,522	(₱1,381,768)	(₱235,131,479)

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:

	2020	2019	2018
Debt instruments:			
Fixed rate treasury notes and retail treasury bonds	**₱456,614,028**	₱458,321,034	₱336,615,943
Corporate bond and fixed-rate notes	**103,635,952**	86,275,126	139,928,619
Unquoted debt securities	**–**	18,600,000	18,800,000
Cash and cash equivalents	**8,855**	11,515	21,627,702
Investments in UITF	**5,721,296**	5,746,823	20,307,254
Others	**3,906,828**	5,757,938	5,307,691
Liabilities	**(698,927)**	(674,427)	(709,199)
	₱569,188,032	₱574,038,009	₱541,878,010

The plan assets have diverse investments and do not have any concentration risk.

The Group expects no contribution to the retirement fund 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:

	2020	2019	2018
Discount rate	**1.80-4.02%**	1.80-5.54%	2.59-7.70%
Salary increase rate	**5.00%**	3.00-5.00%	4.40-5.00%

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, 2020 and 2019, assuming if all other assumptions were held constant:

		2020	2019	2018
	Increase (decrease)	**Effect on Defined Benefit Obligation**		
Discount rates	**1.00%**	**(₱89,587,434)**	(₱54,100,838)	(₱62,054,053)
	(1.00%)	**106,596,058**	62,903,126	72,802,702
Future salary increases	**1.00%**	**104,318,079**	63,620,366	74,070,851
	(1.00%)	**(89,525,642)**	(55,632,042)	(64,089,832)

The average duration of the defined benefit obligation at the end of the reporting period is 7.80 – 9.40 years in 2020, 7.90 – 8.80 years in 2019, and 6.90 – 9.40 years in 2018.

Shown below is the expected future benefit payment:

Financial Year	**2020**	2019	2018
Year 1	**₱150,256,953**	₱115,117,170	₱100,849,660
Years 2–5	**317,776,176**	264,547,016	251,079,112
Years 6–10	**414,858,882**	360,457,338	405,024,212

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 following are the significant transactions with related parties:

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
Associates and joint ventures					
MLI					
Rent expense	**2020**	**₱62,654,940**	**₱–**	15 days;	Unsecured
	2019	49,856,400	–	noninterest-bearing	
	2018	35,430,171	(12,721,337)		
MMBC					
Miscellaneous income	**2020**	**52,164,990**	**58,397,406**	30 days;	Unsecured;
	2019	10,118,642	9,837,574	noninterest-bearing	no impairment
	2018	17,736,052	34,261,334		
Trade purchases, net	**2020**	**83,352,863**	**(12,562,460)**	30 days;	Unsecured
	2019	105,160,524	(30,082,575)	noninterest-bearing	
	2018	47,415,780	(9,027,459)		
Rent income	**2020**	**–**	**–**	5 days;	Unsecured;
	2019	103,225	–	noninterest-bearing	no impairment
	2018	91,045	–		
SFC					
(a) Trade purchases, net	**2020**	**–**	**–**	30 days;	Unsecured
	2019	11,778,397	(13,074,021)	noninterest-bearing	
	2018	372,813,080	(153,107,805)		
(b) Rent income	**2020**	**–**	**–**	5 days;	Unsecured;
	2019	603,046	–	noninterest-bearing	no impairment
	2018	603,046	–		
(c) Trade sales	**2020**	**–**	**–**	30 days;	Unsecured;
	2019	41,363,635	19,861,825	noninterest-bearing	no impairment
	2018	44,362,969	8,724,226		
(d) Rent expense	**2020**	**–**	**–**	30 days;	Unsecured;
	2019	–	–	noninterest-bearing	
	2018	–	–		
(e) Miscellaneous income	**2020**	**–**	**–**	On-demand,	Unsecured;
	2019	–	–	noninterest-bearing	no impairment
	2018	25,602,537	25,229,210		
YCE					
Advances and interest income	**2020**	**8,930,086**	**–**	Interest-bearing	Unsecured;
(see Note 9)	2019	24,153,903	–		impaired by
	2018	27,727,043	–		₱8,930,086 in 2020, ₱24,153,903 in 2019, and ₱27,727,043 in 2018
Honey Droplet Ltd.					
Advances and interest income	**2020**	**–**	**–**	4-6 years;	Unsecured;
(see Note 9)	2019	4,286,882	–	interest-bearing	impaired by
	2018	66,612,437			₱4,286,882 in in 2019 and ₱110,979,156 in 2018

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
CHTI					
Transportation and delivery expense	**2020**	**₱105,665,220**	**(₱23,146,305)**	15 days; noninterest-bearing	Unsecured
	2019	–	–		
	2018	–	–		
Common shareholders					
MNA					
Loans receivable	**2020**	–	–	Interest-bearing at 5.10% per annum	Unsecured
	2019	–	–		
	2018	2,796,465,136	4,937,018,557		
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**2020**	**57,993,292**	–	45 days; noninterest-bearing	Unsecured
	2019	18,389,816	–		
	2018	–	–		
MNSG Holdings Pte. Ltd.					
Loans receivable	**2020**	**155,521,471**	**155,521,471**	2 years; interest-bearing	Unsecured
	2019	–	–		
	2018	–	–		
Trade receivables (see Note 6)	**2020**		**₱58,397,406**		
	2019		29,699,399		
	2018		68,214,770		
Noncurrent receivables (see Note 9)	**2020**		**155,521,471**		
	2019		–		
	2018		–		
Loans receivables	**2020**		–		
	2019		–		
	2018		4,937,018,557		
Trade payables (see Note 15)	**2020**		**35,708,765**		
	2019		43,156,596		
	2018		174,856,601		

These transactions with related parties will be settled through cash.

MNA
MNSPL has outstanding loans receivable from MNA amounting to ₱4,937,018,557 as at December 31, 2018. These are interest-bearing with interest rate of 5.10% per annum and mature in 2019. As a result of the disposal in 2018, MNA is no longer part of the Group as at December 31, 2018, hence, the outstanding balance was reflected as receivable.

In 2019, MNSPL received the full payment from MNA.

SFC
On October 7, 2016, the Parent Company entered into a Distributorship Agreement with SFC, wherein the 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.

MMBC
On May 31, 2016, the Parent Company entered into a Distributorship Agreement with MMBC, wherein MMBC engaged the services of the Parent Company to handle warehousing, selling, billing, delivery and merchandising of MMBC's products. The agreement shall continue in force until cancelled or terminated by either party at any time with or without cause.

Wide Faith Foods Co. Ltd.
On November 17, 2015, the Parent Company entered into a Guarantee Agreement with The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch, to guarantee the $3,000,000 loan of Wide Faith Foods Co. Ltd.

MNSG Holdings Pte. Ltd.
On July 3, 2020, MNSPL and MNSG Holdings Pte. Ltd. entered into a loan agreement wherein MNSPL agreed to lend ₱155,521,471 ($3,000,000) to MNSG Holdings Pte. Ltd. with an interest rate of 3.65% per annum. The loan will mature on July 3, 2022.

Compensation of Key Management Personnel

	2020	2019	2018
Short-term employee benefits	**₱1,207,258,810**	₱1,629,370,382	₱1,003,119,461
Post-employment benefits	**103,989,997**	2,429,412	8,654,370
	₱1,311,248,807	₱1,631,799,794	₱1,011,773,831

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:

	2020	2019	2018
Provision for income tax computed at applicable statutory tax rate (18% to 30%)	**₱3,566,773,737**	₱2,998,264,209	₱2,216,969,020
Income tax effects of:			
Nontaxable income	**(460,216,753)**	(436,548,223)	(479,541,343)
Nondeductible expenses	**256,972,742**	125,376,846	306,873,659
Benefit from OSD	**(147,407,135)**	(174,863,862)	(148,344,025)
Change in unrecognized DTA*	**70,294,039**	(12,552,907)	645,289
Expired NOLCO	**22,746,504**	12,871,472	220,651
Interest income already subjected to final tax	**(17,122,448)**	(41,108,816)	(25,921,698)
Nondeductible interest expense	**4,521,757**	11,237,406	6,207,671
Difference in tax rate of temporary differences	**329,616,251**	(12,647,809)	(12,717,124)
Others	**32,843,399**	4,773,217	421,188,164
	₱3,659,022,093	₱2,474,801,533	₱2,285,580,264
Income tax expense reported in the consolidated statement of comprehensive income	**₱3,659,022,093**	₱2,474,801,533	₱2,285,580,264
Income tax attributable to discontinued operations	–	–	(415,081,809)
	₱3,659,022,093	₱2,474,801,533	₱1,870,498,455

** Includes unrecognized DTA from acquisition of SFC in 2020 amounting to ₱355,535,262*

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

	2020	2019	2018
Deferred tax assets - net			
Allowance for impairment loss	**₱380,879,389**	₱311,885,425	₱132,280,966
Derivative liability	**197,327,883**	257,304,209	215,493,098
Unrealized foreign exchange gain	**(161,189,205)**	(68,811,969)	(26,418,115)
Interest accretion and cash variable interest on convertible note	**154,490,840**	63,892,489	–
Pension liability	**123,252,079**	35,712,680	57,837,722
Refund liabilities	**83,908,844**	77,814,843	102,592,426
Gain on loan modification	**(46,694,270)**	–	–
Allowance for inventory obsolescence	**36,498,508**	36,530,191	24,987,980
Unrealized profits from intercompany sales	**30,139,355**	36,843,177	48,010,499
Allowance for ECL	**12,602,362**	103,853,032	164,596,124
Unamortized past service cost	**8,450,668**	6,662,709	4,686,409
Right-of-use assets and lease liabilities	**8,022,824**	11,700,221	–
Advances from customers	**5,890,274**	7,527,820	6,478,738
Excess of the tax base over the carrying amounts of non-monetary assets	**2,969,824**	2,268,142	1,377,597
Claims of customers	**–**	–	23,544,830
Others	**6,525,828**	–	–
	843,075,203	883,182,969	755,468,274
Deferred tax liabilities - net			
Brand	**(3,255,599,730)**	(2,970,853,726)	(3,004,176,036)
Property, plant and equipment	**(654,687,338)**	(687,117,656)	(726,081,092)
Interest income	**(283,760,530)**	(271,041,955)	(274,082,087)
Others	**(5,870,469)**	–	(622,683)
	(4,199,918,067)	(3,929,013,337)	(4,004,961,898)
	(₱3,356,842,864)	(₱3,045,830,368)	(₱3,249,493,624)

The reconciliation of the Group's deferred taxes is as follows:

	2020	2019	2018
Beginning balance	**(₱3,045,830,368)**	(₱3,249,493,624)	(₱3,436,052,104)
Tax income during the period recognized in profit or loss	**(464,646,553)**	166,402,183	86,547,339
Tax income during the period recognized in OCI	**98,483,370**	(12,036,103)	(6,907,330)
Acquisition of a subsidiary (see Note 4)	**(21,332,146)**	–	–
Effect of adoption of PFRS 16	**–**	4,695,864	–
Effect of adoption of PFRS 15 and 9	**–**	–	125,224,578
Sale of a subsidiary (see Note 4)	**–**	–	(59,532,171)
Currency translation adjustments	**76,482,833**	44,601,312	41,226,064
Deferred tax liabilities, ending	**(₱3,356,842,864)**	(₱3,045,830,368)	(₱3,249,493,624)

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:

	2020	2019	2018
Unused NOLCO	**₱342,184,494**	₱1,553,745	₱14,106,652
Allowance for impairment loss	**126,999,075**	55,800,000	55,800,000
Interest expense	**114,047,422**	–	–
Allowance for ECL	**55,392,438**	58,558,465	58,558,465
Inventory obsolescence	**23,102,365**	–	–
Right-of-use assets and lease liabilities	**6,325,452**	–	–
Asset retirement obligation	**5,042,793**	–	–
Unrealized foreign exchange gain	**3,167,030**	–	–
	₱676,261,069	₱115,912,210	₱128,465,117

As at December 31, 2020, 2019, and 2018, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱2,831,522,880, ₱2,808,156,247, and ₱2,380,210,266, 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 ₱1,310,035,250, ₱979,907,037, and ₱754,549,925 as at December 31, 2020, 2019, and 2018, 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 for which no deferred tax assets were recognized, with their corresponding years of expiration, are as follows:

Year Incurred	Expiry Year	NOLCO
2017	2020	₱75,821,681
2018	2021	355,425,725
2019	2022	495,775,853
2020	2025	289,413,400
		1,216,436,659
Expired during the year		(75,821,681)
		₱1,140,614,978

MMYSC

MMYSC's current provision for income tax is computed based on Optional Standard Deduction (OSD) in accordance with Revenue Regulation (RR) No. 16-2008, *Implementing the Provisions of Section 34(L) of the Tax Code of 1997, As Amended by Section 3 of Republic Act No. 9504, Dealing on the Optional Standard Deduction Allowed to Individuals and Corporations in Computing Their Taxable Income.* The OSD is equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowable deductions.

The OSD results in an effective tax rate of 18% 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.

MIL
On April 26, 2004, the Thailand Board of Investment 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 708,500,000 for a period of 8 years commencing from the date of first earning operating income (February 1, 2007).

MNTH
On November 24, 2014, the Thailand Board of Investment granted MNTH 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 977,900,000 for a period of 8 years commencing from the date of first earning operating income (November 1, 2015).

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 ₱94,458,159. 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, 2020.

The following are the amounts recognized in consolidated statement of comprehensive income:

	2020	2019
Depreciation expense of right-of-use assets included in property, plant and equipment (see Note 12)	**₱164,371,797**	₱153,734,844
Interest expense on lease liabilities	**153,705,385**	117,857,500
Expenses relating to short-term leases (see Note 19)	**50,062,594**	43,333,791
Expenses relating to leases of low-value assets (see Note 20)	**7,438,098**	35,924,180
	₱375,577,874	₱350,850,315

The movements in the Group's lease liabilities are as follows:

	2020	2019
Balance at beginning of year	**₱2,044,585,744**	₱–
Effect of adoption of PFRS 16	**–**	2,166,790,876
Additions	**1,261,730,349**	–
Payment of principal portion of lease liabilities	**(846,390,378)**	(240,062,632)
Acquisition of a subsidiary (see Note 4)	**157,900,992**	–
Accretion of interest (see Note 21)	**153,705,385**	117,857,500
Disposals	**(8,500,589)**	–
	2,763,031,503	2,044,585,744
Less current portion	**88,072,967**	31,455,047
	₱2,674,958,536	₱2,013,130,697

The maturity analysis of lease liabilities is disclosed in Note 26.

The rent expense recognized in 2018 amounted to ₱244,711,017 (see Notes 19 and 20).

Future minimum lease payments as at December 31, 2018 related to the lease agreements mentioned above are as follows:

	2019
Within one year	**₱175,198,165**
More than one year but less than five years	**485,250,047**
More than five years	**1,235,255,743**
	₱1,895,703,955

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, 2020, 2019, and 2018. 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, 2020, 2019, and 2018.

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
2020	**+50**	**(₱105,802,596)**
	-50	**105,802,596**
2019	+50	(₱102,835,463)
	-50	102,835,463
2018	+50	(₱128,951,389)
	-50	128,951,389

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign Currency Risk

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

The table below summarizes the Group's exposure to foreign exchange risk as at December 31:

	2020							
	Original Currency							
	USD	**EUR**	**GBP**	**JPY**	**AUD**	**THB**	**SGD**	**Peso Equivalent**
Financial Assets								
Cash and cash equivalents	**$42,076,695**	**€292,148**	**£107,779**	**¥–**	**$92,895**	**394,653,722**	**$754,193**	**₱2,704,494,909**
Trade and other receivables	**18,205,095**	**1,507,297**	**–**	**–**	**1,694,311**	**165,456,736**	**–**	**1,288,154,419**
	60,281,790	**1,799,445**	**107,779**	**–**	**1,787,206**	**560,110,458**	**754,193**	**3,992,649,328**
Financial Liabilities								
Accounts payable and other current liabilities	**13,571,609**	**3,696,271**	**29,215**	**595,491,400**	**–**	**270,511,100**	**36,241**	**1,578,554,411**
	13,571,609	**3,696,271**	**29,215**	**595,491,400**	**–**	**270,511,100**	**36,241**	**1,578,554,411**
Net Financial Assets (Liabilities)	**$46,710,181**	**(€1,896,826)**	**£78,564**	**(¥595,491,400)**	**$1,787,206**	**289,599,358**	**$717,952**	**₱2,414,094,917**

	2019							
	Original Currency							
	USD	EUR	GBP	JPY	AUD	THB	SGD	Peso Equivalent
Financial Assets								
Cash and cash equivalents	$99,601,885	€2,001,241	£16,694,501	¥–	$2,389,013	174,831,285	$426,552	₱6,663,058,559
Trade and other receivables	10,797,675	4,408,099	–	–	–	127,872,084	–	1,011,463,670
	110,399,560	6,409,340	16,694,501	–	2,389,013	302,703,369	426,552	7,674,522,229
Financial Liabilities								
Accounts payable and other current liabilities	13,646,714	2,425,161	181,033	103,275,200	568,965	151,210,407	–	1,163,373,968
Loans payable	47,500,000	–	23,800,000	–	–	–	–	3,980,963,880
	61,146,714	2,425,161	23,981,033	103,275,200	568,965	151,210,407	–	5,144,337,848
Net Financial Assets (Liabilities)	$49,252,846	€3,984,179	(£7,286,532)	(¥103,275,200)	$1,820,048	151,492,962	$426,552	₱2,530,184,381

	2018							
	Original Currency							
	USD	EUR	GBP	JPY	AUD	THB	SGD	Peso Equivalent
Financial Assets								
Cash and cash equivalents	$16,099,311	€256,932	£25,574	¥–	$302,756	2,163,117,113	$248,625	₱4,390,627,602
Trade and other receivables	12,874,541	5,002,316	–	–	–	110,393,996	–	1,159,308,175
Loans receivable	–	–	73,981,888	–	–	–	–	4,937,018,557
	28,973,852	5,259,248	74,007,462	–	302,756	2,273,511,109	248,625	10,486,954,334
Financial Liabilities								
Accounts payable and other current liabilities	7,510,437	3,224,410	–	517,008,731	–	130,930,543	–	1,048,159,814
Loans payable	–	–	94,564,793	–	–	–	–	6,310,573,418
	7,510,437	3,224,410	94,564,793	517,008,731	–	130,930,543	–	7,358,733,232
Net Financial Assets (Liabilities)	$21,463,415	€2,034,838	(£20,557,331)	(¥517,008,731)	$302,756	2,142,580,566	$248,625	₱3,128,221,102

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are as follows:

	Currency						
Year	USD ($)	EUR (€)	GBP (£)	JPY (¥)	AUD	THB	SGD
2020	**₱48.04**	**₱58.69**	**₱64.62**	**₱0.46**	**₱36.40**	**₱1.59**	**₱36.12**
2019	50.74	56.35	65.99	0.46	35.26	1.68	37.49
2018	52.72	60.31	66.73	0.48	37.07	1.62	38.47

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.

	2020		2019		2018	
	Movement in Foreign Exchange Rate Increase (Decrease)	**Effect on Income Before Tax**	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	**(5.34%)**	**(₱119,817,332)**	(3.76%)	(₱93,973,169)	5.61%	₱63,484,841
	5.34%	**119,817,332**	3.76%	93,973,169	(5.61%)	(63,484,841)
European euro	**(4.15%)**	**(4,620,007)**	6.57%	14,750,522	(1.17%)	(1,435,860)
	4.15%	**4,620,007**	(6.57%)	(14,750,522)	1.17%	1,435,860
Pound sterling	**(2.08%)**	**(105,602)**	(1.11%)	5,337,515	(0.57%)	7,819,535
	2.08%	**105,602**	1.11%	(5,337,515)	0.57%	(7,819,535)
Japanese yen	**(0.00%)**	–	(2.57%)	1,228,617	7.42%	(18,225,809)
	0.00%	–	2.57%	(1,228,617)	(7.42%)	18,225,809
Australian dollar	**(3.23%)**	**(2,101,075)**	4.89%	3,137,876	4.72%	529,736
	3.23%	**2,101,075**	(4.89%)	(3,137,876)	(4.72%)	(529,736)
Thailand baht	**5.34%**	**24,630,478**	(3.87%)	(9,864,123)	(5.94%)	(206,150,789)
	(5.34%)	**(24,630,478)**	3.87%	9,864,123	5.94%	206,150,789
Singapore dollar	**3.66%**	**949,127**	2.55%	407,791	(3.08%)	(294,594)
	(3.66%)	**(949,127)**	(2.55%)	(407,791)	3.08%	294,594

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:

	2020	2019	2018
Cash and cash equivalents*	**₱7,091,574,847**	₱10,497,334,194	₱6,576,194,971
Trade and other receivables	**6,456,718,430**	7,276,194,148	7,241,789,517
Noncurrent receivables	**655,521,471**	500,000,000	500,000,000
Withholding tax receivables**	**47,344,650**	–	–
Advances to employees**	**42,524,141**	67,191,544	27,750,739
Loans receivable	–	–	4,937,018,557
Total credit risk exposure	**₱14,293,683,539**	₱18,340,719,886	₱19,282,753,784

** Excluding cash on hand amounting to ₱1,440,015 in 2020, ₱1,956,871 in 2019, and ₱1,859,243 in 2018.*
***Recorded under "Other noncurrent assets".*

Aging analysis. The aging analysis of financial assets follows:

	2020						
		Days Past Due					
	Current	**1–30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**ECL**	**Total**
Cash and cash equivalents*	**₱7,091,574,847**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱7,091,574,847**
Trade and other receivables	**5,263,456,254**	**804,621,536**	**172,207,528**	**70,756,954**	**145,676,158**	**67,574,988**	**6,524,293,418**
Noncurrent receivables	**655,521,471**	**–**	**–**	**–**	**–**	**193,571,547**	**849,093,018**
Withholding tax receivables	**47,344,650**	**–**	**–**	**–**	**–**	**–**	**47,344,650**
Advances to employees	**42,524,141**	**–**	**–**	**–**	**–**	**–**	**42,524,141**
	₱ 13,100,421,363	**₱804,621,536**	**₱172,207,528**	**₱70,756,954**	**₱145,676,158**	**₱261,146,535**	**₱14,554,830,074**

** Excluding cash on hand amounting to ₱1,440,015.*
*** Recorded under "other noncurrent assets".*

	2019						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Cash and cash equivalents*	₱10,497,334,194	₱–	₱–	₱–	₱–	₱–	₱10,497,334,194
Trade and other receivables	5,970,673,214	1,033,045,784	85,121,866	58,471,704	128,881,580	368,806,669	7,645,000,817
Noncurrent receivables	500,000,000	–	–	–	–	184,641,461	684,641,461
Advances to employees	67,191,544	–	–	–	–	–	67,191,544
	₱17,035,198,952	₱1,033,045,784	₱85,121,866	₱58,471,704	₱128,881,580	₱553,448,130	₱18,894,168,016

** Excluding cash on hand amounting to ₱1,956,871.*
*** Recorded under "other noncurrent assets".*

	2018						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Cash and cash equivalents*	₱6,576,194,971	₱–	₱–	₱–	₱–	₱–	₱6,576,194,971
Trade and other receivables	5,760,571,853	1,014,988,961	171,929,344	67,568,897	226,730,462	605,662,809	7,847,452,326
Loans receivable	4,937,018,557	–	–	–	–	–	4,937,018,557
Noncurrent receivables	500,000,000	–	–	–	–	156,200,676	656,200,676
Advances to employees	27,750,739	–	–	–	–	–	27,750,739
	₱17,801,536,120	₱1,014,988,961	₱171,929,344	₱67,568,897	₱226,730,462	₱761,863,485	₱20,044,617,269

** Excluding cash on hand amounting to ₱1,859,243.*
*** Recorded under "other noncurrent assets".*

Credit risk under general and simplified approach

	2020				
	General Approach				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
Cash and cash equivalents*	**₱7,091,574,847**	**₱–**	**₱–**	**₱–**	**₱7,091,574,847**
Trade and other receivables	**51,789,755**	**–**	**–**	**6,472,503,663**	**6,524,293,418**
Noncurrent receivables	**655,521,471**	**–**	**193,571,547**	**–**	**849,093,018**
Withholding tax receivables**	**47,344,650**	**–**	**–**	**–**	**47,344,650**
Advances to employees**	**42,524,141**	**–**	**–**	**–**	**42,524,141**
	₱7,888,754,864	**₱–**	**₱193,571,547**	**₱6,472,503,663**	**₱14,554,830,074**

** Excluding cash on hand amounting to ₱1,440,015.*
*** Recorded under "other noncurrent assets".*

	2019				
	General Approach				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Cash and cash equivalents*	₱10,497,334,194	₱–	₱–	₱–	₱10,497,334,194
Trade and other receivables	88,939,690	–	–	7,556,061,127	7,645,000,817
Noncurrent receivables	500,000,000	–	184,641,461	–	684,641,461
Advances to employees**	67,191,544	–	–	–	67,191,544
	₱11,153,465,428	₱–	₱184,641,461	₱7,556,061,127	₱18,894,168,016

** Excluding cash on hand amounting to ₱1,956,871.*
*** Recorded under "other noncurrent assets".*

	2018				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents*	₱6,576,194,971	₱–	₱–	₱–	₱6,576,194,971
Trade and other receivables	70,643,956	–	–	7,776,808,370	7,847,452,326
Loans receivable	4,937,018,557	–	–	–	4,937,018,557
Noncurrent receivables	500,000,000	–	156,200,676	–	656,200,676
Advances to employees**	27,750,739	–	–	–	27,750,739
	₱12,111,608,223	₱–	₱156,200,676	₱7,776,808,370	₱20,044,617,269

** Excluding cash on hand amounting to ₱1,859,243.*
*** 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):

	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	**₱5,256,280,422**	**₱804,601,436**	**₱172,188,367**	**₱70,110,767**	**₱137,454,604**	**₱20,471,318**	**₱11,396,749**	**₱6,472,503,663**
Expected credit loss	**₱6,766,083**	**₱3,729,014**	**₱2,071,737**	**₱4,080,352**	**₱27,145,117**	**₱12,385,936**	**₱11,396,749**	**₱67,574,988**

	2019							
		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	0.21%	1.18%	3.73%	9.60%	2.24%	33.88%	100.00%	
Estimated total gross carrying amount at default	₱5,883,987,467	₱1,034,034,872	₱85,800,402	₱58,891,618	₱124,399,413	₱55,303,841	₱313,643,514	₱7,556,061,127
Expected credit loss	₱12,538,822	₱12,251,302	₱3,203,682	₱5,651,460	₱2,781,107	₱18,736,782	₱313,643,514	₱368,806,669

	2018							
		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	0.52%	2.35%	4.91%	18.26%	20.30%	25.94%	100.00%	
Estimated total gross carrying amount at default	₱5,696,448,719	₱1,014,988,961	₱171,929,344	₱67,424,543	₱108,176,813	₱281,264,939	₱436,575,051	₱7,776,808,370
Expected credit loss	₱29,601,122	₱23,812,646	₱8,445,613	₱12,313,847	₱21,963,008	₱72,951,522	₱436,575,051	₱605,662,809

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 32% of the Group's long-term debt will mature in less than one year at December 31, 2020 (33% in 2019 and 26% in 2018) 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:

	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	**₱3,620,373,627**	**₱3,472,641,235**	**₱–**	**₱–**	**₱–**	**₱7,093,014,862**
Trade and other receivables	**1,260,837,164**	**5,263,456,254**	**–**	**–**	**–**	**6,524,293,418**
Noncurrent receivables	**193,571,547**	**–**	**–**	**655,521,471**	**–**	**849,093,018**
Withholding tax receivables	**–**	**–**	**–**	**47,344,650**	**–**	**47,344,650**
Advances to employees	**–**	**–**	**–**	**42,524,141**	**–**	**42,524,141**
	5,074,782,338	**8,736,097,489**	**–**	**745,390,262**	**–**	**14,556,270,089**
Financial Liabilities						
Accounts payable and other current liabilities*	**4,694,076,453**	**4,986,730,552**	**59,040,785**	**–**	**–**	**9,739,847,790**
Loans payable	**–**	**518,168,195**	**9,839,681,986**	**21,227,317,941**	**–**	**31,585,168,122**
Acceptance and trust receipts payable	**–**	**–**	**605,902,034**	**–**	**–**	**605,902,034**
Convertible note	**–**	**–**	**603,369,784**	**7,818,485,235**	**–**	**8,421,855,019**
Lease liabilities	**–**	**35,730,964**	**151,811,313**	**1,124,135,146**	**7,598,832,532**	**8,910,509,955**
	4,694,076,453	**5,540,629,711**	**11,259,805,902**	**30,169,938,322**	**7,598,832,532**	**59,263,282,920**
	₱380,705,885	**₱3,195,467,778**	**(₱11,259,805,902)**	**(₱29,424,548,060)**	**(₱77,598,832,532)**	**(₱44,707,012,831)**

** Excluding statutory payables.*

	2019					
	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	₱3,941,691,616	₱6,557,599,449	₱–	₱–	₱–	₱10,499,291,065
Trade and other receivables	1,674,327,603	5,970,673,214	–	–	–	7,645,000,817
Noncurrent receivables	184,641,461	–	–	500,000,000	–	684,641,461
Advances to employees	–	–	–	67,191,544	–	67,191,544
	5,800,660,680	12,528,272,663	–	567,191,544	–	18,896,124,887
Financial Liabilities						
Accounts payable and other current liabilities*	4,316,334,833	4,402,113,462	117,877	–	–	8,718,566,172
Loans payable	–	2,702,653,975	8,167,473,466	26,355,348,529	–	37,225,475,970
Acceptance and trust receipts payable	–	–	2,593,955,292	–	–	2,593,955,292
Convertible note	–	–	541,312,543	8,439,320,018	–	8,980,632,561
Lease liabilities	–	34,139,981	74,614,131	541,101,990	5,591,791,931	6,241,648,033
	4,316,334,833	7,138,907,418	11,377,473,309	35,335,770,537	5,591,791,931	63,760,278,028
	₱1,484,325,847	₱5,389,365,245	(₱11,377,473,309)	(₱34,768,578,993)	(₱5,591,791,931)	(₱44,864,153,141)

** Excluding statutory payables.*

	2018					
	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	₱4,166,846,141	₱2,411,208,073	₱–	₱–	₱–	₱6,578,054,214
Trade and other receivables	2,086,880,473	5,760,571,853	–	–	–	7,847,452,326
Loans receivable	–	–	4,937,018,557	–	–	4,937,018,557
Noncurrent receivables	156,200,676	–	–	500,000,000	–	656,200,676
Advances to employees	–	–	–	27,750,739	–	27,750,739
	6,409,927,290	8,171,779,926	4,937,018,557	527,750,739	–	20,046,476,512
Financial Liabilities						
Accounts payable and other current liabilities*	₱3,614,985,948	₱5,694,836,285	₱49,425,371	₱–	₱–	₱9,359,247,604
Loans payable	–	4,904,705,661	5,014,957,258	35,997,899,160	–	45,917,562,079
Acceptance and trust receipts payable	–	–	2,405,377,495	–	–	2,405,377,495
	3,614,985,948	10,599,541,946	7,469,760,124	35,997,899,160	–	57,682,187,178
	₱2,794,941,342	(₱2,427,762,020)	(₱2,532,741,567)	(₱35,470,148,421)	–	(₱37,635,710,666)

** Excluding statutory payables.*

Changes in Liabilities Arising from Financing Activities

	January 1, 2020	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2020
Loans payable	₱34,022,193,432	(₱4,335,786,380)	(₱152,725,085)	₱390,000,000	₱–	(₱377,680,311)	₱29,546,001,656
Accrued interest payable	237,886,093	(1,477,031,101)	–	–	–	1,405,432,733	166,287,725
Derivative liability	2,713,807,267	(72,984,921)	–	–	(99,409,104)	(27,527,060)	2,513,886,182
Lease liabilities	2,044,585,744	(854,890,967)	–	157,900,992	–	1,415,435,734	2,763,031,503
Convertible note	7,257,979,719	–	(580,435,191)	–	–	349,618,974	7,027,163,502
Dividends payable	–	(3,509,789,655)	–	–	–	3,509,789,655	–
Other noncurrent liabilities	5,531,133	771,894	–	15,922,747	–	–	22,225,774
Total liabilities from financing activities	₱46,281,983,388	(₱10,249,711,130)	(₱733,160,276)	₱563,823,739	(₱99,409,104)	₱6,275,069,725	₱42,038,596,342

**"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*	₱44,003,447,084	(₱9,816,234,420)	(₱91,491,240)	₱–	₱–	(₱73,527,992)	₱34,022,193,432
Accrued interest payable	196,363,354	(2,361,116,569)	–	–	–	2,402,639,308	237,886,093
Derivative liability	718,310,326	(20,490,657)	–	–	2,034,585,760	(18,598,162)	2,713,807,267
Lease liabilities	–	(240,062,632)	–	–	–	2,284,648,376	2,044,585,744
Convertible note	–	9,122,684,658	–	–	(1,856,126,571)	(8,578,368)	7,257,979,719
Dividends payable	–	(5,877,750,000)	–	–	–	5,877,750,000	–
Other noncurrent liabilities	–	5,531,133	–	–	–	–	5,531,133
Total liabilities from financing activities	₱44,918,120,764	(₱9,187,438,487)	(₱91,491,240)	₱–	₱178,459,189	₱10,464,333,162	₱46,281,983,388

**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*

	January 1, 2018	Cash Flows	Foreign Exchange Movement	Acquisition of a Subsidiary	Fair Value Changes	Others**	December 31, 2018
Loans payable*	₱43,357,992,030	₱332,028,418	(₱9,439,020)	₱–	₱–	₱322,865,656	₱44,003,447,084
Accrued interest payable	319,874,914	(1,878,249,355)	–	–	–	1,754,737,795	196,363,354
Derivative liability	686,115,339	113,327,798	–	–	(16,854,242)	(64,278,569)	718,310,326
Dividends payable	–	(2,387,360,000)	–	–		2,387,360,000	–
Other noncurrent liabilities	11,022,126	(70,111,961)	–	–		59,089,835	–
Total liabilities from financing activities	₱44,375,004,409	(₱3,890,365,100)	(₱9,439,020)	₱–	(₱16,854,242)	₱4,459,774,717	₱44,918,120,764

**Cash flow movement presented is net of availment and payments of loans payable.*
***"Others" primarily include amortization of debt issue costs and interest expense*

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 ₱7,100,000,000 (£113,782,051). 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)
£113,782,051	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, ₱22,204,248 and ₱63,256,016 in 2020, 2019 and 2018, respectively, 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 ₱3,550,000,000 (£56,891,026). 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)
£56,891,026	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 and ₱2,764,090 in 2020 and 2019, respectively, was recognized in OCI.

Movements in the derivative liability account are as follows:

	2020	2019	2018
Beginning of year	**₱392,271,460**	₱718,310,326	₱686,115,339
Fair value changes recorded in:			
Derivative loss (gain)	**(392,271,460)**	(306,598,708)	95,451,003
Cumulative translation adjustment	–	(19,440,158)	(63,256,016)
End of year	**₱–**	₱392,271,460	₱718,310,326

The Group recognized derivative gain of ₱57,823,056 from the maturity of CCS and EKO in 2020.

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:

	2020	2019
Embedded derivatives:		
Beginning balance	**₱2,321,535,807**	₱–
Upon issuance	–	1,856,126,571
Mark-to-market valuation	**192,350,375**	465,409,236
	₱2,513,886,182	₱2,321,535,807

In 2020 and 2019, the Group recognized the loss on fair value changes on the embedded derivatives amounting to ₱192,350,375 and ₱465,409,236, 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 ₱158,335,038 in 2020 and ₱19,648,661 in 2019 and derivative gain of ₱112,305,245 in 2018.

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, 2020, 2019, and 2018. The Group plans to raise funds through a planned offering in 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:

	2020	2019	2018
Total debt	**₱57,862,379,299**	₱62,732,265,860	₱61,736,419,547
Total equity attributable to equity holders of the Parent Company	**25,241,727,608**	21,725,317,402	21,817,286,493
Debt-to-Equity Ratio	**2.29:1.00**	2.89:1.00	2.83:1.00

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, 2020, 2019, and 2018, the Group is in compliance with these covenants.

Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade and Other Receivables, Accounts Payable and Other Current Liabilities, and Acceptance and Trust Receipts Payable. The carrying value of these financial assets and liabilities approximate their fair values as at December 31, 2020, 2019, and 2018 due to the short-term nature of these financial instruments.

Noncurrent Receivables, Withholding Tax Receivables and Advances to Employees and Loans Payable. As at December 31, 2020, 2019 and 2018, 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 of December 31, 2020, 2019 and 2018.

CCS and EKO. The fair value of derivative liability is based on quote obtained from the counterparty bank.

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, 2020, 2019, and 2018, the following table presents the level of hierarchy of the Group's financial instruments as follows:

	2020		
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial instruments measured at fair value			
Equity conversion and Redemption options	**₱–**	**₱–**	**₱2,513,886,182**
Financial instruments for which fair values are disclosed			
Loans payable (fixed rate)	**₱–**	**₱5,807,186,355**	**₱–**

	2019		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value			
Equity conversion and Redemption options	₱–	₱–	₱2,321,535,807
CCS/EKO	–	392,271,460	–
	₱–	₱392,271,460	₱2,321,535,807
Financial instruments for which fair values are disclosed			
Loans payable (fixed rate)	₱–	₱6,701,023,806	₱–

	2018		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value			
CCS/EKO	₱–	₱718,310,326	₱–
Financial instruments for which fair values are disclosed			
Loans payable (fixed rate)	₱–	₱6,245,711,442	₱–

Description of significant unobservable inputs to valuation:

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, 2019 and 2018 are 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 2019: ₱2,001.79 2018: −	24% (2019: 25%, 2018: nil) increase (decrease) in stock price would result in an increase (decrease) in fair value by ₱1,355,240,440 (₱469,159,761) in 2020, ₱1,527,369,074 (₱481,286,180) in 2019 and nil in 2018
Embedded derivatives	Jarrow-Rudd binomial lattice model	Option-adjusted credit spread	2020: 17.49% 2019: 17.49% 2018: −	5% (2019: 5%, 2018: nil) increase (decrease) in the spread would result in an increase (decrease) in fair value by ₱856,696,167 (₱1,094,473,673) in 2020, ₱1,085,083,040 (₱1,448,307,641) in 2019 and nil in 2018
		Dividend yield	2020: ₱175,000,000 2019: ₱105,000,000 2018: −	29% (2019: 48%, 2018: nil) increase (decrease) in the dividend payable forecast would result in an increase (decrease) in fair value by (₱113,759,222) ₱113,615,716 in 2020, (₱203,366,382) ₱203,210,019 in 2019 and nil in 2018
		Issuer's probability of default	2020: 125 bps 2019: 125 bps 2018: −	40% increase (decrease) in the credit spread would result in an increase (decrease) in fair value by ₱33,360,856 (₱34,312,264) in 2020, ₱41,196,197 (₱42,370,891) in 2019 and nil in 2018
		Stock volatility	2020: 27% 2019: 24% 2018: −	5% (2019: 5%) increase (decrease) in stock volatility would result in an increase (decrease) in fair value by ₱112,734,114 (₱112,855,521) in 2020, ₱108,947,984, (₱109,159,946) in 2019 and nil in 2018

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 ₱727,560,000 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 ("Loan Agreement 1") wherein the Parent Company agreed to extend a loan to SSCC in the principal amount of ₱582,048,000 with interest rate of 2% per annum. The loan is payable in 4 equal annual installments starting on August 4, 2015. The related loan was fully settled in 2018.

On August 4, 2014, the Parent Company and SSCC entered into a Loan Agreement ("Loan Agreement 2") wherein the Parent Company agreed to extend a loan to SSCC in the principal amount of ₱500,000,000 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 Agreements 1 and 2, 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, *Financial Instrument: Presentation*. As at December 31, 2020, 2019, and 2018, the Group's net receivable from SSCC amounted to ₱500,000,000 (see Note 9).

Interest income from advances to SSCC amounted to ₱10,515,464 in 2020, ₱9,484,536 in 2019 and ₱11,778,681 in 2018 (see Note 9).

Capital Commitments
The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,624,822,028, ₱1,333,292,140, and ₱1,248,287,173 as at December 31, 2020, 2019, and 2018, respectively.

28. **Supplemental Disclosure to Cash Flow Statements**

The Group's material noncash activities are as follows:

	2020	2019	2018
Cumulative translation adjustments	**₱1,100,427,377**	₱751,190,373	(₱78,718,631)
Additions to ROU assets	**1,261,730,349**	–	–
Effect of adoption of PFRS 16	**–**	2,166,790,876	–

29. **Subsequent Events**

Amendment of Articles of Incorporation

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 following:

a. 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:
   i. 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 (see Note 18); and
   ii. 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	₱400,000,000
Non-voting "B"	800,000,000	1.00	800,000,000
Voting "C"	2,400,000,000	0.25	600,000,000
Total	3,600,000,000		₱1,800,000,000

   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).

b. the removal of (i) the right of Arran to nominate a nominee director, (ii) Arran's entitlement to pre-emptive right with respect to any issuance of shares by the Parent Company and the mechanics regarding how Arran may exercise said entitlement, (iii) the limitations placed on the existing controlling shareholders with respect to the disposal of their shares and exceptions thereto; (iv) Arran's right to transfer its shares to its affiliates; and (v) the requirement for new shareholders of the Parent Company to execute a Deed of Adherence to the Investor Rights Agreement dated April 12, 2019 by and among the Parent Company, Arran and the controlling shareholders of the Parent Company; and

c. incorporating the lock-up requirements imposed on publicly listed companies as prescribed under the rules and regulations of the Philippine Stock Exchange, as the same may be amended from time to time.

Notwithstanding the removal of Arran's rights under the amended Articles of Incorporation as above-described, its rights under its existing agreements with the Parent Company (i.e., Subscription Agreement dated February 5, 2019, Investor Rights Agreement dated April 12, 2019 and Convertible Note dated April 12, 2019) remain effective as against the Parent Company as said agreements were not amended to date (see Note 17).

On March 1, 2021 BOD meeting, Arran opted to have its nominee director resigned from the Parent Company's BOD.

Issuance of Parent Company's Common Shares to MCI out of the Authorized Unissued Capital Stock
On January 11, 2021, the Parent Company entered into a subscription agreement with MCI, under which, subject to securing the respective waivers of pre-emptive right of certain stakeholders, MCI shall subscribe to 614,305,748 common shares of the Parent Company at a subscription price of ₱2.96 per share or a total subscription price of ₱1,818,345,014, payable in cash on or before February 28, 2021. On January 29, 2021, MCI made a one-time full settlement of the subscription price to the Parent Company. The documentary stamp taxes due on the original issuance of said 614,305,748 new common shares were paid on February 5, 2021.

As a result of the issuance of the Parent Company's common shares to MCI, the equivalent ownership interest of Convertible Note issued to Arran decreased from 7.00% to 6.44% in 2021 (see Note 17).

Purchase of Minority Shareholders' Equity of MMYSC
On January 28, 2021, the Parent Company purchased from MCI the latter's 4,500,000 common shares in MMYSC representing 40% of the outstanding capital stock of MMYSC for ₱1,822,500,000. This increased the Parent Company's ownership interest from 60% in 2020 to 100% in 2021. This will result in reduction on the Group's non-controlling interest related to MMYSC amounting to ₱1,195,696,445 as at December 31, 2020.

Dividend declaration
On January 22, 2021, the Parent Company's Board of Directors declared cash dividends in the total amount of ₱1,511,100,000 on all outstanding shares (i.e.,6,570,000,000 common shares) or ₱0.23 per share payable on or before March 31, 2021 to holders of record or beneficial owners as of the date of declaration.

On March 1, 2021, the Parent Company's BOD approved the reversal of the appropriated retained earnings amounting to ₱6,800,000,000. On the same date, the Parent Company's BOD declared cash dividends in the total amount of ₱8,549,323,840 on all outstanding shares or ₱1.19 per share to holders of record or beneficial owners as of the date of declaration payable on or before December 31, 2021.

Ratification by Congress of the CREATE Bill
On February 3, 2021, the Philippine House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", reconciling the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157.

The ratified version of the bill will be submitted to the President for his approval and upon receipt of the bill, the President may do any of the following:
1. Sign the enrolled bill without vetoing any line or item therein;
2. Sign the enrolled bill with line or item veto which veto may be overridden by Congress; or
3. Inaction within 30 days from receipt which would result to the automatic approval of the enrolled bill as it is.

Once the ratified bill is signed into law, it is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

One of the important provisions of the ratified bill is the reduction of the income tax rate from 30% to 25% effective July 1, 2020. Below is the estimated impact of the CREATE Bill which will be reflected in the financial statements when the law is enacted:

	Create Bill Impact
Provision for income tax - current (relating to July - December 2020)	(₱215,804,183)
Income tax payable	(215,804,183)
Provision for income tax - deferred	164,841,231
Deferred tax assets - net	(164,841,231)

Continuing COVID-19 pandemic

In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhance community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 31, 2021

Considering the evolving nature of this outbreak, the Group will continue to monitor the situation.

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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Monde Nissin Corporation (the Company) and Subsidiaries as at and for the years ended December 31, 2020, 2019, and 2018 on which we have rendered the attached report dated March 1, 2021.

In compliance with the Revised Securities Regulation Code Rule No. 68, we are stating that the Company has 12 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
SEC Accreditation No. 1700-A (Group A),
August 16, 2018, valid until August 15, 2021
Tax Identification No. 178-486-845
BIR Accreditation No. 08-001998-094-2020,
July 27, 2020, valid until July 26, 2023
PTR No. 8534246, January 4, 2021, Makati City

March 1, 2021

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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated March 1, 2021. 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
SEC Accreditation No. 1700-A (Group A),
August 16, 2018, valid until August 15, 2021
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July 27, 2020, valid until July 26, 2023
PTR No. 8534246, January 4, 2021, Makati City

March 1, 2021

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
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Philippines

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

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated March 1, 2021. 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, 2020, 2019 and 2018 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
SEC Accreditation No. 1700-A (Group A),
August 16, 2018, valid until August 15, 2021
Tax Identification No. 178-486-845
BIR Accreditation No. 08-001998-094-2020,
July 27, 2020, valid until July 26, 2023
PTR No. 8534246, January 4, 2021, Makati City

March 1, 2021

MONDE NISSIN CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated Retained Earnings (RE), as adjusted, as at December 31, 2019	₱2,666,005,892
Net income actually earned during the year -	
Net income during the period closed to RE	6,686,767,281
Less non-actual income/Add non-actual losses:	
Unrealized foreign exchange gain	(312,045,230)
Fair value adjustment (mark-to-market loss)	192,350,375
Gain on loan modification	(155,647,568)
Movement in deferred tax asset	50,417,098
Other adjustments	186,132,992
Net income actually earned during the year	6,647,974,948
Add (less):	
Dividends declared during the period	(2,496,600,000)
Appropriations of retained earnings during the period	(10,700,000,000)
2020 appropriation for dividend	2,500,000,000
Reversal of 2019 appropriations	8,200,000,000
2019 appropriation for dividend	(1,500,000,000)
	(3,996,600,000)
RE available for dividend declaration as at December 31, 2020	₱5,317,380,840

Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the parent company financial statements of Monde Nissin Corporation.

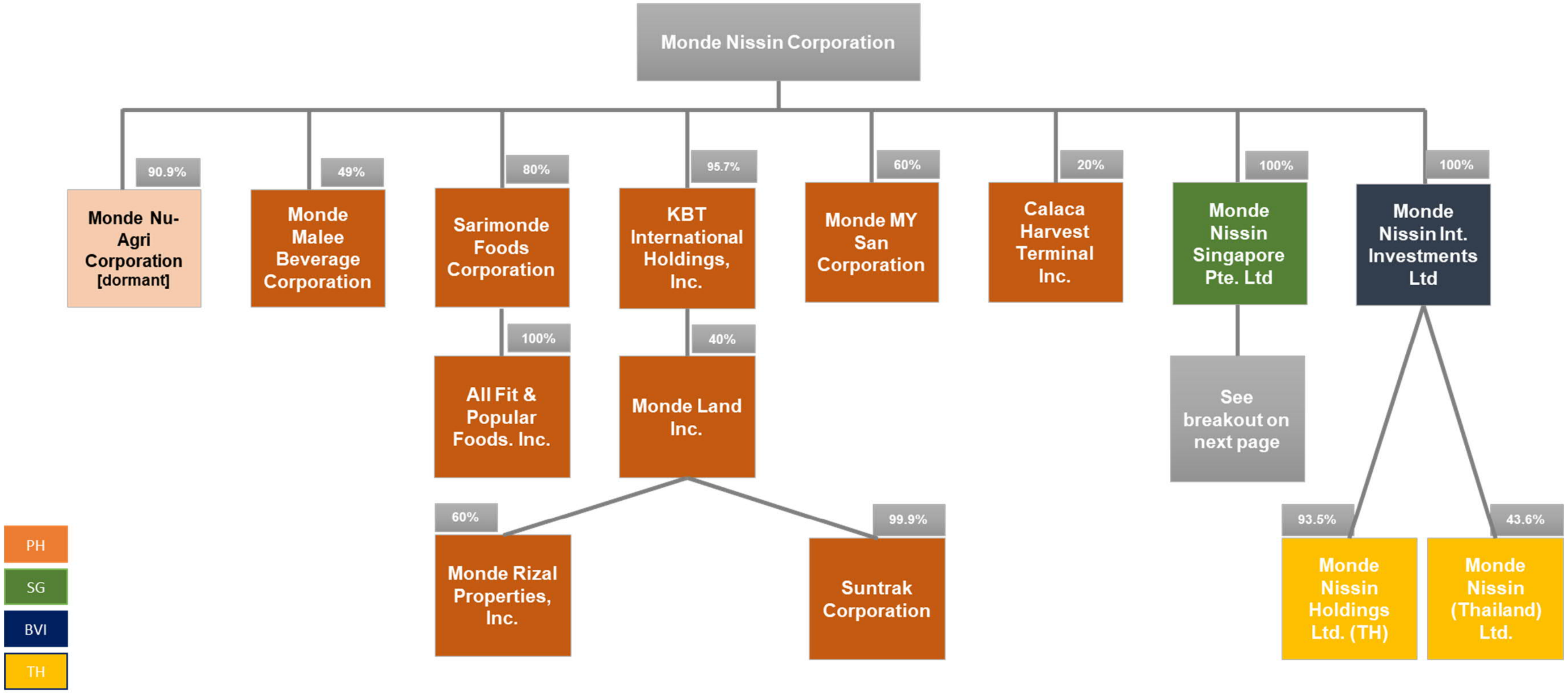
Annex D-2

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2020, 2019 and 2018

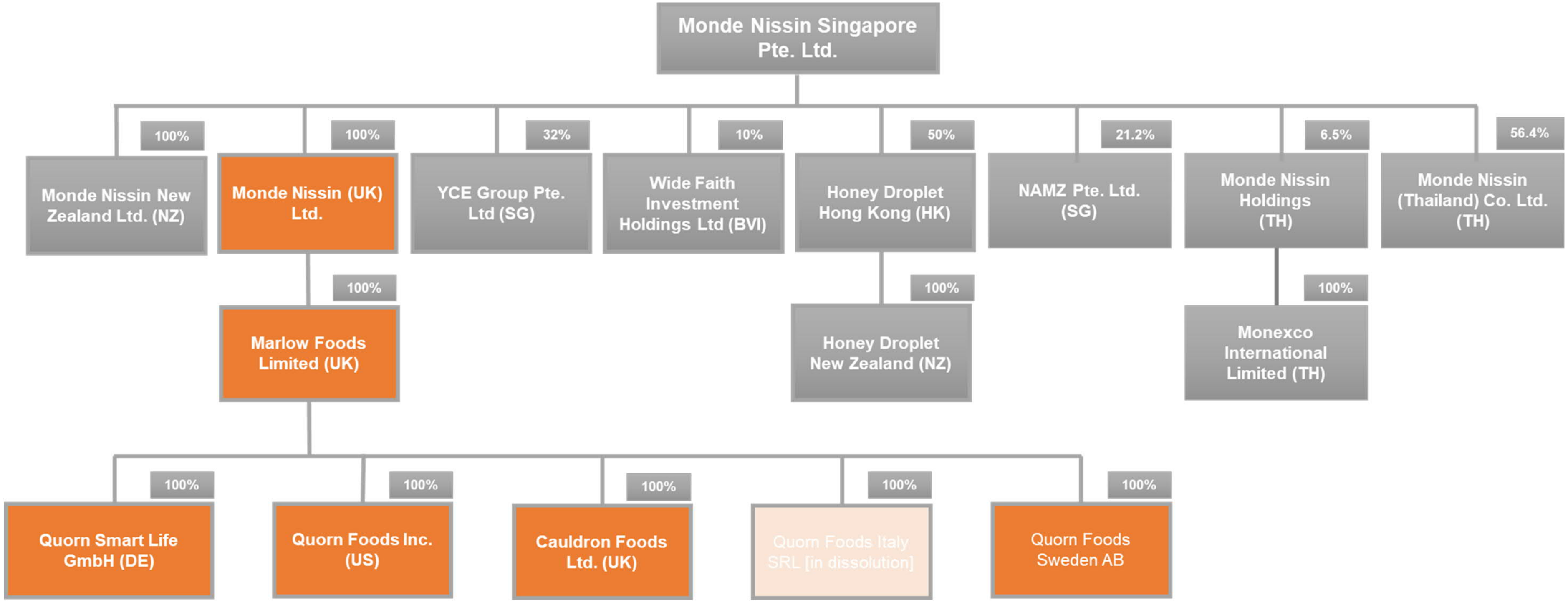
Financial Ratios	Formula	2020	2019	2018
Current ratio	Current assets / Current liabilities	0.98	1.02	1.06
Acid test ratio	Cash and cash equivalents + Current receivables / Current liabilities	0.65	0.75	0.57
Solvency ratio	Net income attributable to Equity Holders of the Parent Company + Depreciation and Amortization / Total Liabilities	16.7%	12.6%	6.4%
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	2.29	2.89	2.83
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	3.34	3.96	3.89
Interest rate coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Expense	7.42	4.62	4.29
Return on equity	Net income attributable to Equity Holders of the Parent Company / Equity attributable to Equity Holders of the Parent Company (average)	31.3%	26.8%	9.3%
Return on assets	Net income attributable to Equity Holders of the Parent Company / Total assets (average)	8.6%	6.8%	2.4%
Net Sales growth	Current Period Net Sales – Prior Period Net Sales / Prior Period Net Sales	3.8%	3.3%	10.9%
Gross margin	Gross Profit / Net Sales	39.0%	38.6%	38.2%
Net profit margin	Net income / Net sales	11.9%	10.2%	4.3%
Net profit after tax (NPAT) growth	Current Period NPAT – Prior Period NPAT / Prior Period NPAT	21.3%	42.7%	1.9%
EBITDA Growth	Current Period EBITDA – Prior Period EBITDA / Prior Period EBITDA	9.7%	23.8%	9.2%
EBITDA Margin	EBITDA / Net Sales	22.9%	21.7%	18.1%
Return on Invested Capital	EBIT – Income Tax Expense / Working Capital + Property Plant and Equipment	33.7%	34.2%	29.4%

Annex D-3.1

MONDE NISSIN CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2020



Annex D-3.2



Monde Nissin Singapore Pte. Ltd.
100%
Monde Nissin New Zealand Ltd. (NZ)
100%
Monde Nissin (UK) Ltd.
32%
YCE Group Pte. Ltd (SG)
10%
Wide Faith Investment Holdings Ltd (BVI)
50%
Honey Droplet Hong Kong (HK)
21.2%
NAMZ Pte. Ltd. (SG)
6.5%
Monde Nissin Holdings (TH)
56.4%
Monde Nissin (Thailand) Co. Ltd. (TH)
100%
Marlow Foods Limited (UK)
100%
Honey Droplet New Zealand (NZ)
100%
Monexco International Limited (TH)
100%
Quorn Smart Life GmbH (DE)
100%
Quorn Foods Inc. (US)
100%
Cauldron Foods Ltd. (UK)
100%
Quorn Foods Italy SRL [in dissolution]
100%
Quorn Foods Sweden AB

Annex D-4

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2020

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 Amortized Cost				
Cash in banks and cash equivalents	N/A	₱7,091,574,847	N/A	₱–
Trade and other receivables	N/A	6,456,718,430	N/A	81,598,461
Noncurrent receivables	N/A	655,521,471	N/A	15,864,873
Withholding tax receivables	N/A	47,344,650	N/A	–
Advances to employees	N/A	42,524,141	N/A	–
Financial Assets at FVOCI				
Unquoted equity securities	Wide Faith Foods and Co. Ltd	Nil	Nil	Nil
		₱14,293,683,539	N/A	₱97,463,334

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2020

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 ₱1 par value	12,000,000,000	6,570,000,000	–	–	5,559,041,400	1,010,958,600

Annex D-5

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
Various employees	₱67,191,544	₱8,757,900	(₱33,425,303)	₱–	₱42,524,141	₱–	₱42,524,141

Annex D-6

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020

Receivable to Name of Subsidiary / Counterparty	Balance at Beginning of Period	Additions	Collections	Write-off	Balance at End of Period		
					Current	Noncurrent	Total
MNC	₱1,901,045,944	₱12,285,846,611	(₱12,241,300,801)	₱–	₱1,945,591,754	₱–	₱1,945,591,754
MMYSC	71,852,082	513,239,866	(468,362,016)	–	116,729,932	–	116,729,932
MNTH	92,422,371	680,168,017	(488,331,817)	–	284,258,571	–	284,258,571
MNSPL	–	6,289,371	(5,431,406)	–	857,965	–	857,965
SMFC	19,861,825	32,754,974	(48,964,359)	–	3,652,440	–	3,652,440
	₱2,085,182,222	₱13,518,298,839	(₱13,252,390,399)	₱–	₱2,351,090,662	₱–	₱2,351,090,662

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2020

Name of Issuer and Type of Obligation	Amount Shown as Current	Amount Shown as Long-term	Total
Parent			
₱18,700,000,000 Floating Rate Corporate Notes (FRCNs)	₱3,236,666,667	₱5,500,000,000	₱8,736,666,667
₱9,000,000,000 FRCN	5,486,666,667	–	5,486,666,667
₱4,550,000,000 FRCN	80,000,000	921,666,666	1,001,666,666
₱7,100,000,000 Fixed Rate Note (FXCN)	–	7,100,000,000	7,100,000,000
MNUKL			
£113,000,000 term loan	646,260,311	6,656,116,089	7,302,376,400
SFC			
₱110,000,000 short term loan	110,000,000	–	110,000,000
	₱9,559,593,645	₱20,177,782,755	₱29,737,376,400

Note: Please refer to Note 17 to the consolidated financial statements for additional information.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020

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, 2020

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 -

Annex D-7
Interim Unaudited Financial Statements as of June 30, 2021

SEC Number 0000086335
File Number_______

Monde Nissin Corporation
(Company's Full Name)

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

(632) 7759 7595
Telephone Number

June 30, 2021
(Half Year Ending)
(month & day)

Form 17-Q
Form Type

__________N/A___________
Designation (If applicable)

30 June 2021
Period Date Ended

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2021**

2. Commission Identification Number **0000086335**

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

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

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

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

Yes [✓] No [ ]

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

The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

a.	Unaudited Interim Consolidated Statements of Financial Position as at June 30, 2021 with Comparative Audited Figures as at December 31, 2020
b.	Unaudited Interim Consolidated Statements of Comprehensive Income for the Quarters and Six Months Ended June 30, 2021 and 2020
c.	Unaudited Interim Consolidated Statements of Changes in Equity for the Six Months Ended June 30, 2021 and 2020
d.	Unaudited Interim Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 and 2020
e.	Notes to Unaudited Interim Condensed Consolidated Financial Statements

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(with Comparative Audited Figures as at December 31, 2020)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱31,273,045,258**	₱7,093,014,862
Financial assets at fair value through profit or loss (FVTPL) (Note 20)	**5,000,431,089**	–
Trade and other receivables (Note 6)	**5,993,213,342**	6,456,718,430
Inventories (Note 7)	**6,741,273,094**	6,073,003,451
Prepayments and other current assets (Note 8)	**1,754,059,570**	972,252,627
Total Current Assets	**50,762,022,353**	20,594,989,370
Noncurrent Assets		
Intangible assets (Note 10)	**34,967,586,902**	33,600,331,015
Property, plant and equipment (Note 9)	**28,384,608,386**	26,636,573,782
Investments in associates and joint ventures	**1,030,978,843**	1,024,068,245
Deferred tax assets - net (Note 19)	**1,881,489,230**	843,075,203
Noncurrent receivables (Note 18)	**667,158,122**	655,521,471
Other noncurrent assets (Note 11)	**1,188,841,904**	1,047,857,077
Total Noncurrent Assets	**68,120,663,387**	63,807,426,793
	₱118,882,685,740	₱84,402,416,163
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	**₱9,867,514,318**	₱10,140,676,184
Dividends payable (Note 14)	**8,549,323,840**	–
Acceptances and trust receipts payable (Note 7)	**1,247,833,300**	605,902,034
Current portion of loans payable (Note 13)	**6,118,812,115**	9,559,593,645
Refund liabilities (Note 12)	**220,999,541**	279,696,147
Current portion of lease liabilities	**90,882,593**	88,072,967
Income tax payable	**86,127,713**	282,397,364
Total Current Liabilities	**26,181,493,420**	20,956,338,341
Noncurrent Liabilities		
Loans payable (Note 13)	**18,649,629,190**	19,986,408,011
Convertible note (Note 13)	**–**	7,027,163,502
Deferred tax liabilities - net (Note 19)	**5,722,854,944**	4,199,918,067
Derivative liability (Note 20)	**–**	2,513,886,182
Lease liabilities	**2,695,681,391**	2,674,958,536
Pension liability	**538,161,511**	481,480,886
Other noncurrent liabilities	**19,436,965**	22,225,774
Total Noncurrent Liabilities	**27,625,764,001**	36,906,040,958
Total Liabilities	**53,807,257,421**	57,862,379,299
Equity		
Capital stock (Note 14)	**8,984,305,748**	6,570,000,000
Additional paid-in capital (Note 14)	**46,842,902,864**	–
Retained earnings (Note 14):		
Appropriated	**4,355,336,000**	11,155,336,000
Unappropriated	**9,315,827,155**	12,497,957,136
Fair value reserve of financial assets at FVOCI	**(235,130,244)**	(235,130,244)
Remeasurement losses on pension liability	**(319,731,741)**	(289,888,680)
Equity reserve (Note 14)	**(622,335,202)**	(89,762,438)
Cumulative translation adjustments (Note 14)	**(3,379,507,554)**	(4,366,784,166)
Equity Attributable to Equity Holders of the Parent Company	**64,941,667,026**	25,241,727,608
Non-controlling Interests (Notes 4 and 14)	**133,761,293**	1,298,309,256
Total Equity	**65,075,428,319**	26,540,036,864
	₱118,882,685,740	₱84,402,416,163

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June 30		Six Months Ended June 30	
	2021	2020	**2021**	2020
NET SALES (Note 15)	**₱16,682,290,137**	₱16,578,024,895	**₱33,758,551,099**	₱33,359,413,974
COST OF GOODS SOLD (Note 15)	**10,770,152,111**	10,131,624,087	**21,134,589,632**	20,225,593,232
GROSS PROFIT	**5,912,138,026**	6,446,400,808	**12,623,961,467**	13,133,820,742
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**3,985,493,474**	3,097,424,840	**7,322,411,463**	5,774,580,607
	1,926,644,552	3,348,975,968	**5,301,550,004**	7,359,240,135
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss) - net (Notes 4 and 13)	**259,399,988**	1,406,210,150	**267,547,193**	803,909,906
Reversal of provision for expected credit losses (Note 6)	**4,048,569**	–	**14,732,427**	–
Share in net earnings (losses) from associates and joint ventures	**(3,132,339)**	(35,878,756)	**6,910,598**	(48,608,374)
Gain on sale of property, plant and equipment	**652,126**	342,434	**1,674,624**	2,380,344
Market valuation gain on financial instruments at fair value through profit or loss	**431,089**	–	**431,089**	–
Miscellaneous income (Note 17)	**63,202,330**	57,425,991	**76,661,651**	68,391,171
	324,601,763	1,428,099,819	**367,957,582**	826,073,047
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,251,246,315**	4,777,075,787	**5,669,507,586**	8,185,313,182
FINANCE INCOME (EXPENSES)				
Derivative gain (loss) (Note 20)	**(2,635,355,219)**	(182,449,138)	**(2,253,520,663)**	256,115,269
Loss on convertible note redemption (Note 13)	**(1,579,324,482)**	–	**(1,579,324,482)**	–
Interest expense (Notes 13 and 17)	**(390,248,615)**	(544,448,373)	**(1,307,642,151)**	(1,032,519,387)
Interest income (Note 17)	**7,766,610**	36,663,260	**24,860,374**	69,000,701
	(4,597,161,706)	(690,234,251)	**(5,115,626,922)**	(707,403,417)
INCOME BEFORE INCOME TAX	**(2,345,915,391)**	4,086,841,536	**553,880,664**	7,477,909,765
PROVISION FOR INCOME TAX (Note 19)				
Current	**(137,421,546)**	740,971,150	**254,327,624**	1,713,017,815
Deferred	**(55,402,846)**	10,001,076	**95,879,908**	127,628,384
	(192,824,392)	750,972,226	**350,207,532**	1,840,646,199
NET INCOME	**(2,153,090,999)**	3,335,869,310	**203,673,132**	5,637,263,566
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**(₱2,154,612,054)**	₱3,091,705,449	**₱78,293,859**	₱5,254,213,734
Non-controlling interests	**1,521,055**	244,163,861	**125,379,273**	383,049,832
	(₱2,153,090,999)	₱3,335,869,310	**₱203,673,132**	₱5,637,263,566
Earnings per Share (EPS) (Note 14)				
Basic, income attributable to equity holders of the parent	**(₱0.138)**	₱0.235	**₱0.005**	₱0.400
Diluted, income attributable to equity holders of the parent	**(0.138)**	0.235	**0.005**	0.374

(Forward)

	Six Months Ended June 30	
	2021	2020
NET INCOME	**₱203,673,132**	₱5,637,263,566
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:		
Exchange gains (losses) on foreign currency translation (including effective portion of the net investment hedge) (Notes 14 and 20)	**987,276,612**	(2,778,883,721)
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Remeasurement loss on defined benefit plans	**(42,632,944)**	(28,646,153)
Income tax effect	**12,789,883**	8,593,846
	(29,843,061)	(20,052,307)
Other comprehensive income (loss) - net of tax	**957,433,551**	(2,798,936,028)
TOTAL COMPREHENSIVE INCOME	**₱1,161,106,683**	₱2,838,327,538
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱1,035,727,410**	₱2,463,298,629
Non-controlling interests	**125,379,273**	375,028,909
	₱1,161,106,683	₱2,838,327,538

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Retained Earnings (Note 14) Appropriated	Retained Earnings (Note 14) Unappropriated	Fair Value Reserve of Financial Assets at FVOCI	Remeasurement Losses on Pension Liability	Equity Reserve (Note 14)	Cumulative Translation Adjustments (Note 14)	Total	Non-controlling Interests (Notes 4 and 14)	Total Equity
Balance as at January 1, 2021	**₱6,570,000,000**	**₱–**	**₱11,155,336,000**	**₱12,497,957,136**	**(₱235,130,244)**	**(₱289,888,680)**	**(₱89,762,438)**	**(₱4,366,784,166)**	**₱25,241,727,608**	**₱1,298,309,256**	**₱26,540,036,864**
Net income	–	–	–	**78,293,859**	–	–	–	–	**78,293,859**	**125,379,273**	**203,673,132**
Other comprehensive income (loss), net of tax	–	–	–	–	–	**(29,843,061)**	–	**987,276,612**	**957,433,551**	–	**957,433,551**
Total comprehensive income (loss)	–	–	–	**78,293,859**	–	**(29,843,061)**	–	**987,276,612**	**1,035,727,410**	**125,379,273**	**1,161,106,683**
Issuance of shares (Note 14)	**2,414,305,748**	**46,842,902,864**	–	–	–	–	–	–	**49,257,208,612**	–	**49,257,208,612**
Acquisition during the period (Note 4)	–	–	–	–	–	–	**(532,572,764)**	–	**(532,572,764)**	**(1,289,927,236)**	**(1,822,500,000)**
Release of appropriation (Note 14)	–	–	**(6,800,000,000)**	**6,800,000,000**	–	–	–	–	–	–	–
Dividends (Note 14)	–	–	–	**(10,060,423,840)**	–	–	–	–	**(10,060,423,840)**	–	**(10,060,423,840)**
Balance as at June 30, 2021	**₱8,984,305,748**	**₱46,842,902,864**	**₱4,355,336,000**	**₱9,315,827,155**	**(₱235,130,244)**	**(₱319,731,741)**	**(₱622,335,202)**	**(₱3,379,507,554)**	**₱64,941,667,026**	**₱133,761,293**	**₱65,075,428,319**
Balance as at January 1, 2020	₱6,570,000,000	₱–	₱8,961,452,000	₱9,847,540,651	(₱235,130,244)	(₱62,425,778)	(₱89,762,438)	(₱3,266,356,789)	₱21,725,317,402	₱1,496,688,476	₱23,222,005,878
Net income	–	–	–	5,254,213,734	–	–	–	–	5,254,213,734	383,049,832	5,637,263,566
Other comprehensive loss, net of tax	–	–	–	–	–	(12,031,384)	–	(2,778,883,721)	(2,790,915,105)	(8,020,923)	(2,798,936,028)
Total comprehensive income (loss)	–	–	–	5,254,213,734	–	(12,031,384)	–	(2,778,883,721)	2,463,298,629	375,028,909	2,838,327,538
Balance as at June 30, 2020	₱6,570,000,000	₱–	₱8,961,452,000	₱15,101,754,385	(₱235,130,244)	(₱74,457,162)	(₱89,762,438)	(₱6,045,240,510)	₱24,188,616,031	₱1,871,717,385	₱26,060,333,416

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	2021 (Unaudited)	2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱553,880,664**	₱7,477,909,765
Adjustments to reconcile income before income tax to net cash flows:		
Derivative loss (gain) (Note 20)	**2,253,520,663**	(256,115,269)
Loss on convertible note redemption	**1,579,324,482**	–
Interest expense (Notes 13, 17 and 20)	**1,307,642,151**	1,032,519,387
Depreciation (Notes 9 and 17)	**1,192,309,999**	1,029,233,046
Unrealized foreign exchange gain - net	**(143,791,742)**	(519,885,214)
Amortization (Notes 10, 15 and 16)	**35,322,851**	33,289,485
Interest income (Note 17)	**(24,860,374)**	(69,000,701)
Retirement Expense	**23,602,429**	18,341,121
Share in net (earnings) losses from associates and joint venture	**(6,910,598)**	48,608,374
Gain on sale of property, plant and equipment	**(1,674,624)**	(2,380,344)
Market valuation gain on financial instruments at fair value through profit or loss	**(431,089)**	–
Working capital adjustments:		
Decrease (increase) in:		
Inventories	**(668,269,643)**	344,348,994
Prepayments and other current assets	**(781,806,943)**	(317,820,873)
Trade and other receivables	**437,932,356**	252,434,472
Increase (decrease) in:		
Accounts payable and other current liabilities	**(914,765,968)**	224,580,613
Acceptance and trust receipts payable	**641,931,266**	(1,299,352,762)
Refund liabilities	**(58,696,606)**	(3,792,542)
Net cash generated from operations	**5,424,259,274**	7,992,917,552
Income tax paid	**(234,793,092)**	(1,566,274,838)
Interest received	**30,899,891**	70,750,179
Net cash flows from operating activities	**5,220,366,073**	6,497,392,893
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Financial assets at fair value through profit or loss (Note 20)	**(5,000,000,000)**	–
Property, plant and equipment (Notes 9 and 21)	**(2,613,018,596)**	(1,716,642,369)
Intangible assets (Note 10)	**(84,145,110)**	–
Investments in associates and joint ventures	**–**	(185,625,000)
Noncurrent receivables	**(5,412,211)**	–
Proceeds from sale of property, plant and equipment (Note 9)	**19,245,778**	42,690,075
Decrease (increase) in other noncurrent assets	**(140,984,827)**	39,890,218
Net cash used in investing activities	**(7,824,314,966)**	(1,819,687,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Convertible note (Note 13)	**(13,351,934,700)**	–
Loans (Note 13)	**(5,141,022,264)**	(394,155,310)
Interest	**(639,585,649)**	(329,849,026)
Principal portion of lease liabilities	**(73,288,305)**	(476,641,327)
Derivatives	**–**	42,298,955
Issuance of capital stock, net of transaction cost (Note 14)	**49,257,208,612**	–
Acquisition of non-controlling interest (Note 4)	**(1,822,500,000)**	–
Dividends paid (Note 14)	**(1,511,100,000)**	–
Decrease in other noncurrent liabilities	**(2,788,809)**	(389,335)
Net cash used in financing activities	**26,714,988,885**	(1,158,736,043)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**24,111,039,992**	3,518,969,774
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**68,990,404**	28,555,646
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**7,093,014,862**	10,499,291,065
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱31,273,045,258**	₱14,046,816,485

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 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 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

<u>Basis of Preparation</u>

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 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, 2020. 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, 2020.

Basis of Consolidation
The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at June 30, 2021. 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, 2020, except for the adoption of Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*, which is effective as at January 1, 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate. The adoption of the amendments did not have any significant impact on the Group's financial position or performance.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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.

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 ₱2,513,886,182 as at June 30, 2021 and December 31, 2020, respectively (see Note 20).

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 June 30, 2021 and December 31, 2020 decreased as compared to the first half of 2020. 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.

Allowance for ECL on trade receivables amounted to ₱51,549,305 and ₱67,574,988 as at June 30, 2021 and December 31, 2020, respectively. The carrying amount of trade and other receivables amounted to ₱5,993,213,342 and ₱6,456,718,430 as at June 30, 2021 and December 31, 2020, respectively (see Note 6).

Impairment of Non-Financial Assets with Indefinite Useful Life (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 June 30, 2021 and December 31, 2020.

As at June 30, 2021, management assessed that:

- there have been no significant changes in the assets and liabilities making up the CGUs since December 31, 2020;
- 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.

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 19).

Net deferred tax assets recognized in the consolidated financial statements amounted to ₱1,881,489,230 and ₱843,075,203 as at June 30, 2021 and December 31, 2020, respectively (see Note 19).

Estimation of Legal contingencies and Regulatory Assessments. As at June 30, 2021 and December 31, 2020, 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 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 June 30, 2021 and December 31, 2020, 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 June 30, 2021 and December 31, 2020, are set out below:

			Percentage of Ownership			
		Country of	**June 30, 2021**		December 31, 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	**–**	**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	–
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*
***In dissolution*
****The Group effectively owns 100%*
*****80% owned and accounted as a subsidiary effective September 7, 2020.*

a. Purchase of Minority Shareholder's Equity of 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 ₱1,822,500,000. This increased the Parent Company's ownership interest from 60% in 2020 to 100% in 2021. This resulted to a reduction on the Group's non-controlling interest related to MMYSC amounting to ₱1,289,927,236 and increase in equity reserve of ₱532,572,764 as at January 28, 2021 (see Note 14).

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.

	June 30, 2021 (Unaudited)			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱26,238,754,493**	**₱7,519,796,606**	**₱–**	**₱33,758,551,099**
Costs and expenses	**(20,596,038,674)**	**(6,633,329,571)**	**–**	**(27,229,368,245)**
Depreciation and amortization	**(893,590,568)**	**(334,042,282)**	**–**	**(1,227,632,850)**
Finance income	**610,281,842**	**657,111**	**(586,078,579)**	**24,860,374**
Finance expense	**(5,093,804,680)**	**(632,761,195)**	**586,078,579**	**(5,140,487,296)**
Foreign exchange gain (loss) - net	**269,859,964**	**(2,312,771)**	**–**	**267,547,193**
Share in net earnings from associates and joint venture	**6,910,598**	**–**	**–**	**6,910,598**
Other income	**93,499,791**	**–**	**–**	**93,499,791**
Income before income tax	**635,872,766**	**(81,992,102)**	**–**	**553,880,664**
Provision for income tax	**(960,185,154)**	**1,310,392,686**	**–**	**350,207,532**
Net income	**₱1,596,057,920**	**(₱1,392,384,788)**	**₱–**	**₱203,673,132**
(Forward)				
Other information				
Total assets	**₱67,527,377,353**	**₱72,040,874,119**	**(₱20,685,565,732)**	**₱118,882,685,740**
Total liabilities	**₱37,664,244,152**	**₱36,828,579,001**	**(₱20,685,565,732)**	**₱53,807,257,421**
Investment in associates and joint venture	**₱1,030,978,843**	**₱–**	**₱–**	**₱1,030,978,843**
Capital expenditures	**₱1,905,284,928**	**₱707,733,668**	**₱–**	**₱2,613,018,596**
Noncash expenses (income) other than depreciation and amortization:				
Reversal of provision for ECL	**(₱14,732,427)**	**₱–**	**₱–**	**(₱14,732,427)**
Inventory obsolescence	**36,438,508**	**–**	**–**	**36,438,508**
	₱21,706,081	**₱–**	**₱–**	**₱21,706,081**

	June 30, 2020 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱25,793,981,733	₱7,565,432,241	₱–	₱33,359,413,974
Costs and expenses	(18,536,607,964)	(6,401,043,344)	–	(24,937,651,308)
Depreciation and amortization	(804,072,242)	(258,450,289)	–	(1,062,522,531)
Finance income	850,120,256	5,262,711	(530,266,997)	325,115,970
Finance expense	(900,714,940)	(662,071,444)	530,266,997	(1,032,519,387)
Foreign exchange gain - net	812,039,489	(8,129,583)	–	803,909,906
Share in net losses from associates and joint venture	(48,608,374)	–	–	(48,608,374)
Other income	70,771,515	–	–	70,771,515
Income before income tax	7,236,909,473	241,000,292	–	7,477,909,765
Provision for income tax	1,789,402,206	51,243,993	–	1,840,646,199
Net income	₱5,447,507,267	₱189,756,299	₱–	₱5,637,263,566

Other information

	December 31, 2020 (Audited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Total assets	₱54,462,662,369	₱49,251,201,442	(₱19,311,447,648)	₱84,402,416,163
Total liabilities	₱43,373,262,402	₱33,800,564,545	(₱19,311,447,648)	₱57,862,379,299
Investment in associates and joint venture	₱1,024,068,245	₱–	₱–	₱1,024,068,245

	June 30, 2020 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Capital expenditures	₱684,646,074	₱1,031,996,295	₱–	₱1,716,642,369
Noncash expenses other than depreciation and amortization:				
Provision for ECL	₱124,401,651	₱6,388,420	₱–	₱130,790,071
Inventory obsolescence	15,035,586	–	–	15,035,586
	₱139,437,237	₱6,388,420	₱–	₱145,825,657

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:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Domestic	**₱24,371,237,965**	₱24,681,198,393
Foreign	**9,387,313,134**	8,678,215,581
	₱33,758,551,099	₱33,359,413,974

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.

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Domestic:		
Property, plant and equipment (see Note 9)	**₱16,302,736,262**	₱15,161,639,267
Investments in associates and joint ventures	**1,030,978,843**	1,024,068,245
Intangible assets (see Note 10)	**655,055,651**	648,473,927
Other noncurrent assets (see Note 11)	**991,572,318**	944,163,187
Total *(Carried Forward)*	**18,980,343,074**	17,778,344,626

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total *(Brought Forward)*	**₱18,980,343,074**	₱17,778,344,626
Foreign:		
Property, plant and equipment (see Note 9)	**12,081,872,124**	11,474,934,515
Intangible assets (see Note 10)	**34,312,531,251**	32,951,857,088
Other noncurrent assets (see Note 11)	**117,995,678**	13,825,099
	46,512,399,053	44,440,616,702
	₱65,492,742,127	₱62,218,961,328

5. Cash and Cash Equivalents

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand and in banks	**₱7,998,146,900**	₱3,620,373,627
Cash equivalents	**23,274,898,358**	3,472,641,235
	₱31,273,045,258	₱7,093,014,862

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade receivables:		
Non-related parties	**₱5,926,350,036**	₱6,414,106,257
Related parties (see Note 18)	**34,565,074**	58,397,406
Nontrade receivables	**42,404,011**	36,106,738
Other receivables	**41,443,526**	15,683,017
	6,044,762,647	6,524,293,418
Allowance for ECL	**(51,549,305)**	(67,574,988)
	₱5,993,213,342	₱6,456,718,430

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

Nontrade receivables comprise of various receivables from employees. These are noninterest-bearing and normally settled through salary deductions.

Movements in the allowance for ECL follow:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at January 1	**₱67,574,988**	₱368,806,669
(Reversal of) provision for ECL	**(14,732,427)**	98,543,597
Write-off	**(1,966,315)**	(399,701,804)
Currency translation adjustments	**673,059**	(73,474)
Balance at end of period	**₱51,549,305**	₱67,574,988

Reversal of provision for ECL for the six months ended June 30, 2021 is attributable to the effective collection efforts during the period.

7. Inventories

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At cost:		
Raw materials	**₱86,730,959**	₱120,274,930
Finished goods	**54,799,013**	85,659,389
Packaging and other materials	**21,451,479**	14,580,150
Work in-process	**6,584,318**	5,177,053
In-transit	**2,570,584**	124,561,072
	172,136,353	350,252,594
At NRV:		
Finished goods	**2,936,162,674**	2,528,917,689
Raw materials	**1,798,987,112**	1,677,530,472
Work in-process	**1,088,970,472**	823,835,137
Packaging and other materials	**745,016,483**	692,467,559
	6,569,136,741	5,722,750,857
	₱6,741,273,094	₱6,073,003,451

The costs of inventories carried at NRV are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Finished goods	**₱3,080,208,190**	₱2,692,978,588
Raw materials	**1,914,406,071**	1,744,292,778
Work in-process	**1,133,158,822**	852,404,691
Packaging and other materials	**788,764,088**	732,301,223
	₱6,916,537,171	₱6,021,977,280

Provision for inventory obsolescence amounted to ₱36,438,508 and ₱15,035,586 for the six months ended June 30, 2021 and June 30, 2020, respectively.

The cost of inventories recognized under "Cost of goods sold" account amounted to ₱21,134,589,632 and ₱20,225,593,232 for the six months ended June 30, 2021 and June 30, 2020, respectively.

The carrying value of the Group's right of return assets amounted to nil as at June 30, 2021 and December 31, 2020.

Under the terms of the agreements covering liabilities under trust receipts totaling ₱1,247,833,300 and ₱605,902,034 as at June 30, 2021 and December 31, 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.

8. **Prepayments and Other Current Assets**

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Creditable withholding tax and other credits	**₱573,696,189**	16,020,863
Prepayments	**562,434,858**	239,836,976
Input VAT	**323,828,893**	364,711,525
Deferred input VAT	**289,001,369**	₱335,950,379
Other current assets	**8,701,210**	19,335,833
	1,757,662,519	975,855,576
Allowance for non-recoverability of other current assets	**(3,602,949)**	(3,602,949)
	₱1,754,059,570	₱972,252,627

As of June 30, 2021, the creditable withholding tax (CWT) and other credits include the overpayment on 2020 income tax due to CREATE Act, Q1 excess payment and unapplied CWT.

9. Property, Plant and Equipment

June 30, 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	₱456,118,622	₱5,576,957	₱8,613,001,967	₱1,643,601,881	₱145,198,401	₱30,313,880,194	₱362,439,721	₱115,322,579	₱234,304,037	₱1,863,900,842	₱3,933,033,885	₱2,835,139,481	₱397,170,402	₱42,697,047	₱289,829,348	₱51,251,215,364
Additions	–	–	–	3,763,290	(3,082,684)	127,518,223	12,910,938	5,006,971	11,704,049	767,545,717	1,624,739,979	–	62,912,113	–	–	2,613,018,596
Disposals	–	–	(440,000)	–	–	(108,767,331)	(1,465,801)	(2,020,536)	(486,632)	–	–	–	–	–	–	(113,180,300)
Reclassifications	–	–	267,303,814	76,735,985	1,500,000	1,074,945,678	35,164,012	–	19,643,536	(890,931,046)	(584,361,979)	–	–	–	–	–
Foreign currency translation adjustments	(12,255,682)	(271,722)	318,360,451	(2,012,655)	–	(62,092,784)	(2,131,877)	(56,895)	(14,130,447)	25,286,553	(14,080,269)	–	–	–	–	236,614,673
Balance at June 30, 2021	443,862,940	5,305,235	9,198,226,232	1,722,088,501	143,615,717	31,345,483,980	406,916,993	118,252,119	251,034,543	1,765,802,066	4,959,331,616	2,835,139,481	460,082,515	42,697,047	289,829,348	53,987,668,333
Accumulated Depreciation																
Balance at January 1, 2021	–	3,690,191	3,761,226,346	778,906,822	90,692,720	16,326,942,470	274,737,576	67,337,564	161,725,805	–	–	131,000,345	104,565,032	10,431,354	65,856,947	21,777,113,172
Depreciation (see Notes 15 and 16)	–	136,001	198,094,255	49,727,489	3,932,359	800,226,395	22,275,707	8,335,985	19,716,068	–	–	43,183,572	39,620,589	2,695,136	4,366,443	1,192,309,999
Disposals	–	–	(330,000)	–	–	(91,423,589)	(1,465,798)	(2,020,536)	(369,223)	–	–	–	–	–	–	(95,609,146)
Reclassifications	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Foreign currency translation adjustments	–	(184,255)	(23,160,516)	(19,910,872)	–	(24,186,021)	(2,140,818)	(56,895)	(1,036,820)	–	–	–	–	–	–	(70,676,197)
Balance at June 30, 2021	–	3,641,937	3,935,830,085	808,723,439	94,625,079	17,011,559,255	293,406,667	73,596,118	180,035,830	–	–	174,183,917	144,185,621	13,126,490	70,223,390	22,803,137,828
Accumulated Impairment Loss																
Balance at January 1, 2021	–	–	694,312,917	104,167,063	966,759	1,343,317,959	–	–	36,047	543,683,187	151,044,478	–	–	–	–	2,837,528,410
Foreign currency translation adjustments	–	–	(7,686,450)	–	–	(29,919,841)	–	–	–	–	–	–	–	–	–	(37,606,291)
Balance at June 30, 2021	–	–	686,626,467	104,167,063	966,759	1,313,398,118	–	–	36,047	543,683,187	151,044,478	–	–	–	–	2,799,922,119
Net Book Value	₱443,862,940	₱1,663,298	₱4,575,769,680	₱809,197,999	₱48,023,879	₱13,020,526,607	₱113,510,326	₱44,656,001	₱70,962,666	₱1,222,118,879	₱4,808,287,138	₱2,660,955,564	₱315,896,894	₱29,570,557	₱219,605,958	₱28,384,608,386

December 31, 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 January 1, 2020	₱470,301,100	₱5,891,398	₱7,916,782,885	₱1,631,739,739	₱145,003,401	₱25,896,529,322	₱313,768,181	₱102,407,723	₱186,911,649	₱1,211,889,800	₱5,587,261,201	₱1,764,382,111	₱276,024,703	₱39,301,349	₱87,082,713	₱45,635,277,275
Additions	–	–	551,684,298	6,721,799	195,000	108,679,681	30,997,953	7,753,303	35,584,926	725,759,903	2,286,098,002	1,086,130,071	135,483,126	3,395,698	36,721,454	5,015,205,214
Acquisition of a subsidiary	–	–	457,348,539	–	–	396,585,604	12,282,073	6,510,000	2,538,325	69,554,461	–	(15,372,701)	–	–	166,025,181	1,095,471,482
Disposals	–	–	(21,323,586)	–	–	(10,583,143)	(3,383,585)	(9,836,607)	(5,002,017)	–	–	–	(14,337,427)	–	–	(64,466,365)
Reclassifications	–	–	43,911,703	7,469,421	–	3,994,147,648	11,370,180	8,554,000	2,016,649	(113,320,952)	(3,954,148,649)	–	–	–	–	–
Foreign currency translation adjustments	(14,182,478)	(314,441)	(335,401,872)	(2,329,078)	–	(71,478,918)	(2,595,081)	(65,840)	12,254,505	(29,982,370)	13,823,331	–	–	–	–	(430,272,242)
Balance at December 31, 2020	456,118,622	5,576,957	8,613,001,967	1,643,601,881	145,198,401	30,313,880,194	362,439,721	115,322,579	234,304,037	1,863,900,842	3,933,033,885	2,835,139,481	397,170,402	42,697,047	289,829,348	51,251,215,364
Accumulated Depreciation																
Balance at January 1, 2020	–	3,603,080	3,458,531,211	663,694,915	75,306,086	14,858,205,566	236,871,856	59,333,612	138,088,935	–	–	60,588,762	52,861,717	5,309,455	34,854,453	19,647,249,648
Depreciation (see Notes 15 and 16)	–	278,353	345,435,087	116,167,062	15,386,634	1,507,036,011	43,225,734	15,088,864	30,010,798	–	–	70,411,583	57,835,821	5,121,899	31,002,494	2,237,000,340
Disposals	–	–	–	–	–	(10,007,439)	(2,902,553)	(7,032,619)	(4,962,602)	–	–	–	(6,132,506)	–	–	(31,037,719)
Foreign currency translation adjustments	–	(191,242)	(42,739,952)	(955,155)	–	(28,291,668)	(2,457,461)	(52,293)	(1,411,326)	–	–	–	–	–	–	(76,099,097)
Balance at December 31, 2020	–	3,690,191	3,761,226,346	778,906,822	90,692,720	16,326,942,470	274,737,576	67,337,564	161,725,805	–	–	131,000,345	104,565,032	10,431,354	65,856,947	21,777,113,172
Accumulated Impairment Loss																
Balance at January 1, 2020	–	–	191,334,766	–	966,759	1,044,599,687	–	–	36,047	530,350,542	99,921,018	–	–	–	–	1,867,208,819
Impairment loss	–	–	511,873,038	104,167,063	–	333,342,006	–	–	–	13,332,645	51,123,460	–	–	–	–	1,013,838,212
Foreign currency translation adjustments	–	–	(8,894,887)	–	–	(34,623,734)	–	–	–	–	–	–	–	–	–	(43,518,621)
Balance at December 31, 2020	–	–	694,312,917	104,167,063	966,759	1,343,317,959	–	–	36,047	543,683,187	151,044,478	–	–	–	–	2,837,528,410
Net Book Value	₱456,118,622	₱1,886,766	₱4,157,462,704	₱760,527,996	₱53,538,922	₱12,643,619,765	₱87,702,145	₱47,985,015	₱72,542,185	₱1,320,217,655	₱3,781,989,407	₱2,704,139,136	₱292,605,370	₱32,265,693	₱223,972,401	₱26,636,573,782

The Group acquired property, plant and equipment and recognized depreciation expense amounting to ₱1,716,642,369 and ₱1,029,233,046 for the six months ended June 30, 2020, respectively.

There are no idle property, plant and equipment nor property, plant and equipment used as collateral as at June 30, 2021 and December 31, 2020.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,321,292,827 and ₱1,624,822,028 as at June 30, 2021 and December 31, 2020, respectively.

10. Intangible Assets

	2021						
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks**	**Software**	**Total**
Cost							
Balance at January 1, 2021	**₱15,851,354,400**	**₱17,224,877,419**	**₱727,560,000**	**₱–**	**₱17,870,838**	**₱272,741,602**	**₱34,094,404,259**
Additions	**–**	**–**	**–**	**34,639,200**	**–**	**49,505,910**	**84,145,110**
Foreign currency translation adjustments	**634,419,168**	**685,783,960**	**–**	**–**	**(1,392,166)**	**(1,314,870)**	**1,317,496,092**
Balance at June 30, 2021	**16,485,773,568**	**17,910,661,379**	**727,560,000**	**34,639,200**	**16,478,672**	**320,932,642**	**35,496,045,461**
Accumulated Amortization							
Balance at January 1, 2021	**–**	**40,604,600**	**233,425,500**	**–**	**2,601,673**	**127,299,473**	**403,931,246**
Amortization (see Note 17)	**–**	**–**	**18,189,000**	**–**	**118,341**	**17,015,510**	**35,322,851**
Foreign currency translation adjustments	**–**	**1,625,119**	**–**	**–**	**(1,356,575)**	**(1,206,080)**	**(937,536)**
Balance at June 30, 2021	**–**	**42,229,719**	**251,614,500**	**–**	**1,363,439**	**143,108,903**	**438,316,561**
Accumulated Impairment Loss	**–**	**90,141,998**	**–**	**–**	**–**	**–**	**90,141,998**
Net Book Value	**₱16,485,773,568**	**₱17,778,289,662**	**₱475,945,500**	**₱34,639,200**	**₱15,115,233**	**₱177,823,739**	**₱34,967,586,902**

	2020					
	Goodwill	Brand	Distribution Rights	Trademarks	Software	Total
Cost						
Balance at January 1, 2020	₱16,187,353,231	₱17,588,079,889	₱727,560,000	₱3,483,386	₱259,762,333	₱34,766,238,839
Additions	–	–	–	–	14,351,835	14,351,835
Acquisition of a subsidiary	–	–	–	14,459,000	261,800	14,720,800
Foreign currency translation adjustments	(335,998,831)	(363,202,470)	–	(71,548)	(1,634,366)	(700,907,215)
Balance at December 31, 2020	15,851,354,400	17,224,877,419	727,560,000	17,870,838	272,741,602	34,094,404,259
Accumulated Amortization						
Balance at January 1, 2020	–	41,465,290	197,047,500	2,173,561	99,027,579	339,713,930
Amortization (see Note 17)	–	–	36,378,000	428,112	29,511,848	66,317,960
Foreign currency translation adjustments	–	(860,690)	–	–	(1,239,954)	(2,100,644)
Balance at December 31, 2020	–	40,604,600	233,425,500	2,601,673	127,299,473	403,931,246
Accumulated Impairment Loss	–	90,141,998	–	–	–	90,141,998
Net Book Value	₱15,851,354,400	₱17,094,130,821	₱494,134,500	₱15,269,165	₱145,442,129	₱33,600,331,015

In January 2021, the Group acquired intellectual property license with indefinite useful life amounting to ₱34,639,200. This pertains to acquisition of know-how and other intellectual property from a third party.

Amortization of the intangible assets for the six months ended June 30, 2021 and June 30, 2020 amounted to ₱35,322,851 and ₱33,289,485, respectively (see Note 17).

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

	June 30, 2021 (Unaudited)				December 31, 2020 (Audited)		
	Goodwill	**Brand**	**Trademark**	**License**	Goodwill	Brand	Trademark
MNUKL	**₱16,485,773,568**	**₱17,910,661,379**	**₱–**	**₱–**	₱15,851,354,400	₱17,224,877,419	₱–
MNC	**–**	**–**	**14,459,000**	**34,639,200**	–	–	14,459,000
Total	**₱16,485,773,568**	**₱17,910,661,379**	**₱14,459,000**	**₱34,639,200**	₱15,851,354,400	₱17,224,877,419	₱14,459,000

The Group performed its annual impairment test in December 2020.

11. **Other Noncurrent Assets**

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred input VAT for amortization	**₱446,546,727**	₱279,133,013
Advances to suppliers and contractors	**634,575,090**	637,524,324
Refundable and other deposits	**72,717,823**	75,805,823
Withholding tax receivables	**45,037,910**	47,344,650
Advances to employees	**34,235,998**	42,524,141
Others	**11,515,052**	21,311,822
	1,244,628,600	1,103,643,773
Less allowance for advances to suppliers and contractors	**55,786,696**	55,786,696
	₱1,188,841,904	₱1,047,857,077

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

<u>Accounts Payable and Other Current Liabilities</u>

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade payables		
Non-related parties	**₱4,756,085,276**	₱4,648,497,052
Related parties (see Note 18)	**5,978,483**	35,708,765
Nontrade payables	**1,588,180,287**	2,449,581,739
Accruals for:		
Advertising and promotions	**943,724,644**	936,724,458
Personnel costs	**140,585,041**	436,262,880
Trade spend	**247,487,978**	235,041,191
Selling, general and administrative expenses	**368,184,829**	337,168,684
Interest	**134,677,585**	166,287,725
Freight	**101,810,948**	63,786,546
Other accruals	**193,433,939**	228,241,544
Cash variable interest (see Note 13)	**588,474,159**	–
Statutory payables	**568,490,013**	400,828,394
Others	**230,401,136**	202,547,206
	₱9,867,514,318	₱10,140,676,184

<u>Refund Liabilities</u>

As at June 30, 2021 and December 31, 2020, the Group's refund liabilities consist of the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Refund liabilities:		
Arising from rights of return	**₱120,159,668**	₱166,969,747
Arising from retrospective volume rebates	**100,839,873**	112,726,400
	₱220,999,541	₱279,696,147

13. Loans Payable and Convertible Note

Loans Payable

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Parent Company	**₱17,939,872,906**	₱22,325,000,000
MNUKL	**6,922,513,995**	7,302,376,400
SFC	**–**	110,000,000
	24,862,386,901	29,737,376,400
Current portion	**(6,118,812,115)**	(9,559,593,645)
Unamortized debt issue costs	**(93,945,596)**	(191,374,744)
	₱18,649,629,190	₱19,986,408,011

Details of the Group's loans are as follows:

Description	Maturities	Interest Rates	**June 30, 2021** (Unaudited) US$/£ Balances	**June 30, 2021** (Unaudited) Php Equivalent	December 31, 2020 (Audited) US$/£ Balances	December 31, 2020 (Audited) Php Equivalent
Parent						
₱18,700,000,000 Floating Rate Corporate Notes (FRCNs)	December 2022	3-day average of the 3-Month BVAL + 75 bps (subject to floor rate of the BSP overnight borrowing rate)	**$–**	**₱5,983,296,709**	$–	₱8,736,666,667
₱9,000,000,000 FRCN	October 2021	Average 3-month BVAL rate + 100 bps or BSP RRP rate + 25 bps, whichever is higher	**–**	**3,894,909,531**	–	5,486,666,667
₱4,550,000,000 FRCN	November 2023	Average 3-month BVAL rate + 125 bps	**–**	**961,666,666**	–	1,001,666,666
₱7,100,000,000 Fixed Rate Note (FXCN)	October 2023	4.50% until October 2020 and 3.75% thereafter until maturity	**–**	**7,100,000,000**	–	7,100,000,000
Total Parent Company loan				**17,939,872,906**		22,325,000,000
MNUKL						
£113,000,000 term loan	March 2024	Margin and LIBOR	**£102,999,500**	**6,922,513,995**	£113,000,000	7,302,376,400
SFC						
₱110,000,000 short term loan	January 2021	Floating between 4.75% to 5.00%		**–**		110,000,000
				₱24,862,386,901		₱29,737,376,400

a. Parent Company

As at June 30, 2021 and December 31, 2020, the Group is in compliance with the financial covenants.

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.

b. MNUKL Loan

MNUKL has an outstanding unsecured loans payable amounting to ₱6,922,513,995 (£102,999,500) and ₱7,302,376,400 (£113,000,000) as at June 30, 2021 and December 31, 2020, respectively. Interest rate is based on Margin and LIBOR.

As at June 30, 2021 and December 31, 2020, the Group is in compliance with the financial covenants.

c. SFC

In 2020, SFC obtained additional unsecured short-term loan from a financial institution amounting to ₱110,000,000 with floating interest between 5% to 5.25% per annum and is payable monthly. This loan was fully settled by SFC in January 2021.

For the six months ended June 30, 2021 and June 30, 2020, interest expense related to the loans amounted to ₱365,199,431 and ₱646,212,572, respectively (see Note 17).

<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 ₱9,122,684,658 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 (6.44% of the issued and outstanding shares of the Group in 2021 as a result of the issuance of Parent Company's common shares to MCI (see Note 14). 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 $174,810,958. 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.

Shown below are the movements in the value of the host liability:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Host liability:		
Beginning balance	**₱7,027,163,502**	₱7,257,979,719
Accretion of interest (see Note 17)	**746,999,024**	406,994,503
Foreign exchange loss (gain)	**(73,445,498)**	(580,435,191)
Amortization of debt issue cost	**20,987,957**	47,624,471
Payments of cash variable interest	**(113,738,703)**	(105,000,000)
Redemption	**(7,607,966,282)**	–
	₱–	₱7,027,163,502

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. As at June 30, 2021, unpaid cash variable interest amounted to ₱588,474,159 payable on or before December 31, 2021 based on the dividend declaration approved by the Parent Company's BOD on March 1, 2021 at ₱1.19 per share to holders of record or beneficial owners as of the date of declaration (see Notes 12 and Note 14)

Accretion of interest on Convertible Note amounted to ₱223,622,824 for the six months ended June 30, 2020 (see Note 17).

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 14.

On June 3, 2021, the Parent Company fully settled the Convertible Note. The Parent Company paid the listing redemption of ₱13,351,934,700. This resulted to loss on redemption of convertible note amounting to ₱1,579,324,482 for the six months ended June 30, 2021.

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans Payable		
Balance at January 1	**₱191,374,744**	(₱94,243,252)
Amortization during the period (see Note 17)	**(68,043,681)**	122,614,027
Foreign currency translation adjustments	**(29,385,467)**	(2,062,315)
Additions during the period	**–**	165,066,284
Total *(Carried Forward)*	**93,945,596**	191,374,744

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total *(Brought Forward)*	**₱93,945,596**	₱191,374,744
Convertible Note		
Balance at January 1	**173,928,860**	221,553,331
Amortization during the period (see Note 17)	**(20,987,957)**	(47,624,471)
Redemption of convertible note	**(152,940,903)**	–
	–	173,928,860
	₱93,945,596	₱365,303,604

14. **Equity**

Capital Stock and Additional Paid-in Capital (APIC)
The details of the Parent Company's common stock as of June 30, 2021 and December 31, 2020 follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Authorized 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 details of the Parent Company's additional paid-in capital as of June 30, 2021 and December 31, 2020 follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at January 1	**₱–**	₱–
Additions		
Issuance of common shares to MCI	**1,204,039,266**	–
Issuance of common shares during IPO	**46,800,000,000**	–
Share issuance costs		
Issuance of common shares to MCI	**(3,375,000)**	–
Issuance of common shares during IPO	**(1,157,761,402)**	–
Balance at end of period	**₱46,842,902,864**	₱–

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 ₱1,818,345,014 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 ₱48,600,000,000.

<u>Amendment of AOI</u>
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 following:

a. 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:
   i) 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
   ii) 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	₱400,000,000
Non-voting “B”	800,000,000	1.00	800,000,000
Voting “C”	2,400,000,000	0.25	600,000,000
Total	3,600,000,000		₱1,800,000,000

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 of June 30, 2021.

<u>Retained Earnings</u>

Parent Company
On January 22, 2021, the BOD approved cash dividends declaration of ₱0.23 per share or ₱1,511,100,000 on all outstanding shares (i.e.,6,570,000,000 common shares) or ₱0.23 per share payable on or before March 31, 2021 to holders of record or beneficial owners as of the date of declaration.

On March 1, 2021, the Parent Company’s BOD approved the reversal of the appropriated retained earnings amounting to ₱6,800,000,000. On the same date, the Parent Company’s BOD declared cash dividends in the total amount of ₱8,549,323,840 on all outstanding shares or ₱1.19 per share to holders of record or beneficial owners as of the date of declaration payable on or before December 31, 2021.

Restriction on Retained Earnings

As at June 30, 2021 and December 31, 2020, undistributed retained earnings of subsidiaries amounting to ₱11,328,160,611 and ₱12,177,213,308, 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 ₱1,555,337,760 as at June 30, 2021 and December 31, 2020.

Equity Reserve

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
MMYSC (see Note 4)	**(₱532,572,764)**	₱–
MNTH	**(115,391,054)**	(115,391,054)
MNAC	**(7,732,696)**	(7,732,696)
KBT	**33,361,312**	33,361,312
	(₱622,335,202)	(₱89,762,438)

Cumulative Translation Adjustments

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
MNSPL (see Note 20)	**₱2,914,440,388**	₱4,046,231,894
MNIIL	**186,225,535**	186,341,768
MNTH	**185,072,414**	68,095,679
MIL	**93,769,217**	66,114,825
	₱3,379,507,554	₱4,366,784,166

Cumulative translation adjustments are attributable to equity holders of the Parent Company as at June 30, 2021 and December 31, 2020.

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

	Quarters Ended June 30		**Six Months Ended June 30**	
	2021 (Unaudited)	2020 (Unaudited)	**2021** (Unaudited)	2020 (Unaudited)
Net income attributable to equity holders of the parent	**(₱2,154,612,054)**	₱3,091,705,449	**₱78,293,859**	₱5,254,213,734
Number of stocks:				
Common stocks outstanding at January 1	**6,570,000,000**	6,570,000,000	**6,570,000,000**	6,570,000,000
Effect of common stock issuance to MCI	**614,305,748**	–	**511,921,457**	–
Effect of reduction in par	**7,184,305,748**	6,570,000,000	**7,081,921,457**	6,570,000,000
Effect of common stock issuance during IPO	**1,200,000,000**	–	**600,000,000**	–
Weighted average number of common shares	**15,568,611,496**	13,140,000,000	**14,763,842,914**	13,140,000,000
Basic EPS	**(₱0.138)**	₱0.235	**₱0.005**	₱0.400

The number of common shares has been adjusted for the effect of the reduction in par value approved by the SEC on April 7, 2021 as discussed above.

Diluted EPS

	Quarters Ended June 30		Six Months Ended June 30	
	2021 (Unaudited)	**2020** (Unaudited)	**2021** (Unaudited)	2020 (Unaudited)
Net income attributable to equity holders of the parent	**(₱2,154,612,054)**	₱3,091,705,449	**₱78,293,859**	₱5,254,213,734
Adjustments, net of tax:				
Unrealized foreign exchange gain (see Note 13)	–	(93,341,186)	–	(246,509,855)
Accretion of interest (see Note 17)	–	82,332,927	–	156,535,977
Derivative loss (gain) (see Note 20)	–	230,402,838	–	105,649,660
Accretion of debt issue cost (see Note 17)	–	8,290,660	–	16,581,319
	(2,154,612,054)	3,319,390,688	**78,293,859**	5,286,470,835
Weighted average number of common shares	**15,568,611,496**	13,140,000,000	**14,763,842,913**	13,140,000,000
Effects of dilution from Convertible Note (see Note 13)	–	989,032,200*	–	989,032,200*
Weighted average number of common shares adjusted for the effects of dilution	–	14,129,032,200	**14,763,842,913**	14,129,032,200
Diluted EPS	**(₱0.138)****	₱0.235	**₱0.005****	₱0.374

**Adjusted for the effect of the reduction in par value.*
***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

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
APAC BFB		
Philippines	**₱24,371,237,965**	₱24,681,198,393
Other countries	**1,867,516,528**	1,112,783,340
	26,238,754,493	25,793,981,733
Meat Alternative		
United Kingdom	**5,866,537,690**	5,892,913,129
United States	**685,871,693**	707,788,338
Other countries	**967,387,223**	964,730,774
	7,519,796,606	7,565,432,241
	₱33,758,551,099	₱33,359,413,974

All revenues are recognized at a point in time.

Cost of Goods Sold

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Direct materials	**₱15,889,107,891**	₱14,290,965,818
Direct labor (see Note 17)	**1,451,306,025**	1,423,844,942
Manufacturing overhead:		
Depreciation and amortization (see Notes 9 and 10)	**1,007,947,375**	873,059,550
Repairs and maintenance	**828,208,793**	596,774,515
Light and water	**626,748,217**	490,187,650
Indirect labor (see Note 17)	**523,634,618**	517,200,065
Plant utilities and other consumption	**400,487,831**	284,456,507
Steam	**304,763,150**	254,366,590
Rent	**16,074,322**	10,817,449
Others	**540,527,173**	1,085,170,411
Total manufacturing costs	**21,588,805,395**	19,826,843,497
Inventory movements (see Note 7):		
Finished goods	**(327,769,680)**	327,223,049
Work in-process	**(126,446,083)**	71,526,686
	₱21,134,589,632	₱20,225,593,232

16. **Sales, General and Administrative Expenses**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Advertising and promotional expenses	**₱1,967,545,489**	₱1,312,824,014
Salaries, wages and employee benefits (see Note 17)	**1,731,265,772**	1,610,360,721
Transportation and delivery	**1,264,140,897**	1,209,188,283
Outside services	**1,054,391,618**	390,409,384
Research and development	**271,722,922**	231,443,885
Depreciation and amortization (see Notes 9 and 10)	**219,685,475**	189,462,981
Taxes and licenses	**137,979,979**	110,817,088
Repairs and maintenance	**111,471,706**	83,620,958
Insurance	**104,696,366**	77,369,937
Dealer support	**82,435,166**	89,673,797
Fringe benefit tax	**46,393,811**	50,137,570
Light, water, and telecommunication	**41,872,544**	28,826,313
Warehouse supplies	**31,521,225**	33,699,405
Entertainment, amusement and recreation	**24,692,615**	44,893,069
Rent	**12,181,966**	3,265,510
Provision for ECL (see Note 6)	**–**	130,790,071
Others	**220,413,912**	177,797,621
	₱7,322,411,463	₱5,774,580,607

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 ₱24,860,374 and ₱69,000,701 for the six months ended June 30, 2021 and 2020, respectively.

Interest Expense

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Accretion of interest on convertible note (see Note 13)	**₱746,999,024**	₱223,622,824
Interest on loans payable (see Note 13)	**365,199,431**	646,212,572
Interest expense on lease liabilities	**96,820,786**	68,706,834
Amortization of debt issue costs (see Note 13):		
Loans payable	**68,043,681**	35,825,235
Convertible Note	**20,987,957**	23,687,599
Acceptance and trust receipts payable	**9,591,272**	28,913,009
Others	**–**	5,551,314
	₱1,307,642,151	₱1,032,519,387

Personnel Costs

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Cost of goods sold:		
Direct labor (see Note 15)	**₱1,451,306,025**	₱1,423,844,942
Indirect labor (see Note 15)	**523,634,618**	517,200,065
Sales, general and administrative expenses:		
Salaries and wages (see Note 16)	**1,377,817,895**	1,299,208,286
Employee benefits (see Note 16)	**353,447,877**	311,152,435
	₱3,706,206,415	₱3,551,405,728

Depreciation and Amortization Expense

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Property, plant and equipment (see Note 9)	**₱1,192,309,999**	₱1,029,233,046
Intangible assets (see Note 10)	**35,322,851**	33,289,485
	₱1,227,632,850	₱1,062,522,531

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Cost of goods sold (see Note 15)	**₱1,007,947,375**	₱873,059,550
Sales, general and administrative expense (see Note 16)	**219,685,475**	189,462,981
	₱1,227,632,850	₱1,062,522,531

Miscellaneous Income
Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses 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	**June 30, 2021**	**₱35,320,484**	**₱–**	15 days;	Unsecured
	December 31, 2020	49,856,400	–	noninterest-bearing	
	June 30, 2020	17,563,953	–		
Monde Malee Beverages Corporation (MMBC)					
Miscellaneous income	**June 30, 2021**	**4,411,508**	**33,080,549**	30 days;	Unsecured;
	December 31, 2020	52,164,990	58,397,406	noninterest-bearing	no impairment
	June 30, 2020	–	–		
Trade purchases, net	**June 30, 2021**	**30,082,697**	**(4,769,788)**	30 days;	Unsecured
	December 31, 2020	83,352,863	(12,562,460)	noninterest-bearing	
	June 30, 2020	49,290,497	(20,039,721)		
Sarimonde Foods Corporation (SFC)					
(a) Trade purchases, net	**June 30, 2021**	**–**	**–**	30 days;	Unsecured
	December 31, 2020	–	–	noninterest-bearing	
	June 30, 2020	–	(10,810,063)		
(b) Trade sales	**June 30, 2021**	**–**	**–**	30 days;	Unsecured;
	December 31, 2020	–	–	noninterest-bearing	no impairment
	June 30, 2020	15,216,753	34,378,628		
(c) Notes receivable	**June 30, 2021**	–	–	30 days;	Unsecured;
	December 31, 2020	–	–	interest-bearing	no impairment
	June 30, 2020	90,000,000	90,000,000		
YCE Group Pte. Ltd. (YCE)					
Advances and interest income	**June 30, 2021**	**5,412,211**	**5,412,211**	Interest-bearing	Unsecured
	December 31, 2020	8,930,086	–		
	June 30, 2020	4,481,406	4,481,406		
Calaca Harvest Terminal Inc. (CHTI)					
Transportation and delivery expense	**June 30, 2021**	**125,217,658**	**–**	15 days;	Unsecured
	December 31, 2020	105,665,220	(23,146,305)	noninterest-bearing	
	June 30, 2020	48,337,023	(3,940,288)		
Advances	**June 30, 2021**	**1,484,525**	**1,484,525**	On demand;	Unsecured
	December 31, 2020	–	–	noninterest-bearing	
	June 30, 2020	–	–		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**June 30, 2021**	**4,799,555**	**(1,208,695)**	45 days;	Unsecured
	December 31, 2020	57,993,292	–	noninterest-bearing	
	June 30, 2020	17,507,920	(15,704)		
MNSG Holdings Pte. Ltd.					
Loans receivable	**June 30, 2021**	**–**	**161,745,911**	2 years;	Unsecured
	December 31, 2020	155,521,471	155,521,471	interest-bearing	
	June 30, 2020	–	–		
Trade and other receivables (see Note 6)	**June 30, 2021**		**₱34,565,074**		
	December 31, 2020		58,397,406		
	June 30, 2020		124,378,628		
Noncurrent receivables	**June 30, 2021**		**167,158,122**		
	December 31, 2020		155,521,471		
	June 30, 2020		4,481,406		
Trade payables (see Note 12)	**June 30, 2021**		**(5,978,483)**		
	December 31, 2020		(35,708,765)		
	June 30, 2020		(34,805,776)		

These transactions with related parties will be settled through cash.

Compensation of Key Management Personnel

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Short-term employee benefits	**₱621,738,287**	₱603,629,405
Post-employment benefits	**53,554,849**	51,994,999
	₱675,293,136	₱655,624,404

19. 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 unaudited interim consolidated statements of comprehensive income is as follows:

	For the six months ended	
	June 30, 2021	June 30, 2020
Provision for income tax computed at applicable statutory tax rate (17% to 30%)	**₱151,125,707**	₱1,918,211,181
Income tax effects of:		
Loss on convertible note redemption	**(662,481,390)**	–
Nontaxable income	**(224,999,560)**	–
Benefit from OSD	**(151,150,771)**	(204,079,184)
Nondeductible expenses	**127,618,292**	115,860,934
MCIT	**(90,278,204)**	–
Interest income already subjected to final tax	**(2,190,138)**	(11,923,502)
Nondeductible interest expense	**(937,653)**	3,312,951
Change in unrecognized deferred tax liabilities - net	**1,230,992,619**	–
Others	**(27,491,370)**	19,263,819
	₱350,207,532	₱1,840,646,199

Deferred Income Tax

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred tax assets - net		
Allowance for impairment loss	**₱317,399,491**	₱380,879,389
Derivative liability	**–**	197,327,883
Interest accretion and cash variable interest on convertible note	**147,118,540**	154,490,840
Pension liability	**112,790,965**	123,252,079
Refund liabilities	**55,249,885**	83,908,844
Gain on loan modification	**(32,362,684)**	(46,694,270)
Allowance for inventory obsolescence	**31,253,895**	36,498,508
Unrealized profits from intercompany sales	**26,733,681**	30,139,355
Unrealized foreign exchange gain	**(7,074,347)**	(161,189,205)

(Forward)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Allowance for ECL	**₱6,403,717**	₱12,602,362
Right-of-use assets and lease liabilities	**15,333,955**	8,022,824
Unamortized past service cost	**6,406,307**	8,450,668
Advances from customers	**4,326,015**	5,890,274
Excess of the tax base over the carrying amounts of non-monetary assets	**3,242,916**	2,969,824
NOLCO	**1,049,295,028**	–
MCIT	**96,804,032**	–
Others	**48,567,834**	6,525,828
	1,881,489,230	843,075,203
Deferred tax liabilities - net		
Brand	**(4,444,578,001)**	(3,255,599,730)
Property, plant and equipment	**(1,124,352,410)**	(654,687,338)
Interest income	**(227,756,857)**	(283,760,530)
NOLCO	**76,467,267**	–
Others	**(2,634,943)**	(5,870,469)
	(5,722,854,944)	(4,199,918,067)
	(₱3,841,365,714)	(₱3,356,842,864)

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
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 of June 30, 2021 and December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes are computed and measured using the applicable income tax rates for financial reporting purposes as follows:

	June 30, 2021	December 31, 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.

The impact of the CREATE Act as at and for the year ended December 31, 2020 amounting to ₱269,093,60 are reflected in the Parent Company and its Philippine subsidiaries' 1st quarter of 2021 income tax return.

The above impact are reflected in the consolidated financial statements as of June 30, 2021.

MNUKL
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 of June 30, 2021, deferred tax liabilities of MNUKL were calculated at 25%. The adjustment on deferred tax liability pertains to items such as the value of the brand of Quorn and Cauldron.

MNUKL also reflected impact of the super capital allowance for qualifying capital expenditures as of June 30, 2021.

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 June 30, 2021 and December 31, 2020:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Financial Assets		
Cash and cash equivalents	**₱31,273,045,258**	₱7,093,014,862
Financial assets at FVTPL	**5,000,431,089**	–
Trade and other receivables	**5,993,213,342**	6,456,718,430
Noncurrent receivables	**667,158,122**	655,521,471
Withholding tax receivables*	**45,037,910**	47,344,650
Advances to employees*	**34,235,998**	42,524,141
	43,013,121,719	14,295,123,554
Financial Liabilities		
Accounts payable and other current liabilities**	**9,299,024,305**	9,739,847,790
Dividends payable	**8,549,323,840**	–
Loans payable***	**24,768,441,305**	29,546,001,656
Acceptance and trust receipts payable	**1,247,833,300**	605,902,034
Convertible note	**–**	7,027,163,502
Lease liabilities	**2,786,563,984**	2,763,031,503
	46,651,186,734	49,681,946,485
	(₱3,638,065,015)	(₱35,386,822,931)

** 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.

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 June 30, 2021 and December 31, 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.

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.

Embedded Derivatives
As discussed in Note 13, 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 June 30, 2021 and December 31, 2020:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Embedded derivatives:		
Beginning balance	**₱2,513,886,182**	₱2,321,535,807
Mark-to-market valuation (see Note 14)	**2,239,231,913**	192,350,375
Redemption of convertible note (see Note 14)	**(4,753,118,095)**	–
	₱–	₱2,513,886,182

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 periods ended June 30, 2021 and December 31, 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 attributable to equity holders of the Parent Company.

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

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total debt	**₱53,807,257,421**	₱57,862,379,299
Total equity attributable to equity holders of the Parent Company	**64,941,667,026**	25,241,727,608
Debt-to-Equity Ratio	**0.83:1.00**	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 13). As at June 30, 2021 and December 31, 2020, the Group is in compliance with these covenants.

Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade and Other Receivables, Accounts Payable and Other Current Liabilities, and Acceptance and Trust Receipts Payable. The carrying value of these financial assets and liabilities approximate their fair values as at June 30, 2021 and December 31, 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 June 30, 2021, the fair values of these financial assets are based on their published net asset value per share.

Noncurrent Receivables, Withholding Tax Receivables and Advances to Employees and Loans Payable. As at June 30, 2021 and December 31, 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 of June 30, 2021 and December 31, 2020.

Equity Conversion and Redemption Options. The estimated fair value of the embedded derivative as at December 30, 2020 is based on the Jarrow-Rudd binomial lattice method of valuing equity conversion and redemption options.

As at June 30, 2021 and December 31, 2020, the following table presents the level of hierarchy of the Group's financial instruments as follows:

	June 30, 2021 (Unaudited)		
	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 FVPTL	**₱–**	**₱5,000,431,089**	**₱–**
Financial instruments for which fair values are disclosed			
Loans payable (fixed rate)	**₱–**	**₱5,602,173,993**	**₱–**

	December 31, 2020 (Audited)		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value			
Equity conversion and Redemption options	₱–	₱–	₱2,513,886,182
Financial instruments for which fair values are disclosed			
Loans payable (fixed rate)	₱–	₱5,807,186,355	₱–

As at June 30, 2021 and December 31, 2020, there were no transfers between Level 1 and 2 fair value measurements and there were no transfers into and out of Level 3 fair value measurements.

21. Supplemental Disclosure to Cash Flow Statements

The Group's material noncash activities are as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Cumulative translation adjustments	**(₱987,276,612)**	₱2,778,883,721
Additions to ROU assets	−	1,038,347,114

22. Subsequent Events

Change in Use of IPO Proceeds
The BOD has approved in its regular meeting last August 9, 2021, the change in use of IPO proceeds, previously earmarked for capital expenditures, to pay down the majority of the remaining term loans of ₱15.6 billion, resulting in interest expense savings of approximately ₱700 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 ₱26.5 billion 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.

Continuing COVID-19 pandemic
In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020. On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 – August 1, 2020
Modified enhanced community quarantine	August 2 – 18, 2020
General community quarantine	August 19, 2020 – March 27, 2021
Enhanced community quarantine	March 28, 2021 – April 11, 2021
Modified enhanced community quarantine	April 12, 2021 – May 31, 2021
General community quarantine "with restrictions"	June 1, 2021 – July 15, 2021
General community quarantine	July 15, 2021 – August 5, 2021
Enhanced community quarantine	August 6 – 20, 2021

On March 1, 2021, the National Government of the Philippines officially began rolling out COVID-19 vaccine doses with a target to achieve 70% herd immunity by yearend. As at August 8, 2021, about 11.61 million individuals have been fully inoculated with two doses of COVID-19 vaccines and 1.77 million individuals have received the first dose of the vaccine. The Company purchased a total of 150,000 vaccine doses for the employees and their respective dependents, and some select service providers.

Only July 22, 2021, the Department of Health confirmed local transmission of the highly contagious Delta variant in the country prompting the government to impose another round of stricter community quarantine.

The COVID-19 pandemic has no significant impact in the Group's operation since the Group manufactures essential goods. However, when the COVID-19 pandemic was widely spread in late 2020 and first half of 2021, there was flat to declining demand for some of the Group's products (e.g. biscuits, beverages, packaged cakes, etc.) which offset the growth in sale of the Group's staple products during pandemic (e.g. noodles and culinary aids).

Considering the evolving nature of this outbreak, the Group will continue to monitor the situation.

Annex E

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 (the **Audited Consolidated Financial Statements***), including the notes relating thereto, included elsewhere in this document.*

The Group's Audited Consolidated Financial Statements included in this document were prepared in compliance with PFRS.

The Group adopted PFRS 9, Financial Instruments, and PFRS 15, Revenue from Contracts with Customers, using the modified retrospective method of adoption with an initial application date of January 1, 2018. Amounts presented in the consolidated statement of comprehensive income for the year ended December 31, 2017 are based on PAS 39, Financial Instruments: Recognition and Measurement and PAS 18, Revenue. The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for each of 2018, 2019 and 2020.

The Group adopted PFRS 16, Leases, using the modified retrospective approach upon adoption on January 1, 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17, Leases, and Philippine Interpretation IFRIC-4, Determining whether an Arrangement Contains a Lease. Amounts presented in the consolidated statement of financial position as of December 31, 2018 and consolidated statement of comprehensive income for the years ended December 31, 2017 and 2018 are based on PAS 17 and Philippine Interpretation IFRIC 4. The comparative financial information for "property, plant and equipment", "lease liabilities", "cost of goods sold", "sales, general and administrative expenses" and "interest expense" accounts which are affected by the adoption of PFRS 16 may not be comparable to the information presented as of and for the years ended December 31, 2019 and 2020.

GROUP OVERVIEW

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, as of June 2021, the APAC BFB Business ranked first in retail sales value in the Philippines in instant noodles and biscuits, as well as 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 U.K. with *Quorn* and *Cauldron* being the No.1 and No.3 brands, respectively.

The Group operates with an aspiration to improve the well-being of people and the planet, and create 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 an unprecedented move to offer noodles with no artificial preservatives added in *Lucky Me!* wet pouch and cups. It also made an investment on the development and implementation of the first high-speed airflow technology in one of its *Lucky Me!* product lines to reduce the palm oil content. In 2015, the Company acquired Quorn Foods, which operates the Meat Alternative Business with sustainability at its heart. In 2019, the Company also invested in NAMZ Pte. Ltd., a food science company in Singapore that dedicates its work towards creating healthier planet and people. 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.

SEGMENT DATA

The Group has two operating segments: APAC BFB Business and Meat Alternative Business.

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

	As of December 31,					
	2020		2019		2018	
	₱ in millions, except percentages					
Net Sales		% to Total Net Sales		% to Total Net Sales		% to Total Net Sales
APAC BFB	52,911	77.9%	50,260	76.8%	48,389	76.4%
Growth vs. prior year	*5.3%*		*3.9%*		*9.1%*	
Meat Alternative	15,035	22.1%	15,191	23.2%	14,978	23.6%
Growth vs. prior year	*(1.0%)*		*1.4%*		*15.6%*	
Total	**67,946**	**100.0%**	**65,451**	**100.0%**	**63,367**	**100.0%**
Growth vs. prior year	**3.8%**		**3.3%**		**10.6%**	
Gross Profit		% of Segment Net Sales		% of Segment Net Sales		% of Segment Net Sales
APAC BFB	20,928	39.6%	19,696	39.2%	17,100	35.3%
Meat Alternative	5,578	37.1%	5,561	36.6%	7,085	47.3%
Total	**26,506**	**39.0%**	**25,257**	**38.6%**	**24,185**	**38.2%**
Operating Profit[(1)]						
APAC BFB	11,466	21.7%	10,472	20.8%	7,764	16.0%
Meat Alternative	1,631	10.8%	1,644	10.8%	1,504	10.0%
Total	**13,097**	**19.3%**	**12,116**	**18.5%**	**9,268**	**14.6%**
EBITDA[(2)]						
APAC BFB	13,269	25.1%	12,152	24.2%	9,550	19.7%
Meat Alternative	2,283	15.2%	2,026	13.3%	1,899	12.7%
Total	**15,552**	**22.9%**	**14,178**	**21.7%**	**11,449**	**18.1%**

Note:
(1) Operating Profit refers to Net Sales less Cost of Goods Sold, and Sales and General Administrative Expenses.
(2) See "*Other Financial Data ——EBITDA Reconciliation*"

RESULTS OF OPERATIONS

For each of the years ended December 31, 2020, 2019 and 2018, the discussions on each of the following line items – (i) net sales, (ii) cost of goods sold, (iii) gross profit and (iv) selling, general and administrative expenses – include a discussion for each business segment of the Group, namely (i) APAC BFB Business and (ii) Meat Alternative Business.

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.

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 Sarimonde Foods Corporation 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 U.S. dollar and pound sterling denominated loans as a result of the strengthening of the Peso against the U.S. dollar and pound sterling and unrealized foreign exchange gain on convertible notes which was pegged at U.S.$1: ₱52.186 while the Peso closing rate was U.S.$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

Interest expense decreased by 26.7% from ₱2,438 million in 2019 to ₱1,786 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 U.K. 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.

Net Income

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.

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 Sarimonde following divestment of 20% share. All of noodles, biscuits and beverage sales increased, with biscuits experiencing particularly strong growth. Noodles underwent low single digit growth as 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.

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 plant, property and equipment in the Philippines due to initiatives that were not commercialized. In 2018, majority of the impairments for both property, plant and equipment and 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 Sarimonde Foods Corporation. 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

Interest expense increased by 17.4% from ₱2,077 million in 2018 to ₱2,438 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.

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.

Net Income after Tax

As a result of the foregoing, net income after tax increased by 143.7% from ₱2,728 million in 2018 to ₱6,649 million in 2019. Net income as a percentage of net sales increased by 5.9% from 4.3% in 2018 to 10.2% in 2019.

STATEMENT OF FINANCIAL POSITION

Financial condition as of the year ended December 31, 2019 compared to the year ended December 31, 2020

The following is a discussion of the Group's current and noncurrent assets and liabilities as of 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 of December 31, 2019 to ₱20,595 million as of 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)	
	Audited	% to Total (In %)	Audited	% to Total (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 of December 31, 2019 to ₱7,093 million as of 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 of December 31, 2019 to ₱6,457 million as of 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 of December 31, 2019 to ₱6,073 million as of 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 of December 31, 2019 to ₱972 million as of December 31, 2020, primarily as a result of consolidation of Sarimonde Foods Corporation 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 Sarimonde Foods Corporation starting September 2020 since under the Share Purchase Agreement, management control was transferred to the Group on this date. Sarimonde Foods Corporation's prepayment balances are mainly due to excess input VAT accumulated over the years. Sarimonde Foods Corporation had been operating in a net purchase position.

Noncurrent assets

The Group's noncurrent assets increased by 3.6% from ₱61,619 million as of December 31, 2019 to ₱63,807 million as of 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)	
	Audited	% to Total (In %)	Audited	% to Total (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 of December 31, 2019 to ₱ 33,600 million as of December 31, 2020, due to amortization and currency translation adjustments.

Property, plant and equipment increased by 10.4% from ₱24,121 million as of December 31, 2019 to ₱26,637 million as of 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 of December 31, 2019 to ₱1,024 million as of 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 of December 31, 2019 to ₱843 million as of December 31, 2020.

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

Other noncurrent assets increased by 33.3% from ₱786 million as of December 31, 2019 to ₱1,048 million as of 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 of December 31, 2019 to ₱20,956 million as of 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 of December 31, 2019 to ₱10,141 million as of 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 of December 31, 2019 to ₱606 million as of December 31, 2020, primarily as a result of repayment.

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

Refund liabilities increased by 8.1% from ₱259 million as of December 31, 2019 to ₱280 million as of 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 of December 31, 2019 to ₱88 million as of 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 of December 31, 2019 to ₱282 million as of 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 of December 31, 2019 to ₱36,906 million as of 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 of December 31, 2019 to ₱19,986 million as of December 31, 2020, primarily as a result of repayment of outstanding loans payable.

Convertible notes decreased by 3.2% from ₱7,258 million as of December 31, 2019 to ₱7,027 million as of 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 of December 31, 2019 to ₱4,200 million as of 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 of December 31, 2019 to ₱2,514 million as of 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 of December 31, 2019 to ₱2,675 million as of 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 of December 31, 2019 to ₱482 million as of 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 of December 31, 2019 to ₱22 million as of December 31, 2020, primarily as a result of the consolidation of Sarimonde Foods Corporation 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 of December 31, 2019 to ₱26,540 million as of December 31, 2020 due to the increase in retained earnings resulting from higher net income.

Financial Condition as of the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2019

The following is a discussion of the Group's current and noncurrent assets and liabilities as of 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 of December 31, 2018 to ₱24,335 million as of 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 of December 31, 2018 to ₱10,499 million as of 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 of December 31, 2018 to ₱7,276 million as of December 31, 2019.

Inventories decreased by 4.8% from ₱6,152 million as of December 31, 2018 to ₱5,859 million as of 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 of December 31, 2018 to nil as of 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 of December 31, 2018 to ₱701 million as of 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 of December 31, 2018 to ₱61,619 million as of 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)	
		% to Total		% to Total		
	Audited	(In %)	Audited	(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 of December 31, 2018 to ₱34,336 million as of December 31, 2019, due to amortization and currency translation adjustments.

Property, plant and equipment increased by 13.8% from ₱21,194 million as of December 31, 2018 to ₱24,121 million as of 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 of December 31, 2018 to ₱993 million as of December 31, 2019.

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

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

Other noncurrent assets decreased by 25.1% from ₱1,049 million as of December 31, 2018 to ₱786 million as of 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 of December 31, 2018 to ₱23,846 million as of 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)	
		% to Total		% to Total		
	Audited	(In %)	Audited	(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	0		-	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 of December 31, 2018 to ₱9,016 million as of 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 of December 31, 2018 to ₱2,594 million as of December 31, 2019.

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

Refund liabilities slightly decreased by 24.3% from ₱342 million as of December 31, 2018 to ₱259 million as of 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 of December 31, 2018 to ₱31 million as of 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 of December 31, 2018 to ₱700 million as of 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 of December 31, 2018 to ₱38,886 million as of 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)	
		% to Total		% to Total		
	Audited	(In %)	Audited	(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)

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
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 of December 31, 2018 to ₱22,776 million as of 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 of December 31, 2018 to ₱7,258 million as of 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 of December 31, 2018 to ₱3,929 million as of December 31, 2019.

Derivative liability increased by 278% from ₱718 million as of December 31, 2018 to ₱2,714 million as of 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 of December 31, 2018 to ₱2,013 million as of December 31, 2019 due the adoption of PFRS 16.

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

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal source of liquidity are cash flows from its operations and borrowings. During the years ended December 31, 2018, 2019 and 2020, the Group's cash flows from operations have been sufficient to provide cash for its operations, Capital Expenditures, and dividends requirements. The Group's borrowings in the years ended December 31, 2018 and 2019 have been primarily used to refinance the Group's existing indebtedness. In 2020, the Group did not avail itself of new loans.

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 and/or partially finance any Capital Expenditures that the Group may have in the future.

Cash Flows

The following discussion of the Group's cash flows for 2018, 2019 and 2020 should be read in conjunction with the statements of cash flows and notes included in the Audited Consolidated Financial Statements.

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

	For the year ended December 31,		
	2020	2019	2018
	₱ in millions		
Net cash flows provided by operating activities	11,397	11,931	9,975
Net cash flows from (used in) investing activities......................	(4,484)	1,178	(4,811)
Net cash flows from used in financing activities........................	(10,250)	(9,188)	(3,890)
Net increase / (decrease) in cash and cash equivalents............	(3,337)	3,921	1,274
Effect of foreign exchange rate changes on cash and cash equivalents	(69)	0	(8)
Cash and cash equivalents at beginning of year..	**10,499**	**6,578**	**5,312**
Cash and cash equivalents at end of year..................................	**7,093**	**10,499**	**6,578**

Net cash flow provided by operating activities

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 of ₱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 provided by operating activities were ₱9,975 million for the year ended December 31, 2018. The Group's income before income tax for this period was ₱4,599 million. Cash generated from operations (after adjusting for, among other things, depreciation and amortization and working capital changes) was ₱11,759 million. The Group generated cash from interest received of ₱109 million and paid income taxes of ₱1,893 million.

Net cash flows used in investing activities

The Group's net cash flows used for investing activities were ₱4,484 million for the year ended December 31, 2020. The cash outflow primarily consisted of the Group's payments for Capital Expenditure of ₱3,753 million, investment in associates and joint ventures of ₱248 million and increase in noncurrent receivables ₱246 million. This was partially offset primarily by the proceeds from the sale of property, plant and equipment of ₱36 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 used in investing activities were ₱4,811 million for the year ended December 31, 2018. The cash outflows primarily consisted of acquisition of property, plant and equipment of ₱4,521 million and investment in associates of ₱167 million. In addition, the Group's net cash from investing was also reduced by ₱714 million due to deconsolidation of MNA. These were partially offset by the proceeds from sales of property, plant and equipment of ₱244 million and noncurrent receivables of ₱597 million.

Net cash flows used in financing activities

Net cash flows used for financing activities were ₱10,250 million for the year ended December 31, 2020. This amount consisted primarily of the payment of loans of ₱4,336 million and related interest expense of ₱1,477 million, the payment of principal portion of lease liability of ₱855 million, as the Group substantially paid for the rent of the entire lease tenor for the new plant in Malvar, Batangas and realized derivative losses of ₱73 million. The Group paid cash dividends amounting to ₱3,510 million during the period.

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.

Net cash used in financing activities for the year ended December 31, 2018 was ₱3,890 million. Proceeds from the availment of loans of ₱4,677 million were used to finance the payment of loans of ₱4,278 million. Other major cash outflows were the payment of interest expense of ₱1,878 million. Cash dividends amounting to ₱2,387 million were paid during the period.

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 capability, and improve operational efficiencies. The Group invested in the construction of a new manufacturing plant and research and development facility, new production lines and machineries. Other Capital Expenditures pertain to repairs and maintenance for the existing production facilities of the Group.

The table below sets out the Capital Expenditures in 2018, 2019 and 2020 of the Group's APAC BFB Business and Meat Alternative Business.

	For the year ended December 31,		
	2020	2019	2018
	₱ in millions		
APAC BFB	1,969	2,138	2,143
Meat Alternative	1,784	1,522	2,378
Total	3,753	3,660	4,521

The Group's major Capital Expenditure in its APAC BFB segment was primarily for the construction of new manufacturing and R&D facility, new production lines to improve production capabilities and improve operational efficiencies. The details below set out the major Capital Expenditures from 2018 to 2020.

In 2018, the new manufacturing and research and development facility in Santa Rosa amounting to ₱606 million was completed. The Group also invested ₱762 million for the expansion of its noodles and biscuits lines and the remaining amount mainly on the initiatives to improve operational efficiencies.

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 of 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.

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 2018 to 2020, as well as upgrade of its IT system.

OTHER FINANCIAL DATA: EBITDA Reconciliation

	For the Year Ended, December 31		
	2018	2019	2020
	(Audited) (₱ in millions)		
Income before Income Tax	6,946	9,124	11,725
Interest Expense	2,077	2,438	1,786
Interest Income	(108)	(304)	(263)
EBIT[(1)]	8,915	11,258	13,248
Derivative (Gain)/Loss	(17)	178	(99)
Impairment Loss	825	791	1,014
Foreign Exchange Gain – Net	(157)	(88)	(914)
(Gain)/Loss on sale of shares	—	(14)	—
Depreciation and Amortization Expense	1,883	2,053	2,303
EBITDA[(2)]	11,449	14,178	15,552

Note:

(1) EBIT means earnings before interest and taxes, which is computed as the Group's income before income tax before interest expense and interest income.

(2) EBITDA means earnings before interest, taxes, depreciation and amortization, which is computed as the Group's income before income tax before interest expense, interest income, derivative gain and loss, depreciation and amortization expense, impairment loss and foreign exchange net gain.

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

	For the Year Ended December 31, 2020		
	APAC BFB	Meat Alternative	Total
	(in ₱ millions) (audited)		
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) /Loss	(99)	0	(99)
Impairment Loss	230	784	1,014
Foreign Exchange Gain - Net	(901)	(13)	(914)
(Gain)/Loss on Sale of Shares	—	—	—
Depreciation and Amortization Expense	1,642	661	2,303
EBITDA	**13,269**	**2,283**	**15,552**

	For the Year Ended December 31, 2019		
	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**

	For the Year Ended December 31, 2018		
	APAC BFB	Meat Alternative	Total
	(in ₱ millions) (audited)		
Income before Income Tax	5,467	1,479	6,946
Interest Expense	2,077	—	2,077
Interest Income	(108)	—	(108)
EBIT	7,436	1,479	8,915
Derivative (Gain) /Loss	(17)	—	(17)
Impairment Loss	825	—	825
Foreign Exchange Gain - Net	(161)	4	(157)
(Gain)/Loss on Sale of Shares	—	—	—
Depreciation and Amortization Expense	1,467	416	1,883
EBITDA	**9,550**	**1,899**	**11,449**

OTHER MATTERS

Off-Balance Sheet Arrangements

As of December 31, 2020, the Group did not have any material off-balance sheet arrangements or obligations 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.

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. To manage foreign currency risks, the Group enters into derivative transactions 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.

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 annual contracts for certain raw materials such as flour and long-term contracts for packaging materials. In the past, the Group utilized derivative instruments to mitigate the price movement of certain commodities.

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.

Liquidity Risk

The Group is exposed to the risk that it will be unable to meet 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 the Audited Consolidated Financial Statements.

Credit Risk

The Group is exposed to the risk that a counterparty may not be able to 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.

Annex E-1

Management's Discussion and Analysis of the Results of Operations and Financial Condition as of June 30, 2021

Group Overview

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, as of June 2021, the APAC BFB Business ranked first in retail sales value in the Philippines in instant noodles and biscuits, as well as 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 U.K. with *Quorn* and *Cauldron* being the No.1 and No.3 brands, respectively.

The Group operates with an aspiration to improve the well-being of people and the planet, and create 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 an unprecedented move to offer noodles with no artificial preservatives added in *Lucky Me!* wet pouch and cups. It also made an investment on the development and implementation of the first high-speed airflow technology in one of its *Lucky Me!* product lines to reduce the palm oil content. In 2015, MNC acquired Quorn Foods, which operates the Meat Alternative Business with sustainability at its heart. In 2019, MNC also invested in NAMZ Pte. Ltd., a food science company in Singapore that dedicates its work towards creating healthier planet and people. 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.

Financial Highlights and Key Indicator

The summary financial information presented below as of December 31, 2020 and for the six-months ended June 30, 2021 and June 30, 2020 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, provision for (benefit from) income tax and other non-recurring income (expenses) NRI(E). In 1st half (1H) of 2021, NRE pertains to Initial Public Offering (IPO) 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 1st half of 2021, NRE pertains to IPO-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 Unaudited Consolidated Financial Statements and related notes of Monde Nissin Corporation, Inc ("MNC" or "the Company" and its subsidiaries (collectively, referred to as the "Group") as of and for the period ended June 30, 2021.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

IA. CORE INCOME AFTER TAX RECONCILIATION

	₱ in millions, except percentages					
	1H 2021 (Unaudited)	**% to Net Sales (in %)**	**1H 2020 (Unaudited)**	**% to Net Sales (in %)**	**Inc (Dec)**	**Inc (Dec) (in %)**
Net Sales	33,759	100.0	33,359	100.0	400	1.2
Less: **Cost of Goods Sold**	21,135	62.6	20,225	60.6	910	4.5
Gross Profit	12,624	37.4	13,134	39.4	(510)	(3.9)
Less: Sales, General & Administrative (SGA) (1)	6,736	20.0	5,774	17.3	962	16.7
Other Income (Expense)						
Less: Interest expense (2)	(51)	(0.1)	(154)	(0.5)	(103)	(66.9)
Foreign exchange loss (gain) - net (3)	66	0.2	–	–	66	n/m
	15	0.1	(154)	(0.5)	169	n/m
Core Income Before Tax	5,903	17.5	7,206	21.6	(1,303)	(18.1)
Less: Provision for income tax	1,524	4.5	1,939	5.8	(415)	(21.4)
Core Income (After Tax)	4,379	13.0	5,267	15.8	(888)	(16.9)
Less: Non-Controlling Interest	125	0.4	383	1.2	(258)	(67.4)
Core Income (After Tax) at Ownership	4,254	12.6	4,884	14.6	(630)	(12.9)

n/m = not meaningful %
(1) *Excluding non-recurring expenses related to IPO amounting to ₱587 million (included in the SG&A)*
(2) *Recurring interest expense on Loans and Trust Receipts Payable*
(3) *Foreign exchange gain on U.S dollars balances for the Group's natural hedge*
(4) *Based on recurring income tax rate per entity*

1B. REPORTED NET INCOME AFTER TAX RECONCILIATION

	₱ in millions, except percentages					
	1H 2021 (Unaudited)	**% to Net Sales (in %)**	**1H 2020 (Unaudited)**	**% to Net Sales (in %)**	**Inc (Dec)**	**Inc (Dec) (in %)**
Core Income (After Tax)	4,379	13.0	5,267	15.8	(888)	(16.9)
Other income (expenses)						
Foreign exchange gain (loss) – net [(1)]	202	0.6	804	2.4	(602)	(74.9)
Share in net earnings (losses) from associates and joint ventures	7	–	(49)	(0.1)	56	n/m
Gain on sale of property, plant and equipment	2	–	2	–	–	–
Miscellaneous income	92	0.3	68	0.2	24	35.3
Non-recurring SGA (IPO-related expense)	(587)	(1.7)	–	–	(587)	n/m
	(284)	(0.8)	825	2.5	(1,109)	34.4
Finance income (expense)						
Interest expense [(2)]	(1,257	(3.7)	(878)	(2.6)	(379)	43.0
Interest income	25		69	0.2	(44)	(63.8)
Loss on redemption of convertible note	(1,579)	(4.7)	–	–	(1,579)	n/m
Derivative gain (loss) - net	(2,254)	(6.7)	256	0.7	(2,510)	n/m
	(5,065)	(15.1)	(553)	(1.7)	(4,512)	n/m
Add: Provision for income tax [(3)]	1,174	3.5	98	0.3	1,076	n/m
Reported net income (after tax)	204	0.6	5,637	16.9	(5,433)	(96.4)

n/m = not meaningful %

(1) *Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)*
(2) *Excluding foreign exchange gain on USD reserves for the Group's natural hedge (included in the Core Income calculation above)*
(3) *Income tax effect of Other Income(expenses), non-recurring finance income (expenses), one -off credit due to impact of CREATE act partly offset by one-off increase due to deferred tax liability adjustment in MNUK. To simplify this is the difference between Total provision for income taz as reported and provision for income tax related to Core Income from table 1.A above.*

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: 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					
	1H 2021 (Unaudited)	**% to Total (in %)**	**1H 2020 (Unaudited)**	**% to Total (in %)**	**Inc/(Dec)**	**Inc/(Dec) (in %)**
Net Sales						
APAC BFB	26,239	77.7	25,794	77.3	445	1.7
Meat Alternative	7,520	22.3	7,565	22.7	(45)	(0.6)
Total	**33,759**	**100.0**	**33,359**	**100.0**	**400**	**1.2**
Gross Profit		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)		
APAC BFB	9,550	36.4	10,256	39.8	(706)	(6.9)
Meat Alternative	3,074	40.9	2,878	38.0	196	6.8
Total	**12,624**	**37.4**	**13,134**	**39.4**	**(510)**	**(3.9)**
Core Income before Tax						
APAC BFB	5,392	20.6	6,425	24.9	(1,033)	(16.1)
Meat Alternative	511	6.8	781	10.3	(270)	(34.6)
Total	**5,903**	**17.5**	**7,206**	**21.6**	**(1,303)**	**(18.1)**

	₱ in millions, except percentages					
	1H 2021 (Unaudited)	**% to Total (in %)**	**1H 2020 (Unaudited)**	**% to Total (in %)**	**Inc/(Dec)**	**Inc/(Dec) (in %)**
Core Income (after tax)						
APAC BFB	3,948	15.0	4,614	17.9	(666)	(14.4)
Meat Alternative	431	5.7	653	8.6	(222)	(34.0)
Total	**4,379**	**13.0**	**5,267**	**15.8**	**(888)**	**(16.9)**
Core Income (after tax) at Ownership						
APAC BFB	3,823	14.6	4,231	16.4	(408)	(9.6)
Meat Alternative	431	5.7	653	8.6	(222)	(34.0)
Total	**4,254**	**12.6**	**4,884**	**14.6**	**(630)**	**(12.9)**
Core EBITDA (1)						
APAC BFB	6,331	24.1	7,279	28.2	(948)	(13.0)
Meat Alternative	886	11.8	1,164	15.4	(278)	(23.9)
Total	**7,217**	**21.4**	**8,443**	**25.3**	**(1,226)**	**(14.5)**

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

RESULTS OF OPERATIONS

Six-months ended June 30, 2021 compared to six-months ended June 30, 2020

Net Sales

Net sales grew 1.2% from ₱33,359 million in 1H 2020 to ₱33,759 million in 1H 2021 driven by an increase in the APAC BFB segment, effect of forex and consolidation of Sarimonde Foods Corporation. Growth was softened by a decline in the Meat Alternative segment and lower price of pollard (flour by-product).

APAC BFB

Net sales in the APAC BFB segment increased by 1.7% from ₱25,794 million in 1H 2020 to ₱26,239 million in 1H 2021. This increase was primarily due to high double-digit growth in the international sales, good growth of culinary business and sustained high level of sales of noodles in the Philippines despite the surge of volume last year. High growth in international business was due to Thailand and Philippines export business. Moreover, biscuits in Thailand have gained market share despite decline in the overall category, primarily due to effective in-store execution and efficient promos. Good growth in culinary segment was driven by *Mama Sita*, as the mobility remained restricted, the public relied more on home cooking. Noodles was able to sustain high level of sales primarily due to the successful relaunched of thinner noodles and continued drive to educate consumers on many ways instant noodles can be enjoyed. Growth was softened by a decline in the price of pollard, lower net sales of biscuits and beverage in 2021 compared to 2020, primarily due to softer demand for this category because of the effect of COVID-19 pandemic on mobility and economy.

Meat Alternative

Net sales in the Meat Alternative segment slightly down by 0.6% from ₱7,565 million in 1H 2020 to ₱7,520 million in 1H 2021. Excluding the effect of foreign exchange, Meat Alternative's overall net sales was down by 4.6% due to decline across geographic markets (UK -5.0%, US -2.4% and rest of the world -3.6%). This was due to the challenges brought by COVID-19 pandemic. UK growth was also affected by high base, as last year's lockdown resulted to panic buying plus timing of inventory replenishment in Q2 2020. Carry-over price action in UK and price increase in US helped soften effect of volume decline.

Cost of Goods Sold

Cost of goods sold increased by 4.5% from ₱20,225 million in 1H 2020 to ₱21,135 million in 1H 2021 primarily due to effect of rising commodity prices in APAC BFB, timing of spend on repairs, negative sales mix partly offset by productivity, supply chain cost reduction initiatives, hedging and forward buying. Cost of goods sold as a percentage of net sales slightly increased by 2% from 60.6% in 1H 2020 to 62.6% in 1H 2021.

APAC BFB

Cost of Goods Sold in the APAC BFB segment increased by 7.4% from ₱15,538 million in 1H 2020 to ₱16,689 million in 1H 2021 primarily due to rising commodity prices, timing of repairs and negative sales mix. Prices of key raw materials ingredients such as palm oil, coconut oil, shortening liquid has increased significantly in 1H 2021 as compared to same period last year. The effect of rising commodity prices was partly softened by hedging, forward buying and supply chain cost reduction initiatives. Repairs was significantly low in 1H 2020 due to deferment of contracted repairs to focus on the throughput. Further, this year's repairs include spare parts and maintenance of noodle lines.

Meat Alternative

Cost of Goods Sold in the Meat Alternative segment decreased by 5.1% from ₱4,687 million in 1H 2020 to ₱4,446 million in 1H 2021 primarily due to volume decline across geographic markets. Commodity prices was relatively stable in 1H 2021 as compared with same period last year.

Gross Profit

Gross profit decreased by 3.9% from ₱13,134 million in 1H 2020 to ₱12,624 million in 1H 2021, for the reasons discussed above. Gross margin decreased by 2.0% from 39.4% in 1H 2020 to 37.4% in 2021.

APAC BFB

Gross profit for the APAC BFB segment decreased by 6.9% from ₱10,256 million in 1H 2020 to ₱9,550 million in 1H 2021, for the reasons discussed above. Gross margin decreased by 3.4% from 39.8% in 1H 2020 to 36.4% in 1H 2021.

Meat Alternative

Gross profit for the Meat Alternative segment increased by 6.8% from ₱2,878 million in 1H 2020 to ₱3,074 million in 1H 2021, for the reasons discussed above. Gross margin increased by 2.9% from 38.0% in 1H 2020 to 40.9% in 1H 2021.

Sales, General and Administrative Expenses excluding non-recurring expenses related to IPO

Sales, general and administrative expenses (excluding non-recurring expenses related to IPO) increased by 16.7% from ₱5,774 million in 1H 2020 to ₱6,736 million in 1H 2021, primarily due to increase in advertising and promotion expenses, and one-off credit in Meat Alternative due to fire insurance claims. 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 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 10.8% from ₱3,802 million in 1H 2020 to ₱4,214 million in 1H 2021. The increase was mainly due to higher advertising and promotional expenses due to low base, partially offset by a reduction in expected credit loss due to effective collection efforts.

Meat Alternative

Sales, general and administrative expenses for the Meat Alternative segment increased by 27.9% from ₱2,878 million in 1H 2020 to ₱3,074 million in 1H 2021. The increase was mainly due to brand building, consumer marketing and product development activities and one-off credit due to fire insurance claims received last 1Q 2020.

Core Income (After Tax)

Core Income (after tax) decreased by 16.9% from ₱5,267 million in 1H 2020 to ₱4,379 million in 1H 2021, for the reasons discussed above.

Core Income (after tax) at Ownership

Core Income (after tax) decreased by 12.9% from ₱4,884 million in 1H 2020 to ₱4,254 million in 1H 2021. Core Income attributable to non-controlling interest significantly down by 67.4% from ₱383 million to ₱125 million due to acquisition of minority shares of MCI last January 29, 2021.

Share in Net Losses of Associates and Joint Ventures

Share in the net losses of associates and joint ventures decreased by 114.3% % from a loss of ₱49 million in 1H 2020 to an income of ₱7 million in 1H 2021, as a result of increase in ownership in Sarimonde Foods Corporation (SFC) from 25% to 80%. The Group started to consolidate SFC in September 2020. The Group's share in the losses of SFC went down to zero because of the effect of consolidating SFC's operating results for 1H 2021 which is now reflected in the Group's Core Income.

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

Net foreign exchange gain decreased by 74.9% from ₱804 million in 1H 2020 to ₱202 million in 1H 2021, primarily due to higher 2020 base. Last year's foreign exchange gain was driven by realization of gain on payment of U.S. dollar and pound sterling denominated loans as a result of the strengthening of the Peso against the U.S. dollar and pound sterling and unrealized foreign exchange gain on convertible notes which was pegged at U.S.$1: ₱52.186 while the Peso closing rate was U.S.$1: ₱48.036.

Miscellaneous Income

Miscellaneous income increased by 13.2% from ₱68 million in 1H 2020 to ₱92 million in 1H 2021 due to the reversal of expected credit losses provision from 2020.

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

Interest expense increased by 43.0% from ₱879 million in 1H 2020 to ₱1,257 million in 1H 2021. The increase was driven by recognition of unpaid cash variable interest amounting to ₱588 million. The cash variable interest is an amount equal to dividends received by the Parent Company's shareholder that Arran would have received if the convertible note was converted into shares prior to declaration of such dividend.

Interest Income

Interest income decreased by 63.5% from ₱69 million in 1H 2020 to ₱25 million in 1H 2021 due to lower interest rates.

Derivative Gain (Loss)

The Group recorded derivative losses of ₱2,254 million in 1H 2021 compared to derivative gains of ₱256 million in 1H 2020. Derivative loss for 1H 2021 was primarily due to the full settlement of Arran's convertible note last June 3, 2021.

Loss on Convertible Note Redemption

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

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

Income Before Income Tax

Income before income tax decreased by 92.6% from ₱7,478 million in 1H 2020 to ₱554 million in 1H 2021 as a result of the one-off loss related to the full redemption of Arran's convertible note, IPO-related expenses, and others as discussed above.

Total Income Tax Expense

Income tax expense decreased by 81.0% from ₱1,841 million in 1H 2020 to ₱350 million in 1H 2021 due to lower income tax rate from the Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act, recognition of the actual loss on redemption of the convertible note and 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 in Meat Alternative. UK tax rate was announced to increase from 19% to 25% in April 2023. In accordance with PAS 12.46, *Income Taxes*, current tax liabilities are measured at the amount expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantially enacted as of balance sheet date. The adjustment on deferred tax 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 decreased by 96.4% from ₱5,637 million in 1H 2020 to ₱204 million in 1H 2021. Net income as percentage of net sales decreased by 16.3% from 16.9% in 1H 2020 to 0.6% in 1H 2021.

STATEMENT OF FINANCIAL POSITION

Financial condition as of the year ended December 31, 2020 compared to the six months period ended June 30, 2021

Current Assets

The Group's current assets increased by 146.5% from ₱20,595 million as of December 31, 2020 to ₱50,762 million as of June 30, 2021. The increase was mainly due to higher cash and cash equivalents and FVTPL as discussed below.

	June 30, 2021		December 31, 2020		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
			₱ in millions, except percentages			
Cash and cash equivalents	31,273	62	7,093	34	24,180	340.9
Trade and other receivables	5,993	12	6,457	31	(464)	(7.2)
Inventories	6,741	13	6,073	30	668	11.0
Financial assets at fair value through profit or loss (FVTPL)	5,001	10	–	–	5,001	–
Prepayments and other current assets	1,754	3	972	5	782	80.4
Total	**50,762**	**100**	**20,595**	**100**	**30,167**	**146.5**

Cash and cash equivalents increased by 340.9% from ₱7,093 million as of December 31, 2020 to ₱31,273 million as of June 30, 2021. This was mainly due to the IPO proceeds.

Trade and other receivables decreased by 7.2% from ₱6,457 million as of December 31, 2020 to ₱5,993 million as of June 30, 2021, resulting from better trade management and effective collection efforts in both APAC BFB and Meat Alternative segments.

Inventories increased by 11.0% from ₱6,073 million as of December 31, 2020 to ₱6,741 million as of June 30, 2021, primarily as a result of increase in inventory in both Meat Alternative and APAC BFB segments. APAC BFB's level of inventory was healthy. Significant increase in terms of days in inventory was mainly in Meat Alternative due to low base as it was recovering from forming capacity issues and supporting customer restocking. 1H 2021 level is ahead of expected increase in activity in 2H 2021.

Financial assets at fair value through profit or loss (FVTPL) amounted to ₱5,001 million for the six months ended June 30, 2021 as a result of investing part of the IPO proceeds in unit investment trust funds (UITFS).

Prepayments and other current assets increased by 80.4% from ₱972 million as of December 31, 2020 to ₱1,754 million as of June 30, 2021 due to the excess payment of taxes in 2020 due to the enactment of the CREATE Act, lower taxable income for 1H 2021 and unused creditable withholding tax (CWT).

Noncurrent Assets

The Group's noncurrent assets increased by 6.8% from ₱63,807 million as of December 31, 2020 to ₱68,121 million as of June 30, 2021. The increase was mainly due to the increase in the Group's intangible assets, property, plant and equipment and deferred tax assets as discussed below.

	June 30, 2021		December 31, 2020		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (in %)	Amount	In %
	₱ in millions, except percentages					
Intangible assets	34,968	51	33,600	52	1,368	4.1
Property, plant and equipment	28,385	42	26,637	42	1,748	6.6
Investments in associates and joint ventures	1,031	1	1,024	2	7	0.7
Deferred tax assets – net	1,881	3	843	1	1,038	123.1
Noncurrent receivables	667	1	655	1	12	1.8
Other noncurrent assets	1,189	2	1,048	2	141	13.4
Total	**68,121**	**100**	**63,807**	**100**	**4,314**	**6.8**

Property, plant and equipment increased by 6.6% from ₱26,637 million as of December 31, 2020 to ₱28,385 million as of June 30, 2021, primarily as a result of 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 and new noodle line. Meat Alternative segment continued building the fermentation capacity in its Belasis facility which is expected to be completed by 2H 2021.

Deferred tax assets increased by 123.1% from ₱843 million as of December 31, 2020 to ₱1,881 million as of June 30, 2021 due to the net operating loss carry-over (NOLCO) as of June 30, 2021.

Other noncurrent assets increased by 13.4% from ₱1,048 million as of December 31, 2020 to ₱1,189 million as of June 30, 2021, due to the increase in deferred input VAT primarily as a result of advance payments for the Group's major equipment and construction/improvements.

Current Liabilities

The Group's current liabilities increased by 24.9% from ₱20,956 million as of December 31, 2020 to ₱26,181 million as of June 30, 2021. The increase was mainly due to dividends payable and cash variable interest payable to Arran partly offset by partial settlement of loans payable.

	June 30, 2021		December 31, 2020		Increase (Decrease)	
	Unaudited	%To Total (in %)	Audited	%To Total (in %)	Amount	%
	₱ in millions, except percentages					
Accounts payable and other current liabilities	9,867	38	10,141	48	(273)	(2.7)
Dividends payable	8,549	33	–	–	8,549	–
Acceptances and trust receipts payable	1,248	5	606	3	642	105.9
Current portion of loans payable	6,119	23	9,559	46	(3,440)	(36.0)
Refund liabilities	221	1	280	1	(59)	(21.1)
Current portion of lease liabilities	91	–	88	1	3	3.4
Income tax payable	86	–	282	1	(196)	(69.5)
Total	**26,181**	**100**	**20,956**	**100**	**5,226**	**24.9**

Acceptances and trust receipts payable increased by 105.9% from ₱606 million as of December 31, 2020 to ₱1,248 million as of June 30, 2021.

Current portion of loans payable decreased by 36.0% from ₱9,559 million as of December 31, 2020 to ₱6,119 million as of June 30, 2021, primarily as a result of repayment of outstanding loans payable.

Refund liabilities decreased by 21.1% from ₱280 million as of December 31, 2020 to ₱221 million as of June 30, 2021, primarily from decrease in refund liabilities arising from right of returns as the actual returns during the year was pertaining to previous years' sales.

Income tax payable decreased by 69.5% from ₱282 million as of December 31, 2020 to ₱86 million as of June 30, 2021 mainly due to excess payments in 2020 as a result of low income tax rate and NOLCO as of 1H 2021.

Noncurrent Liabilities

The Group's noncurrent liabilities decreased by 25.1% from ₱36,906 million as of December 31, 2020 to ₱27,626 million as of June 30, 2021, primarily due to the Group's full settlement of Arran's convertible notes.

	June 30, 2021		**December 31, 2020**		**Increase (Decrease)**	
	Unaudited	**In %**	**Audited**	**In %**	**Amount**	**%**
	₱ in millions, except percentages					
Loans payable	18,650	67	19,986	54	(1,336)	(6.7)
Convertible notes	–	–	7,027	19	(7,027)	(100)
Deferred tax liabilities - net	5,723	21	4,200	12	1,523	36.3
Derivative liability	–	–	2,514	7	(2,514)	(100.0)
Lease liabilities	2,696	10	2,675	7	21	0.8
Pension liability	538	2	482	1	56	11.6
Other noncurrent liabilities	19	–	22	–	(3)	(13.6)
Total	**27,626**	**100**	**36,906**	**100**	**(9,280)**	**(25.1)**

Loans payable decreased by 6.7% from ₱19,986 million as of December 31, 2020 to ₱18,650 million as of June 30, 2021, primarily as a result of repayment of outstanding loans payable.

Convertible notes decreased by ₱7,027 million as of December 31, 2020 to nil as of June 30, 2021, due to full settlement of Arran's convertible note.

Deferred tax liabilities increased by 36.3% from ₱4,200 million as of December 31, 2020 to ₱5,723 million as of June 30, 2021, primarily as a result of the increase in tax rate in the UK from 19% to 25% in April 2023. In accordance with PAS 12.46, *Income Taxes*, current tax liabilities are measured at the amount expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantially enacted as of the balance sheet date. The adjustment on deferred tax liability pertains to items such as the value of the brand of Quorn and Cauldron.

Derivative liability decreased by ₱2,514 million as of December 31, 2020 to nil as of June 30, 2021 due to full settlement of Arran's convertible note.

Pension liability increased by 11.6% from ₱482 million as of December 31, 2020 to ₱538 million as of June 30, 2021 due to additional accrual related retirement expense which was based on December 31, 2020 actuarial valuation reports.

Other noncurrent liabilities decreased by 13.6% from ₱22 million as of December 31, 2020 to ₱19 million as of June 30, 2021.

Equity

The Group's total equity increased by 145.2% from ₱26,540 million as of December 31, 2020 to ₱65,075 million as of June 30, 2021 due to additional capital stock and additional paid in capital from issuances of common shares during IPO and to My Crackers Inc (MCI).

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal source of liquidity are cash flows from its operations, borrowings and IPO proceeds. During the year ended December 31,2020 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 has been primarily used to refinance the Group's existing indebtedness. For the six months ended June 30, 2021, the Group's cash flows from operation were sufficient to provide for its cash operations, partial settlement of outstanding loans payable and dividend requirements. IPO proceeds financed the Company capital expenditures requirements and redemption of Arran's convertible notes.

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 IPO proceeds or bank borrowings.

Cash Flows

The following discussion of the Group's cash flows for the six months ended June 30, 2021 and June 30, 2020 should be read in conjunction with the statements of cash flows and notes included in the interim unaudited Consolidated Financial Statements.

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

	For the six months ended	
	2021	2020
	₱ in millions	
Net cash flows provided by operating activities	5,220	6,497
Net cash flows used in investing activities	(7,824)	(1,820)
Net cash flows from (used in) financing activities	26,715	(1,159)
Net increase in cash and cash equivalents	24,111	3,518
Effect of foreign exchange rate changes on cash and cash equivalents	69	29
Cash and cash equivalents at beginning of year	7,093	10,499
Cash and cash equivalents as of June 30,	**31,273**	14,046

Net cash flow provided by operating activities

Net cash flows provided by operating activities were ₱5,220 million for the six months ended June 30, 2021. The Group's income before income tax for this period was ₱554 million due to effect of non-recurring items related to losses on redemption of Arran's convertible note and IPO-related expenses. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱5,640 million. The Group generated cash from interest received amounting to ₱31 million and paid income taxes of ₱451 million.

Net cash flows provided by operating activities were ₱6,497 million for the six months ended June 30, 2020. The Group's income before income tax for this period was ₱7,478 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱7,993 million. The Group generated cash from interest received amounting to ₱71 million and paid income taxes of ₱1,566 million.

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱7,824 million for the six months ended June 30, 2021. The cash outflow primarily consisted of the Group's investment in FVTPL at ₱5,000 million and payments for CapEx of ₱2,613 million.

The Group's net cash flows used in investing activities were ₱1,820 million for the six months ended June 30, 2020. The cash outflow primarily consisted of the Group's payments for CapEx of ₱1,717 million and investment in associates and joint ventures of ₱186 million.

Net cash flows used in financing activities

Net cash inflows from financing activities were ₱26,715 million for the six months ended June 30, 2021. This amount consisted primarily of the IPO proceeds or ₱49,257 million additional paid-in capital (net of transaction costs). The cash outflow is mainly on the partial settlement of the outstanding loans amounting to ₱5,141 million, and MNC 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 were ₱1,159 million for the six months ended June 30, 2020. This amount consisted primarily of the payment of loans of ₱394 million and related interest expense of ₱330 million and the payment of principal portion of lease liability of ₱477 million.

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.

	June 30, 2021	December 31, 2020
Current ratio	1.94	0.98
Acid test ratio	1.61	0.65
Solvency ratio	3.4%	16.7%
Debt-to-equity ratio	0.83	2.29
Asset-to-equity ratio	1.83	3.34

	Six months ended June 30,	
	2021	2020
Net Sales Growth	**1.2%**	3.9%
Gross Margin	**37.4%**	39.4%
Net profit margin	**12.6%**	14.6%
Core EBITDA Margin	**21.4%**	25.3%
Core Return on equity	**9.4%**	21.3%
Core Return on assets	**4.2%**	5.6%
Interest rate coverage ratio	**1.40**	8.17

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

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

Note:

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

OTHER FINANCIAL DATA

I. EBITDA Reconciliation

	For the six months ended June 30,	
	2021 Unaudited	2020 (Unaudited)
	(₱ in millions)	
Income before Income Tax	**554**	7,478
Interest Expense	**1,308**	1,032
Interest Income	**(25)**	(69)
EBIT	**1,837**	8,441
Loss on Convertible Note Redemption	**1,579**	–
Derivative (Gain) Loss	**2,254**	(256)
Foreign Exchange Gain – Net	**(268)**	(804)
Non-recurring (IPO-related included in SG&A)	**587**	–
Depreciation and Amortization Expense	**1,228**	1,062
EBITDA	**7,217**	8,443

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

	For the six months ended June 30, 2021 (unaudited)		
	APAC BFB	**Meat Alternative**	**Total**
		(in ₱ millions)	
Income before Income Tax	50	504	554
Interest Expense	1,261	47	1,308
Interest Income	(24)	(1)	(25)
EBIT	1,287	550	1,837
Loss on Convertible Note Redemption	1,579	–	1,579
Derivative Loss	2,254	–	2,254
Foreign Exchange Loss (Gain) – Net	(270)	2	(268)
Non-recurring (IPO-related included in SG&A)	587	–	587
Depreciation and Amortization Expense	894	334	1,228
EBITDA	**6,331**	**886**	**7,217**

	For the six months ended June 30, 2020 (unaudited)		
	APAC BFB	**Meat Alternative**	**Total**
		(in ₱ millions)	
Income before Income Tax	6,707	771	7,478
Interest Expense	900	132	1,032
Interest Income	(64)	(5)	(69)
EBIT	7,543	898	8,441
Derivative Gain	(256)	–	(256)
Foreign Exchange Gain – Net	(812)	8	(804)
Depreciation and Amortization Expense	804	258	1,062
EBITDA	**7,279**	**1,164**	**8,443**

FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as of June 30, 2021

	₱ in millions					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities	2,915	6,312	72	–	–	9,299
Dividends Payable			8,549	–	–	8,549
Loans payable *	–	105	5,551	19,279	1,729	26,664
Acceptance and trust receipts payable	–	–	1,248	–	–	1,248
Convertible note *	–	–	–	–	–	–
Lease liabilities *	–	139	234	1,366	8,228	9,967
	2,915	6,556	15,654	20,645	9,957	55,727

* 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 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 six months ended June 30, 2021 and June 30, 2020 of the Group:

	June 30, 2021	**June 30, 2020**
	(in ₱ millions) (unaudited)	
APAC BFB	1,902	687
Meat Alternative	711	1,029
Total	**2,613**	**1,716**

The Group's major CapEx in its APAC BFB segment was primarily for the continued construction of new manufacturing plant and new production line to improve production capabilities and improve operational efficiencies. The details below set out the major CapEx for the six months ended June 30, 2021.

In 2021, the Group major CapEx in its APAC BFB segment were continued construction of a new facility in Malvar, Batangas, new production line for Noodles and invested in various machineries to improve efficiencies.

The Group's major CapEx in its Meat Alternative segment was mainly to increase production capacity primarily by continued investing in the fermentation in its Belasis facility which will be completed in the second half of the year.

Off-Balance Sheet Arrangements

As of June 30, 2021 the Group are not aware of any material off-balance sheet arrangements or obligations (including contingent obligations), that were likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, CapEx or capital resources.

PART II--OTHER INFORMATION

Board of Directors

The following table sets forth the Company's Board of Directors as of June 30, 2021:

Name	Position
Hartono Kweefanus	Chairman
Hoediono Kweefanus	Vice-Chairman
Betty T. Ang	President
Henry Soesanto	Executive Vice President and Chief Executive Officer
Monica Darmono	Treasurer
Delfin L. Lazaro	Independent Director
Nina Perpetua D. Aguas	Independent Director
Marie Elaine Teo	Independent Director
Kataline Darmono	Non-Executive Director

SIGNATURES

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

MONDE NISSIN CORPORATION
Issuer

August 12, 2021
Date

HENRY SOESANTO
Chief Executive Officer

JESSE C. TEO
Chief Financial Officer

MONDE NISSIN CORPORATION AND SUBSIDIARIES
Aging Analysis of Trade and Other Receivables

	June 30, 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	**₱5,211,307,232**	**₱456,267,274**	**₱82,177,226**	**₱63,622,493**	**₱62,136,569**	**₱50,839,242**	**₱5,926,350,036**
Related parties	**−**	**30,742,965**	**−**	**945,602**	**2,166,444**	**710,063**	**34,565,074**
Nontrade receivables	**36,676,444**	**377,480**	**470,832**	**206,105**	**4,673,150**	**−**	**42,404,011**
Other receivables	**41,443,526**	**−**	**−**	**−**	**−**	**−**	**41,443,526**
Noncurrent receivables	**667,158,122**	**−**	**−**	**−**	**−**	**193,571,547**	**860,729,669**
	₱5,956,585,324	**₱487,387,719**	**₱82,648,058**	**₱64,774,200**	**₱68,976,163**	**₱245,120,852**	**₱6,905,492,316**

	December 31, 2020						
		Days Past Due					
	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
Trade receivables:							
Non-related parties	₱5,153,954,541	₱804,601,436	₱172,188,367	₱70,110,767	₱145,676,158	₱67,574,988	₱6,414,106,257
Related parties	58,397,406	−	−	−	−	−	58,397,406
Nontrade receivables	36,054,141	20,100	19,161	13,336	−	−	36,106,738
Other receivables	15,050,166	−	−	632,851	−	−	15,683,017
Noncurrent receivables	655,521,471	−	−	−	−	193,571,547	849,093,018
	₱5,918,977,725	₱804,621,536	₱172,207,528	₱70,756,954	₱145,676,158	₱261,146,535	₱7,373,386,436

Annex F

For approval by the stockholders at the annual stockholders' meeting of Monde Nissin Corporation on November 23, 2021

MINUTES OF THE SPECIAL STOCKHOLDERS' MEETING
May 28, 2021, 10 A. M.
Felix Reyes St., Brgy. Balibago, City of Sta. Rosa, Laguna

The Special Meeting of Stockholders 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 on May 28, 2021 at 10 A.M.

Directors Present (in person)

Henry Soesanto	-	Acting Chairman for the Stockholders' Meeting Chief Executive Officer Chairman, Executive Committee
Monica Darmono	-	Director and Treasurer Member, Executive Committee

Officers Present (in person)

Atty. Helen G. Tiu	-	Corporate Secretary
Mr. Jesse C. Teo	-	Chief Financial Officer

Shareholders Present *(see Annex "A")*	No. of Outstanding & Voting Shares **13,959,957,488**	Percentage of Total Outstanding Shares **97.156%**

I. CALL TO ORDER.

In light of the absence of the Chairman, 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 stockholders' meeting. The Corporate Secretary Atty. Helen G. Tiu recorded the minutes of the meeting.

II. CERTIFICATION OF QUORUM.

The Acting Chairman of the Stockholders' Meeting, 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 reported that pursuant to Section 6.1, Article IV of the Company's By-laws written notice and agenda of this special meeting of the stockholders as well as materials related to this meeting were served to each registered stockholder by electronic transmission and/or by personal delivery not later than May 12, 2021. Thereafter, the Corporate Secretary certified that a quorum was present for the valid transaction of business, there being present in person or represented by proxy 13,959,957,488 common shares, representing 97.156% of the issued and outstanding capital stock of the Company.

There being a quorum, the Acting Chairman declared the meeting duly convened and opened for business. Thereafter, the Acting Chairman requested the Corporate Secretary to discuss the protocol regarding the conduct of the meeting.

As requested by the Acting Chairman, the Corporate Secretary announced the rules governing the conduct of the meeting as follows:

1. Any stockholder who desires to ask a question pertaining to any item of the Agenda presented for approval:

   (a) Must first identify himself and request to be recognized by the Chairman;
   (b) Once recognized, the stockholder will be allowed to ask only one question and the Chairman has the discretion to entertain or not to entertain a follow-up or second question.
   (c) A maximum of 3 minutes will be allotted for any questions or comments from the stockholder.

2. Any stockholder who desires to raise questions or comments unrelated to the main items of the Agenda may do so under Other Matters or immediately prior to the end of the meeting. The same procedure described earlier shall apply.

3. All stockholders must observe proper decorum. In case a stockholder fails to observe the rules, the Chairman has the discretion to declare him out of order and exclude him from this meeting.

4. Only stockholders of outstanding shares of stock as of the Record Date, May 6, 2021, are entitled to vote in this meeting.

5. Given that the Company has a small number of stockholders, stockholders present in person or by proxy may cast their votes manually using the ballot provided upon registration for each item of the Agenda requiring stockholders' approval.

6. The Corporate Secretary's decision on matters pertaining to proxies is final and binding unless set aside by a court of competent jurisdiction.

III. APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDERS' MEETING.

The Acting Chairman noted that copies of the minutes of the special meeting of the stockholders held on March 1, 2021 had been distributed together with the notice of the stockholders' meeting. Accordingly, the Acting Chairman inquired whether there were any questions or comments regarding the minutes of the special stockholders meeting held on March 1, 2021. There being no questions, comments or corrections, upon motion duly made and seconded, the following resolution was unanimously approved (without abstention) by stockholders present in person or by proxy constituting 97.156% of the outstanding capital stock of the Company.

RESOLUTION NO. S-10-2021

"RESOLVED, to approve the waiver of the reading of the minutes of the special stockholders' meeting held on March 1, 2021 and to approve the minutes of the special stockholders' meeting held on March 1, 2021."

IV. APPROVAL OF DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO AMEND OR REPEAL BY-LAWS OR ADOPT NEW BY-LAWS

The Acting Chairman requested the Corporate Secretary to discuss the delegation by shareholders to the Board of Directors of the power to amend or repeal by-laws or adopt new by-laws. The Corporate

Secretary discussed with the stockholders present (in person or by proxy) Section 2.2, Article X of the Company's By-laws, which was approved by the Securities and Exchange Commission on April 7, 2021. Under said section, "the owners of two-thirds (2/3s) of the outstanding capital stock may delegate to the Board of Directors the power to amend or repeal the By-laws or adopt new By-laws; provided, that any power delegated to the Board of Directors to amend or repeal the By-laws or adopt new By-laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting."

Thereafter the Acting Chairman requested for a motion for approval of the delegation to the Board of Directors of the power to amend or repeal the By-laws or adopt new By-laws provided such delegation may be subsequently revoked by shareholders representing at least a majority of the outstanding capital stock at a regular or special meeting. Upon motion duly made and seconded, the following resolution was unanimously approved by stockholders present in person or by proxy constituting 97.156% of the outstanding capital stock of the Company (with no abstentions):

RESOLUTION NO. S-11-2021

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve the delegation to the Board of Directors of the power to amend the by-laws of MONDE NISSIN CORPORATION (the "Corporation"), in whole or in part, or to repeal and adopt new By-laws, in accordance with Section 47 of the Revised Corporation Code and Section 2.2, Article X of the Corporation's By-laws, *provided*, that such delegation may be revoked by the affirmative vote of stockholders owning or representing at least a majority of the outstanding capital stock at any regular or special stockholders' meeting duly called for the purpose."

V. RATIFICATION OF PRIOR ACTS OF THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE AND OF THE COMPANY'S OFFICERS & MANAGEMENT

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 and of the Executive Committee which were adopted from March 1, 2021 to May 28, 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. The acts and resolutions of the Board are reflected in the minutes of the meetings and included the reversal of December 31, 2020 retained earnings appropriation of ₱6.8 Billion, the declaration of ₱1.19 cash dividends per share payable on or before December 31, 2021 to stockholders of record as of March 1, 2021, the election of interim directors, the appointment of statutory officers, the appointment of Board Committee members, the approval of resolutions related to the listing of the Company's shares with the Philippine Stock Exchange and to register such shares with the Securities & Exchange Commission ("SEC") for initial public offering in the Philippines as well as to make offerings outside of the Philippine through Rule 144A and Regulation S as well as authorizing all agreements and appointment of Company representatives in connection with the same, the approval of certain amendments to the Company's Articles of Incorporation and the adoption of new By-laws, the approval of Company's Code of Conduct and Ethics, General Data Privacy to Policy, Conflict of Interest Policy, Insider Trading Policy, Policy and Data Relating to Heath, Safety and Welfare of Employees, Related Party Transactions Policy and Whistleblowing Policy, the approval of Board Charter and Board Committee Charters (i.e., Executive Committee, Audit Committee, Risk and Related Party Transactions Committee and Corporate Governance, Nomination, and Remuneration Committee, the approval of meeting fees for attendance of independent directors at Board and Board Committee meetings (₱240,000.00 for each meeting of the board of directors and ₱120,000.00 for each board committee meeting), authorizing the Company to issue comfort letter or guarantee in connection with the obligations of the Company's subsidiaries and affiliates, the designation of Company representatives to certain government agencies in connection with applications and actions before such government agencies in the general conduct of the Company's business, the designation of authorized filers for submission of Company reports on the SEC's Online Submission Tool, 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, authorizing the appointment of Company's representatives in connection with court cases and other legal proceedings involving the Company, authorizing the purchase of certain assets from the Company's affiliates, authorizing the engagement of third party service providers, authorizing the Company to enter into amendments of loan agreements, and the adoption of Company's dividend policy (*i.e.*, an annual dividend payment ratio of 60% of preceding fiscal year's net income after tax, subject to the requirement of applicable laws and regulations, capex requirements, compliance with loan covenant restricting dividend distribution without in any way guaranteeing dividend payments in the future).

Thereafter the Acting Chairman requested for a motion for approval for the ratification of all the acts and/or resolutions of the Board of Directors, the Executive Committee, the officers and management of the Company for the period March 1, 2021 to May 28, 2021. Upon motion duly made and seconded, the following resolution was unanimously approved by stockholders present in person or by proxy constituting 97.156% of the outstanding capital stock of the Company (with no abstentions):

RESOLUTION NO. S-12-2021

> "RESOLVED, as it is hereby resolved, that all the acts, deeds, and/or decisions of the Board of Directors, the Executive Committee, the officers and management of Monde Nissin Corporation (the "Corporation") for the period from March 1, 2021 to May 28, 2021 be, as they are hereby, approved, confirmed and ratified."

VI. OTHER MATTERS.

The Acting Chairman opened the floor for questions or comments from the stockholders on other matters which may be relevant and of general concern to them. There were no questions or comments from the stockholders present in person or by proxy.

VII. ADJOURNMENT

There being no other matters to discuss, on motion duly made and seconded, the meeting was thereupon adjourned.

A T T E S T:

HENRY SOESANTO
Acting Chairman of Stockholders' Meeting

HELEN G. TIU
Corporate Secretary

Annex "A"

MONDE NISSIN CORPORATION
Special Stockholders' Meeting
May 28, 2021

Record of Attendance

Stockholders of Record	**No. of Shares Held**	**% Ownership**
1. Hartono Kweefanus (by proxy)	4,214,244,600	29.330%
2. Betty Ang (by proxy)	3,265,920,000	22.730%
3. Hoediono Kweefanus (by proxy)	948,324,600	6.600%
4. Henry Soesanto (in person)	1,814,633,996	12.629%
5. My Crackers, Inc. (by proxy_	1,228,611,496	8.551%
6. Monica Darmono (in person)	765,897,596	5.330%
7. Anna Roosdiana Darmono (by proxy)	765,897,600	5.330%
8. Eveline Darmono (by proxy)	765,897,600	5.330%
9. Daniel Ang (in person)	109,062,000	0.759%
10. Raymund C. Raganas (in person)	81,468,000	0.567%
Total No. of Outstanding Shares Present or Represented	13,959,957,488	97.156%
Total No. of Outstanding Shares	14,368,611,496	100.0%