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:
   - (selected) Preliminary Information Statement
   - Definitive Information Statement
2. Name of Registrant as specified in its charter
   Monde Nissin Corporation
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   0000086335
5. BIR Tax Identification Code
   000-417-352-000
6. Address of principal office
   Felix Reyes Street, Barangay Balibago, City of Santa Rosa, Laguna
   Postal Code
   4026
7. Registrant's telephone number, including area code
   +63277597595
8. Date, time and place of the meeting of security holders
   June 30, 2023 at 10 a.m., to be conducted virtually through https://conveneagm.com/ph/MONDE2023ASM
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Jun 8, 2023
10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor
    Not applicable
    Address and Telephone No.
    Not applicable

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding

Common	17,968,611,496

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

(●) Yes ( ) No

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

The common shares are listed on the Philippine Stock Exchange.

Monde Nissin

Monde Nissin Corporation
MONDE

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

Date of Stockholders' Meeting	Jun 30, 2023
Type (Annual or Special)	Annual
Time	10 A.M.
Venue	To be conducted virtually through https://conveneagm.com/ph/MONDE2023ASM
Record Date	Jun 2, 2023

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached Preliminary Information Statement in connection with MONDE's 2023 ASM.

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)

Atty. Helen G. Tiu
Corporate Secretary
Contact Person

7759 7595
Company Telephone Number

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

SEC Form 20-IS
Form Type

0 6 **3 0**
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

17
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 FOR 2023

Monde Nissin Corporation's ("**MONDE's**") 2023 Annual Stockholders' Meeting (the "**Meeting**") will be held via the AGM@Convene virtual online platform accessible at https://conveneagm.com/ph/MONDE2023ASM on **June 30, 2023 (Friday) at 10:00 a.m. Philippine 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 June 24, 2022
5. Management Report
    a. Message of the Chairperson
    b. Report of the Chief Executive Officer
    c. Report of the Chief Financial Officer
6. Ratification of the 2022 Annual Audited Consolidated Financial Statements
7. Ratification of All Acts of the Board of Directors, Board Committees, Officers, and Management for the Period of June 24, 2022 to June 30, 2023
8. Election of Directors (Including 3 Independent Directors) for the Ensuing Year
9. Appointment of External Auditor
10. Other Business
11. Adjournment

Only stockholders of record as of June 2, 2023 ("**Record Date**") are entitled to receive notice of, and to vote at, the Meeting.

Stockholders who wish to participate in the Meeting must register through the AGM@Convene online portal ("**Portal**") accessible at https://conveneagm.com/ph/MONDE2023ASM. Registration begins at 9:00 a.m. PHT of June 8, 2023 and closes at 5:00 p.m. PHT of June 21, 2023 ("**Registration Period**").

Once registered through the Portal, stockholders may vote using any of the following methods:

(a) **by appointing MONDE's Chief Executive Officer ("CEO") as their proxy through the Portal**. Duly accomplished proxies must be submitted via the Portal on or before June 21, 2023 at 5:00 p.m. PHT. Proxies will be validated upon their submission and until June 23, 2023;

(b) **by remote communication through the Portal**. The option to vote by remote communication through the Portal will be made available after a stockholder's registration application has been

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

authenticated and approved. Stockholders voting by remote communication may do so before the Meeting, or may opt to cast their votes live during the Meeting;

(c) **by voting *in absentia* through the Portal**. The option to vote *in absentia* through the Portal will be made available after a stockholder's registration application has been authenticated and approved. Stockholders are allowed to cast their votes *in absentia* until June 29, 2023 at 5:00 p.m. PHT; and

(d) **by appointing MONDE's CEO as their proxy by submitting the duly accomplished proxy form (attached to MONDE's Information Statement) via email to corporate.secretary@mondenissin.com**. Duly accomplished proxies must be submitted to MONDE **via email to corporate.secretary@mondenissin.com** on or before June 21, 2023 at 5:00 p.m. PHT. Proxies will be validated upon their submission and until June 23, 2023.

For additional details on the Meeting registration and voting, stockholders may refer to MONDE's Information Statement, which will be accessible starting June 8, 2023 at: www.mondenissin.com and https://conveneagm.com/ph/MONDE2023ASM. Stockholders who encounter registration issues may contact AGM@Convene at support@conveneagm.com for technical support.

In compliance with the relevant issuances and regulations of the Securities and Exchange Commission ("**SEC**"), the Information Statement and its attachments, and other documents related to the Meeting may be accessed starting June 8, 2023 at www.mondenissin.com, and also through https://conveneagm.com/ph/MONDE2023ASM. The Meeting 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 Meeting's Agenda on or before June 21, 2023.[2]

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

This notice supersedes the disclosure notice filed with the SEC and the Philippine Stock Exchange on May 19, 2023.

Makati City, May 25, 2023.

Tiu, Helen G.

HELEN G. TIU
Corporate Secretary and
Chief Legal Counsel

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[2] *The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and relevant guidelines.*

EXPLANATION FOR AND RATIONALE OF AGENDA ITEMS

1. Call to Order

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

2. Certification of Notice and Quorum

   The Corporate Secretary will certify that: (a) in compliance with the requirements of the Revised Corporation Code and the relevant issuances and regulations of the SEC, notice for the Meeting was distributed to MONDE's stockholders of record as of June 2, 2023 (including 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 13, 2023), and (b) that a quorum exists for the transaction of business.

3. Instructions on Rules of Conduct and Voting Procedures

   Pursuant to the Revised Corporation Code's Sections 23 and 57 and MONDE's Amended By-Laws' Article IV, Section 8 which allow participation and voting *in absentia* by the stockholders, MONDE has set up the designated online web address https://conveneagm.com/ph/MONDE2023ASM which may be accessed by the stockholders to register for the Meeting. Registrants who have submitted complete requirements within the Registration Period will receive an email notice prompting them to verify their email address, and to nominate a password for their account. After verifying their email, the registrants' stockholder status will be authenticated. Pending authentication and approval of the registration application, registrants may already submit questions ahead of the Meeting and appoint MONDE's CEO as proxy, subject to authentication and approval of the registration application. Registrants whose stockholder status have been authenticated will receive an email confirming that their registration application has been approved ("**Confirmation Email**"). Registrants who do not receive a Confirmation Email within three (3) business days from submission of complete requirements should email support@conveneagm.com, copying MONDE's Corporate Secretary at corporate.secretary@mondenissin.com. A stockholder who votes *in absentia* or participates through remote communication (both through the Portal) shall be deemed present for purposes of quorum.

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

   a. Stockholders may attend the Meeting remotely through https://conveneagm.com/ph/MONDE2023ASM. Questions and comments pertaining to any item on the agenda may be sent during the Registration Period and during the Meeting through the Portal. Questions submitted during the Registration Period will be given priority.
   b. Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the Meeting. Stockholders may also vote as each of the agenda items submitted for voting is taken up during the Meeting.
   c. Stockholders intending to participate in the Meeting by remote communication are required to register during the Registration Period at the Portal. The requirements for participating and

voting are set forth in the Information Statement. Only successful registrants will be counted for purposes of determining the existence of a quorum.

d. Upon receipt of the Confirmation Email, successful registrants may vote through the Portal, or through the appointment of MONDE's CEO as proxy. Those choosing to participate by remote communication may also vote live during the Meeting.
e. A stockholder who registers by 5:00 p.m. PHT on June 21, 2023 may still vote by proxy through the Portal or submit questions even pending validation of his/her registration application. Proxies will be validated from their submission until June 23, 2023.
f. A stockholder may also submit his/her/its proxy using the prescribed form to MONDE's Corporate Secretary at corporate.secretary@mondenissin.com not later than 5:00 p.m. PHT on June 21, 2023 ("**Proxy Deadline**").
g. Stockholders may revoke a proxy submitted through the Portal or to MONDE's Corporate Secretary via email at any time before the Proxy Deadline. Proxies will be locked in and may no longer be revoked or changed after the Proxy Deadline. Stockholders who submit proxies and do not revoke such proxies by the end of the Proxy Deadline will not be able to vote live during the Meeting but may submit questions and watch the Meeting live.
h. Stockholders voting *in absentia* may cast their votes electronically through the Portal at any time from the receipt of the Confirmation Email until June 29, 2023 at 5:00 p.m. PHT.
i. All the items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding capital voting stock present at the Meeting. Except as provided in paragraph (j) below, each outstanding share of stock entitles the registered stockholder to one vote.
j. Election of directors will be by plurality of votes with provision for cumulative voting. Each outstanding share of stock entitles the registered stockholder to one vote per board seat to be filled.
k. The Corporate Secretary and her designated assistants will tabulate all votes received. MONDE's external auditor will validate the voting results. The Corporate Secretary shall report the preliminary results of voting during the Meeting. The final results as certified by the external auditor, will be indicated in the minutes of the Meeting.
l. The meeting proceedings shall be recorded in audio and video formats.

4. Approval of Minutes of Previous Stockholders' Meeting Held on June 24, 2022

A copy of the minutes of the Previous (2022) Annual Stockholders' Meeting held on June 24, 2022 ("**Previous Minutes**") is available at www.mondenissin.com and at the Portal. The Previous Minutes' approval 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. The Previous Minutes covers the following items:

a. approval of the minutes of the annual stockholders' meeting held on November 23, 2021;
b. management report;
c. ratification of the 2021 annual audited consolidated financial statements;
d. the ratification of acts of the Board of Directors, the Executive Committee and other Board Committees, and of MONDE officers and management from November 23, 2021 to June 24, 2022 [including the election of officers, board committee chairpersons and members, and lead independent director (including interim lead independent director, interim board committee chairperson and member); appointment of corporate officers (*i.e.*, Assistant Corporate Secretary, Data Protection Officer, and Deputy Compliance Officer); re-allocation or change in

the use of IPO proceeds; amendment of the by-laws; authorizing MONDE to enter into agreements or execute applications/forms needed by MONDE in the normal course of business and designating MONDE representatives and signatories regarding the same; authorizing MONDE to sell company vehicles; approval of the budget for year 2022; approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies; amendments to MONDE's Insider Trading Policy; designation of MONDE representatives to certain government agencies in connection with applications and actions before such government agencies; authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings involving MONDE; authorizing MONDE to sell company vehicles; authorizing MONDE to make additional equity investments in, and/or lend money to MONDE's subsidiaries and affiliates; authority to act as surety or guarantor and to charge guarantees fees thereof in connection with obligations of MONDE's subsidiaries; authorizing MONDE to enter into hedging transactions with certain bank and non-bank financial institutions; authorizing MONDE to open accounts with banks and non-bank financial intermediaries and to avail of their services and/or products as well as to designate signatories for the same; authorizing the Meeting to be held via remote communication on June 24, 2022, setting the record date for the Meeting, and authorizing the CEO to execute the information statement; approval of the agenda for the Meeting; approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding the final list of nominees for directors for election at the Meeting; approval of MONDE's 2021 audited financial statements; approval of MONDE's interim unaudited financial statements for the period ending December 31, 2021 and March 31, 2022; approval of policy promulgation guidelines; authorizing MONDE to execute amendments to joint venture agreements with Malee Group Public Company Limited et. al.; authority to make donations to BIR-accredited donee institutions; the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business; and matters covered in the disclosures to the SEC and/or the Philippine Stock Exchange ("**PSE**")];

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

5. Management Report

The Chairperson will deliver the message to the stockholders. CEO Mr. Henry Soesanto, and Chief Financial Officer Mr. Jesse C. Teo, respectively, will report on MONDE's performance in 2022. The stockholders will be requested to note the Management Report.

6. Ratification of the 2022 Annual Audited Consolidated Financial Statements

The Annual Audited Consolidated Financial Statements ("**AFS**") as of December 31, 2022 will be presented to the stockholders for their approval. The AFS will be included in the Information Statement that may be accessed by the stockholders at www.mondenissin.com and at the Portal. This agenda item requires the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting through remote communication, *in absentia*, or through the appointment of the CEO as proxy, to be approved.

7. <u>Ratification of All Acts of the Board, Board Committees, Officers, and Management for the period of June 24, 2022 to June 30, 2023</u>

The acts of the Board and its Committees, the Officers, and Management were those adopted since the last special stockholders' meeting on June 24, 2022 until June 30, 2023. They include:

a. election of officers, board committee chairpersons and members, and lead independent director;
b. approval of the re-allocation or change in the use of IPO proceeds;
c. authorizing MONDE to enter into, amend, or terminate agreements and/or or execute applications/forms needed by MONDE in the normal course of business (*e.g.*, non-disclosure or confidentiality agreements, consumer insights/research-related agreements, labor-related, training, and/or recruitment-related agreements, employee benefits-related agreements, collection servicing agreements, marketing-related agreements, retail electricity supply agreements, connection agreements, construction agreements, logistics-related agreements, supply agreements, service agreements, advisory contracts and engagement letters, lease agreements, hauling agreements, waste treatment and/or disposal agreements, credit line agreements, corporate credit card agreements, consultancy agreements, distributorship agreements, endorsement agreements, payment arrangements, refund of bill deposits, payment instructions/set-off agreements, sustainability-related agreements, licensing agreements, subscription agreements, corporate communications-related agreements, information technology-related agreements, sales-related agreements, memoranda of agreement, publishing agreements, accommodation agreements, and data sharing agreements) and designating MONDE representatives and signatories regarding the same;
d. approval of change in designation of certain key officers (*i.e.,* Chief Risk Officer and Chief Investor Relations Officer);
e. reversal of retained earnings appropriation and declaration of cash dividends;
f. authorizing MONDE to appropriate retained earnings;
g. authorizing MONDE to buy and/or sell company vehicles;
h. approval of the budget for year 2023;
i. approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies;
j. approval of certain amendments to MONDE's Material Related Party Transactions Policy;
k. approval of revised policy on non-audit services;
l. approval of MONDE's sustainability policy;
m. approval of the Board and Board Committee evaluation materials or forms and the results of the assessment;
n. designation of MONDE representatives to certain government agencies (whether local or foreign) in connection with applications and actions before such government agencies including authorizing them to be signatories for related forms and/or agreements, as needed;
o. authorizing MONDE to enter into hedging transactions with certain bank and non-bank financial institutions;
p. authorizing MONDE to open, re-activate, and/or close accounts with banks and non-bank financial intermediaries and to avail of their services, and/or products (including internet/ online banking facilities, derivative transactions, supply chain financing agreements) as well as agree to operational details concerning such availments and designating signatories for the same;
q. approval of MONDE's 2022 annual audited consolidated financial statements;

r. approval of MONDE's interim unaudited financial statements for each quarter;
s. authorizing MONDE to borrow from or extend loans (including refinance and guarantee and/or act as surety with respect to existing loans) to, and/or increase equity investments in, various subsidiaries and/or affiliates;
t. appointment of MONDE officers (*i.e.,* Chief Information and Digital Officer, and Chief Strategy Officer);
u. authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings (including extrajudicial compromise agreements) involving MONDE;
v. approval for subscription by MONDE to (i) 820,268,295 common shares of Figaro Coffee Group, Inc., and (ii) 665,845 Series B preferred shares of Terramino, Inc.;
w. approval of investment parameters;
x. designation of authorized signatories for endorsement of stock certificates;
y. designation of proxies of MONDE to stockholders' meetings of its subsidiaries, affiliates, and investee-companies;
z. authorizing MONDE to apply with the Securities and Exchange Commission for equity restructuring;
aa. authorizing the Meeting to be held via remote communication on June 30, 2023, setting the record date for the Meeting, appointment of external auditor and the fixing of its remuneration, and authorizing the CEO to execute the information statement;
bb. approval of the agenda for the Meeting;
cc. approval of Corporate Governance, Nomination, and Remuneration Committee's recommendation regarding the final list of nominees for directors for election at the Meeting;
dd. the acts of the officers those taken to implement the resolutions of the Board and its Committees; and
ee. matters covered in the disclosures to the SEC and/or the PSE.

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

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

Pursuant to MONDE's By-Laws, Revised Manual of Corporate Governance, and applicable SEC rules, any stockholder, including a minority stockholder, may submit nominations for the election of directors. As of April 28, 2023, 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 those 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 govern MONDE to achieve its objectives.

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

9. Appointment of External Auditor

The Board's Audit Committee will endorse to the stockholders the appointment of SyCip Gorres Velayo & Co. ("**SGV**") as the external auditor for calendar year 2023. The external audit conducts an independent verification of MONDE's financial statements and provides an objective assurance on the accuracy of its financial statements.

The Information Statement contains SGV's profile.

A resolution for SGV's appointment as MONDE's external auditor for the calendar year 2023, and ratifying the fees will be presented to the stockholders for adoption and shall require the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting through remote communication or *in absentia*, or through the appointment of the CEO as proxy, to be approved.

10. Other Business

Stockholders of record as of Record Date (*i.e.,* June 2, 2023) 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 Meeting's Agenda.[3] Such additional agenda items for the Meeting must be submitted to MONDE on or before June 21, 2023 at 5:00 p.m. PHT.

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

11. Adjournment

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

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

PROXY FORM

The undersigned stockholder of **MONDE NISSIN CORPORATION** ("**MONDE**") hereby appoints MONDE's Chief Executive Officer as *attorney-in-fact* and *proxy* to represent and vote all shares registered in his/her/its name at MONDE's 2023 Annual Stockholders' Meeting on **June 30, 2023 (Friday)** at **10:00 a.m. Philippine Time (PHT)** by remote communication and at any and all adjournments or postponements thereof, for the purpose of acting on the matters stated below.

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

1. Approval of the June 24, 2022 Minutes of the Stockholders' Meeting
   ☐ For ☐ Against ☐ Abstain

2. Noting of the Management Report
   ☐ Noted ☐ Abstain

3. Ratification of the 2022 Annual Audited Consolidated Financial Statements
   ☐ For ☐ Against ☐ Abstain

4. Ratification of all acts of the Board of Directors, Board Committees, Officers, and Management for the period of June 24, 2022 to June 30, 2023
   ☐ For ☐ Against ☐ Abstain

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

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

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

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

6. Appointment of SyCip Gorres Velayo & Co. as External Auditor and the Fixing of its Remuneration
   ☐ For ☐ Against ☐ Abstain

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

I hereby give my consent for MONDE and its authorized representatives to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2023 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 to the public on MONDE's website thereafter, as required by the Securities and Exchange Commission's relevant guidelines.

PRINTED NAME AND SIGNATURE OF STOCKHOLDER**

DATE

No. of Shares Held:	Email Address:

This proxy should be submitted to MONDE on or before 5:00 p.m. PHT of June 21, 2023 (*i.e.*, the deadline for submission of proxies) electronically via the online portal accessible at https://conveneagm.com/ph/MONDE2023ASM or via email to corporate.secretary@mondenissin.com. Proxies will be validated after they are received and until June 23, 2023.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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

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

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

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

A stockholder giving a proxy has the power to revoke it on or before 5:00 pm PHT on June 21, 2023, after which time the proxy will be locked-in and may no longer be revoked or changed.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

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

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

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

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

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

5. BIR Tax Identification Code: 000-417-352-00000

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

   Postal Code: 4026

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

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

   Date: June 30, 2023
   Time: 10:00 A.M. Philippine Time (PHT)
   Place: To be conducted virtually via https://conveneagm.com/ph/MONDE2023ASM in accordance with the rules of the SEC

9. Approximate date on which the Information Statement is distributed to security holders: June 8, 2023

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code ("SRC"):

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 THE INFORMATION STATEMENT

This Preliminary Information Statement ("**Information Statement**") is dated May 25, 2023 and is being furnished to MONDE's security holders as of June 2, 2023, in connection with MONDE's annual stockholders' meeting on June 30, 2023 (the "**Meeting**").

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

A. GENERAL INFORMATION

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

Date:	June 30, 2023
Time:	10:00 A.M. PHT
Place:	To be conducted virtually via https://conveneagm.com/ph/MONDE2023ASM

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

The Information Statement may be accessed beginning June 8, 2023 at: www.mondenissin.com and https://conveneagm.com/ph/MONDE2023ASM. The Chairperson of the Meeting shall call and preside at the stockholders' meeting from the City of Santa Rosa, Laguna.

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

	Requirement	Reference
1.	A description of the voting and vote tabulation procedures used in the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated June 24, 2022*) for the manner of voting and the vote tabulation procedures adopted for the approval of the matters presented to the stockholders during the last stockholders' meeting, *i.e.*, the June 24, 2022 stockholders' meeting, with 15,971,873,412 of the outstanding and voting shares or 88.89% of the total outstanding capital stock present (i.e., in person, in absentia, or through remote communication) or represented by proxy issued to MONDE's Chief Executive Officer ("**2022 ASM**").
2.	A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given during the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated June 24, 2022*) of this Information Statement for the procedure observed for stockholders' queries and the record of the questions asked and answers given during the 2022 ASM.
3.	The matters discussed and resolutions reached during the last meeting	Please see pp. 16-17, item 15 (*Actions with Respect to Reports*) and **Annex E** (*Minutes of the Annual Stockholders' Meeting dated June 24, 2022*) of this Information Statement for the matters discussed and resolutions reached during the 2022 ASM.

	Requirement	Reference
4.	A record of the voting results for each agenda item during the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated June 24, 2022*) of this Information Statement for the voting results for each agenda item during 2022 ASM.
5.	A list of the directors, officers and stockholders who attended the last meeting	Please see **Annex E** (*Minutes of the Annual Stockholders' Meeting dated June 24, 2022*) of this Information Statement for the directors, officers and stockholders present during the 2022 ASM.
6.	List of material information on the current stockholders, and their voting rights	Please see pp. 4-7, item 4 (*Voting Securities and Principal Holders Thereof*) of this Information Statement for the list of material information on the current stockholders and their voting rights.
7.	Other items that the SEC may require in the interest of good corporate governance and protection of minority stockholders	Please see p. 3, item 2 (*Dissenters' Rights of Appraisal*) of this Information Statement for the instances when a stockholder can exercise the right to dissent and demand payment of the fair value of shares.
8.	A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business strategy, and other affairs	Please see pp. 1-49, **Annex D** (*Management Report*) of this Information Statement for the management discussions and analyses of financial condition and results of operations as of December 31, 2022 and as of March 31, 2023.
9.	A financial report for the preceding year (which shall include financial statements duly signed and certified in accordance with the Revised Corporation Code and the SEC, a statement on the adequacy of MONDE's internal controls or risk management systems, and a statement of all external audit and non-audit fees)	Please see pp. 1-49, **Annex D** (*Management Report*) of this Information Statement for the management discussions and analyses of financial condition and results of operations as of December 31, 2022 and as of March 31, 2023, as well as the Consolidated Audited Financial Statements as of December 31, 2022, and Unaudited Interim Consolidated Financial Statements as of March 31, 2023.
10.	An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof	Please see pp. 51-52, **Annex D** (*Management Report*) of this Information Statement for the dividend policy adopted by the Board of Directors on March 12, 2021. Please see p. 52, **Annex D** (*Management Report*) of this Information Statement for information on cash dividends declared and paid by MONDE in the last two (2) years, with the note that there are no restrictions limiting the payment of dividends on MONDE's common shares other than what is provided under the Revised Corporation Code.
11.	Directors' profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and	Please see **Annex B** (*Information on Directors and Executive Officers)* of this Information Statement setting out the profiles of MONDE's directors.

	Requirement	Reference
	continuing education attended, and their board representation in other corporations	
12.	A director attendance report, indicating the attendance of each of the meetings of the board and its committees and in regular or special stockholder meetings	Please see pp. 10-12, item 5 (*Directors and Executive Officers*) of this Information Statement for the directors' attendance record for board and board committee meetings from 2021 to June 7, 2023 (*i.e.,* the date of submission of this Information Statement).
13.	Appraisals and performance reports for the board and the criteria and procedure for assessment	Please see pp. 10-12, item 5 (*Directors and Executive Officers*) of this Information Statement for a discussion on appraisals and performance reports for the board of directors.
14.	A director compensation report prepared in accordance with the Revised Corporation Code and the SEC rules	Please see pp. 12-14, item 6 (*Compensation of Directors and of Executive Officers*) of this Information Statement for the report on directors' compensation.
15.	Director disclosures on self-dealings and related party transactions	Please see p. 10, item 5 (*Directors and Executive Officers*) of this Information Statement for the discussion on related party transactions.
16.	The profiles of directors nominated or seeking election or reelection	Please see **Annex B** (*Information on Directors and Executive Officers of the DIS*) of this Information Statement setting out the profiles of nominees for election to the board of directors.

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

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

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

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

(c) in case of merger or consolidation; and

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

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

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

(a) Other than election to office, none of MONDE'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.

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

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

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

(b) All stockholders of record as of June 2, 2023 ("**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 MONDE'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 [MONDE] 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 [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 directors 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 directors 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 directors to be elected.

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

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

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% as of April 30, 2023:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Hartono Kweefanus JL Syamsurizal Kota Adm. Jakarta Pusat, Indonesia (Director)	Hartono Kweefanus (same as record owner)	Indonesian	4,214,244,600	23.4534%
Common	Hoediono Kweefanus[1] JL Raya Darmo 65 Surabaya, Indonesia (Director)	Hoediono Kweefanus (same as record owner)	Indonesian	948,324,600	5.2777%
Common	Betty T. Ang[2] 45B Park Terraces Condominium, Palm Drive, Ayala Center, Makati (Director)	Betty T. Ang (same as record owner)	Filipino	3,265,920,000	18.1757%
Common	Henry Soesanto[3] Unit 45A, Discovery Primea Suites 6749 Ayala Avenue, Brgy. Urdaneta, Makati City (Director)	Henry Soesanto (same as record owner)	Indonesian	1,508,681,395[4]	8.3962%

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

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

[3] Mr. Henry Soesanto is the spouse of Ms. Monica Darmono. As such, under the SRC IRR, Mr. Henry Soesanto is deemed to have an indirect beneficial interest in the 765,897,600 shares beneficially owned by Ms. Monica Darmono. Mr. Henry Soesanto owns another 40,000,000 shares through PCD Nominee Corp. (Non-Filipino) which brings his total ownership percentage to 8.6188% and PCD Nominee Corp. (Non-Filipino)'s total ownership percentage to 10.3569%. Of the 1,548,681,400 shares beneficially owned by Mr. Henry Soesanto, one share is held in the name of Director Romeo Bernardo as qualifying share, two shares in the name of Director Nina Perpetua D Aguas as qualifying shares and two shares in the name of former Director Delfin L. Lazaro. Certain shares of Ms. Monica Darmono are held in the name of Director Elaine Teo as qualifying shares (two shares) and in the name of Director Kataline Darmono as qualifying shares (two shares).

[4] Mr. Henry Soesanto holds an additional 40,000,000 shares in scripless form through PCD Nominee Corp. (Non-Filipino). Accordingly, including his scripless shares, Mr. Soesanto directly holds a total of 1,548,681,395 shares or 8.6188% of MONDE's outstanding shares.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	My Crackers, Inc. 1763 P.M. Guanzon St. Paco, Manila	Keng Sun Mar Peter Mar	Filipino	1,228,611,496	6.8375%
Common	PCD Nominee Corporation (Non-Filipino)[5] Philippine Depository & Trust Corp., 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers[6]	Various Non-Filipino	1,900,986,356	10.5795%
Common	PCD Nominee Corporation (Filipino) Philippine Depository & Trust Corp., 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City	PCD participants acting for themselves or for their customers	Filipino	2,219,589,244	12.3526%

(2) Security Ownership of Directors and of Management (Executive Officers) as of April 30, 2023:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
DIRECTORS				
Common	Hartono Kweefanus	(direct) 4,214,244,600	Indonesian	23.4534%
Common	Hoediono Kweefanus[7]	(direct) 948,324,600	Indonesian	5.2777%
Common	Betty T. Ang[8]	(direct) 3,265,920,000	Filipino	18.1757%
Common	Henry Soesanto[9]	(direct) 1,548,681,395[10]	Indonesian	8.6188%
Common	Monica Darmono[11]	(direct) 765,897,596[12]	Indonesian	4.2624%
Common	Romeo L. Bernardo	(direct) 1 Henry Soesanto is the beneficial owner of this 1 share	Filipino	0.0000%
Common	Nina Perpetua D. Aguas	(direct) 2	Filipino	0.0000%

[5] PCD Nominee Corporation is the registered owner of the shares it holds in the books of MONDE's Stock and Transfer Agent ("STA"). PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the PDTC's current system, only PCD participants (*i.e.,* brokers and custodians) are recognized by the PDTC as the owners of the lodged shares.

[6] Each beneficial owner of shares through a PCD participant (*i.e.*, brokers and custodians) is the beneficial owner to the extent of the number of shares in his/her/its account with the PCD participant. As provided by the PDTC to MONDE's Stock and Transfer Agent, BDO Unibank, Inc. – Trust Investments Group Securities Services (Stock Transfer), out of the PCD Nominee Corporation accounts (both Non-Filipino and Filipino), none of the PCD participants hold more than 5% of MONDE's outstanding capital stock for various trust accounts as of April 30, 2023.

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

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

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

[10] Mr. Henry Soesanto has indirect beneficial ownership over the following shares: one share held in the name of Director Romeo Bernardo as qualifying share, two shares in the name of Director Nina Perpetua D Aguas as qualifying shares, and two shares in the name of former Director Delfin L. Lazaro. 40,000,000 of Mr. Soesanto's shares are in scripless form and held through PCD Nominee Corp. (Non-Filipino).

[11] Ms. Monica Darmono is the spouse of Mr. Henry Soesanto. As such, under the SRC IRR, Ms. Monica Darmono is deemed to have an indirect beneficial interest in the 1,548,681,395 shares directly owned by Mr. Henry Soesanto. Please refer to footnote 10.

[12] Ms. Monica Darmono has indirect beneficial ownership over the following shares: two shares held in the name of Director Kataline Darmono as qualifying share, and two shares in the name of Director Marie Elaine Teo.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
		Henry Soesanto is the beneficial owner of these 2 shares		
Common	Kataline Darmono	(direct) 2 Monica Darmono is the beneficial owner of these 2 shares	Indonesian	0.0000%
Common	Marie Elaine Teo	(direct) 2 Monica Darmono is the beneficial owner of these 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) [13]	(direct) 1,548,681,400	Indonesian	8.6188%
Common	Marivic N. Cajucom-Uy	(direct) 687,800	Filipino	0.0038%
Common	Samuel C. Sih	(direct) 3,300,000	Filipino	0.0184%
Common	Michael Stanley D. Tan [14]	(direct and indirect) 410,400	Filipino	0.0023%
Other Executive Officers				
Common	Helen G. Tiu	(direct) 4,400,000	Filipino	0.0245%
Common	Jesse C. Teo	(direct) 1,135,000	Filipino	0.0063%
Common	Wendy T. Antioquia	(direct) 1,093,000	Filipino	0.0061%
Common	Romeo L. Marañon, Jr.	(direct) 432,000	Filipino	0.0024%
Common	Melissa C. Pabustan	(direct) 375,000	Filipino	0.0021%
Common	Elvira S. Mensalvas	(direct) 255,000	Filipino	0.0014%
Common	Daniel Teichert	(direct) 126,900	German	0.0007%
Common	Michael J. Paska	(direct) 75,000	American	0.0004%
Common	Jon Edmarc R. Castillo [15]	(direct and indirect) 43,600	Filipino	0.0002%
Common	Shiela P. Alarcio	(direct) 37,500	Filipino	0.0002%
Common	Anne Katherine N. Santos [16]	(indirect) 23,400	Filipino	0.0001%
Common	Katherine C. Lee-Bacus	(direct) 22,000	Filipino	0.0001%
Common	Luzviminda M. Mercurio	(direct) 10,000	Filipino	0.0001%
Common	Jocelyn Jones G. So	0	Chinese	0.0000%
Common	Rico A. Gonzales [17]	0	Filipino	0.0000%
All Directors and Officers as a group		**10,755,494,798**		**59.8571%**

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

[13] Please refer to footnote 10.
[14] Mr. Michael Stanley D. Tan has indirect beneficial ownership over the 86,000 shares held by his spouse.
[15] Mr. Jon Edmarc R. Castillo has indirect beneficial ownership over the 8,600 shares held by his spouse.
[16] Ms. Anne Katherine N. Santos has indirect beneficial ownership over the 19,400 shares held by her spouse.
[17] Mr. Rico A. Gonzales was appointed as Chief Strategy Officer by MONDE's Board of Directors only on May 10, 2023. His appointment and shareholding details are being included on this Information Statement (which is as of April 30, 2023) as a subsequent event.

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, MONDE's directors hold office for one (1) year or until their successors' election and qualification.

The following are MONDE's incumbent directors:

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

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

The following are MONDE's executive officers:

Betty T. Ang, President
Henry Soesanto, Executive Vice-President and Chief Executive Officer
Monica Darmono, Treasurer
Rico A. Gonzales, Chief Strategy Officer[18]
Marivic N. Cajucom-Uy, Chief Sustainability Officer
Samuel C. Sih, Chief Commercial Officer
Helen G. Tiu, Corporate Secretary
Jesse C. Teo, Chief Financial Officer
Michael Stanley D. Tan, Chief Operations Officer
Wendy T. Antioquia, Regional Research and Development Director
Michael J. Paska, Chief Investor Relations Officer
Melissa C. Pabustan, Chief Marketing Officer
Romeo L. Marañon, Jr., Bakery Business Unit Head and Director for New Business Development
Elvira S. Mensalvas, Quality Assurance Department Head
Daniel Teichert, Chief Risk Officer
Jon Edmarc R. Castillo, Chief Compliance Officer and PSE Company Information Officer
Shiela P. Alarcio, Chief Internal Audit Executive
Luzviminda M. Mercurio, Chief People and Culture Officer
Jocelyn Jones G. So, Chief Information and Digital Officer
Katherine C. Lee-Bacus, Assistant Corporate Secretary
Anne Katherine N. Santos, Assistant Corporate Secretary

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

In accordance with the Amended By-Laws and other MONDE charters and procedures, the Board of Directors ("**Board**") unanimously approved the Final List of Qualified Candidates ("**Final List**") for

[18] Please refer to footnote 17.

election during the Meeting as members of the Board, following the Final List's recommendation and endorsement by the Board's Corporate Governance, Nomination, and Remuneration Committee ("**CGNR Committee**").[19] The Final List comprises the following individuals:

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

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

Hartono Kweefanus, Hoediono Kweefanus, Betty T. Ang, Monica Darmono, and Kataline Darmono were nominated by Henry Soesanto. Henry Soesanto was nominated by Monica Darmono. Nina Perpetua D. Aguas, Romeo L. Bernardo, and Marie Elaine Teo were nominated as independent directors by a minority stockholder, Aaron Jeric M. Legaspi.[20] All Nominees are incumbent directors of MONDE as of the date of this Information Statement. Additional information on the Nominees can be found in **Annex B**.

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

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

(2) **Significant Employees**

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

(4) **Involvement in Certain Legal Proceedings**

To the best of MONDE's knowledge and belief and after due inquiry, none of the directors, the Nominees, or the executive officers of MONDE 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

[19] The CGNR Committee comprises independent directors Marie Elaine Teo (Chairperson), Nina Perpetua D. Aguas, and Romeo L. Bernardo.
[20] Mr. Legaspi beneficially owns 174,600 common shares or 0.0010% of MONDE's total voting shares. He is not related to any of the Nominees.

business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) been convicted by final judgment in a criminal proceeding, domestic or foreign, or has been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; (3) been subjected to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities; or (4) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange, or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

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

(5) Certain Relationships and Related Transactions

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

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

(6) Appraisals and Performance Report for the Board

The directors' attendance record for Board meetings in 2022 up to the date of this Information Statement is as follows:

Director	No. of Meetings Attended/Held	Attendance Percentage
Hartono Kweefanus	8/11	72.7%
Kataline Darmono	8/11	72.7%
Hoediono Kweefanus	11/11	100.0%
Betty T. Ang	11/11	100.0%
Henry Soesanto	11/11	100.0%
Monica Darmono	9/11	81.8%
Delfin L. Lazaro[a]	2/2	100.0%
Romeo L. Bernardo	9/9	100.0%
Nina Perpetua D. Aguas	11/11	100.0%
Marie Elaine Teo	11/11	100.0%

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

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

The incumbent members of the Board's Audit Committee and their attendance at meetings in 2022 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Nina Perpetua D. Aguas (Chairperson)	9/9	100.0%
Delfin L. Lazaro	3/3	100.0%
Marie Elaine Teo	9/9	100.0%
Romeo L. Bernardo	5/5	100.0%

The incumbent members of the Board's Corporate Governance, Nomination and Remuneration Committee and their attendance at meetings in 2022 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Marie Elaine Teo (Chairperson)	6/6	100.0%
Delfin L. Lazaro	2/2	100.0%
Romeo L. Bernardo	3/3	100.0%
Nina Perpetua D. Aguas	6/6	100.0%

The incumbent members of the Board's Risk and Related Party Transactions Committee and their attendance at meetings in 2022 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Romeo L. Bernardo (Chairperson)	2/2	100.0%
Delfin L. Lazaro	N/A	N/A
Nina Perpetua D. Aguas	2/2	100.0%
Marie Elaine Teo	2/2	100.0%

The incumbent members of the Board's Executive Committee and their attendance at meetings in 2022 up to the date of this Information Statement are as follows:

Committee Members	No. of Meetings Attended/Held	Attendance Percentage
Henry Soesanto (Chairperson)	6/6	100.0%
Betty T. Ang	6/6	100.0%
Delfin L. Lazaro	4/4	100.0%
Romeo L. Bernardo	2/2	100.0%
Monica Darmono	6/6	100.0%
Kataline Darmono	6/6	100.0%

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

SEC's Code of Corporate Governance for PLCs and of MONDE's Revised Manual on Corporate Governance, this annual performance assessment is to be conducted by an independent third-party every three years.

(b) Resignation of Directors

From Listing Date up to the present, no director has resigned or declined to stand for re-election to the Board due to any disagreement with MONDE on any matter relating to MONDE's operations, policies, or practices. Mr. Delfin Lazaro's resignation from the Board on April 27, 2022 was for personal reasons.

(c) Parent Company

MONDE has no parent company.

Item 6. Compensation of Directors and of Executive Officers

(a) Executive Compensation

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

Name and Principal Position	Year	Salary (in ₱)	Other Variable Benefits (in ₱)	Total (in ₱)
Betty Ang *President* Henry Soesanto *Chief Executive Officer* Tomasito D. Tiu[21] *Former Vice President for Manufacturing* Marivic N. Cajucom-Uy *Chief Sustainability Officer* Samuel C. Sih *Chief Commercial Officer* Helen G. Tiu[22] *Chief Legal Counsel and Corporate Secretary* Michael Stanley D. Tan *Chief Operations Officer*[23]				
	2021	42,680,238.00	120,589,918.00	163,270,156.00
	2022	41,183,461.00	133,494,378.00	174,677,839.00

[21] Mr. Tomasito D. Tiu was VP – Manufacturing and retired on March 31, 2021. He was one of the top five most highly compensated officers in 2020.
[22] Atty. Helen G. Tiu replaced Mr. Tomasito D. Tiu as one of the top five most highly compensated officers in 2021.
[23] Mr. Michael Stanley D. Tan replaced Atty. Helen G. Tiu as one of the top five most highly compensated officers in 2022.

Name and Principal Position	Year	Salary (in ₱)	Other Variable Benefits (in ₱)	Total (in ₱)
Total compensation of the CEO and 5 most highly compensated officers[24]	2023 (est.)	42,680,238.00	129,482,506.00	172,162,744.00
All other officers and Directors as a group unnamed[25]	2021	82,460,366.00	55,042,267.00	137,502,633.00
	2022	86,586,978.00	80,714,439.00	167,301,417.00
	2023 (est.)	85,854,266.40	66,957,567.00	152,811,833.40
Total	2021	125,140,604.00	175,632,185.00	300,772,789.00
	2022	127,770,439.00	214,208,817.00	341,979,256.00
	2023 (est.)	128,534,504.40	196,440,073.00	324,974,577.40

(b) Compensation of Directors

Under the Amended By-Laws' Article I, Section 5, directors shall be entitled to receive from MONDE fees and other compensation for their services in accordance with Section 29 of the Revised Corporation Code. In no case shall the total yearly compensation of directors exceed three percent (3.0%) of the net income before income tax of MONDE during the preceding year. The Board's Corporate Governance, Nomination, & Remuneration (*i.e.*, CGNR) Committee shall have the responsibility of recommending such fees and other compensation of directors. In discharging this duty, the CGNR Committee shall be guided by the principle that directors should be fairly remunerated for their performance and for work required and responsibility assumed in a company of MONDE's size and scope. In 2021 and to date, the CGNR Committee did not recommend the payment of any compensation to directors based on the net income before income tax of MONDE.

(1) Standard Arrangements

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

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

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

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

In accordance with the requirement of the Revised Corporation Code's Sections 29 and 49 relating to an annual report of the total compensation of each director, below is a table showing the gross

[24] CEO Mr. Henry Soesanto, President Ms. Betty T. Ang, VP – Manufacturing Mr. Tomasito D. Tiu, Chief Sustainability Officer Ms. Marivic N. Cajucom-Uy, and Chief Commercial Officer Mr. Samuel C. Sih were the top five most highly compensated officers in 2020. Mr. Tomasito D. Tiu, who was one of the top five most highly compensated officers in 2020, retired on March 31, 2021 and was replaced on the list by Chief Legal Counsel Atty. Helen G. Tiu. In July 2022, Atty. Helen G. Tiu retired as Chief Legal Officer but remains MONDE's Corporate Secretary, and was replaced by Chief Operations Officer Mr. Michael Stanley D. Tan as one of the top five most highly compensated officers in 2022. In 2022, the executives' base salaries were only increased by less than 5.0% or an adjustment for inflation applicable to all MONDE employees.

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

compensation received by the directors in 2021 and 2022, as well as those estimated to be payable in 2023.

	2021 (in ₱)			2022 (in ₱)			2023 – estimate (in ₱)		
	Board Meetings	Committee Meetings	Total	Board Meetings	Committee Meetings	Total	Board Meetings	Committee Meetings	Total
Non-Independent Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Independent Directors									
Delfin L. Lazaro	1,920,000.00	1,680,000.00	3,600,000.00	480,000.00	1,080,000.00	1,560,000.00	-	-	-
Romeo L. Bernardo	-	-	-	1,440,000.00	960,000.00	2,400,000.00	1,680,000.00	1,320,000.00	3,000,000.00
Nina Perpetua D. Aguas	1,920,000.00	1,080,000.00	3,000,000.00	1,920,000.00	1,680,000.00	3,600,000.00	1,680,000.00	1,200,000.00	2,880,000.00
Marie Elaine Teo	1,920,000.00	1,080,000.00	3,000,000.00	1,920,000.00	1,680,000.00	3,600,000.00	1,680,000.00	1,200,000.00	2,880,000.00
Total	5,760,000.00	3,840,000.00	9,600,000.00	5,760,000.00	5,400,000.00	11,160,000.00	5,040,000.00	3,720,000.00	8,760,000.00

(2) Other Arrangements

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

As aforementioned, Directors (other than Independent Directors) do not receive meeting fees nor any other form of remuneration as such. Thus, no meeting fees or any other form of remuneration were incurred or paid to non-independent directors for their services as such in 2021 and 2022.

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

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

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

(d) Warrants and Options Outstanding: Repricing

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

Item 7. Independent Public Accountants

(a) Appointment of External Auditor

The Board's Audit Committee is responsible for recommending the appointment, reappointment, and/or removal of MONDE's external auditor. It is likewise in charge of evaluating non-assurance work, if any, of the external auditor, and determining whether any non-assurance 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 MONDE's principal accountant and external auditor.

(b) External Auditor for the Recently Completed Calendar Year

SGV served as MONDE'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

MONDE has engaged the services of SGV during the five 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 MONDE's external auditor for the last three completed calendar years are as follows:

Year	Audit and Audit-Related Fees (in ₱)
2022	20,870,000.00
2021	36,770,000.00
2020	23,298,702.00

SGV & Co. performs year-end audits as well as other audit-related services for compliance purposes. The year-end audit fee of the Group in 2022 did not exceed ₱13,970,000 plus value added tax. The audit-related fees include assurance and advisory services that are reasonably related to the performance of the audit or review of financial statements pursuant to the regulatory requirements.

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

MONDE will comply with the requirement under paragraph (3)(B)(ix) of the SEC's Revised Securities Regulation Code (SRC) Rule 68 ("**SRC Rule 68**") as amended, on the rotation of the external auditor.

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

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

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

Item 11. **Financial and Other Information**

The audited financial statements of MONDE (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, 2022; the additional components of the audited financial statements required by the SEC under SRC Rule 68, as amended, the Group's unaudited interim consolidated financial statements for the period ended March 31, 2023; the Group's Management's Discussion and Analysis or Plan of Operation as of and for the year ended December 31, 2022; and the Group's Management Discussion and Analysis of the results of operations and financial condition as of March 31, 2023, are all part of the Management Report, which is attached as **Annex D**.

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

There is no proposed merger, consolidation, acquisition by sale, or liquidation of MONDE 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 MONDE 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 MONDE and its subsidiaries where MONDE has control [as defined under SRC IRR Rule 3, 3.1.8 (Definition of Terms) and in the Philippine Financial Reporting Standards ("**PFRSs**")]. PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards ("**PAS**"), and Interpretations issued by the Philippine Interpretations Committee.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

Please refer to Note 2 of the attached MONDE's audited financial statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and PAS which became effective in 2022 and the new PFRS and PAS that will be effective in the mentioned coming years.

D. OTHER MATTERS

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

(a) Approval of the minutes of the annual stockholders' meeting held on June 24, 2022 (**Annex E**) covering the following matters:

i. approval of the minutes of the annual stockholders' meeting held on November 23, 2021;

ii. management report;

iii. ratification of the 2021 audited financial statements;

iv. the ratification of acts of the Board and of MONDE officers from November 23, 2021 to June 24, 2022 [including the election of officers, board committee chairpersons and members, and lead independent director (including interim lead independent director, interim board committee chairperson and member); appointment of corporate officers (*i.e.,* Assistant Corporate Secretary, Data Protection Officer, and Deputy Compliance Officer); re-allocation or change in the use of IPO proceeds; amendment of the by-laws; authorizing MONDE to enter into agreements or execute applications/forms needed by MONDE in the normal course of business and designating MONDE representatives and signatories regarding the same; authorizing MONDE to sell company vehicles; approval of the budget for year 2022; approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies; amendments to MONDE's Insider Trading Policy; designation of MONDE representatives to certain government agencies in connection with applications and actions before such government agencies; authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings involving MONDE; authorizing MONDE to sell company vehicles; authorizing MONDE to make additional equity investments in, and/or lend money to MONDE's subsidiaries and affiliates; authority to act as surety or guarantor and to charge guarantees fees thereof in connection with obligations of MONDE's subsidiaries; authorizing MONDE to enter into hedging transactions with certain bank and non-bank financial institutions; authorizing MONDE to open accounts with banks and non-bank financial intermediaries and to avail of their services and/or products as well as to designate signatories for the same; authorizing the Meeting to be held via remote communication on June 24, 2022, setting the record date for the Meeting, and authorizing the CEO to execute the information statement; approval of the agenda for the Meeting; approval of Corporate Governance Nomination & Remuneration Committee's recommendation regarding the final list of nominees for directors for election at the Meeting; approval of MONDE's 2021 audited financial statements; approval of MONDE's interim unaudited financial statements for the period ending December 31, 2021 and March 31, 2022; approval of policy promulgation guidelines; authorizing MONDE to execute amendments to joint venture agreements with Malee Group Public Company Limited et. al.; authority to make donations to BIR-accredited donee institutions; the acts of the officers those taken to implement the resolutions of the Board and its Committees in the general conduct of business; and matters covered in the disclosures to the SEC and/or the Philippine Stock Exchange ("**PSE**")];

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

vi. appointment of external auditor and the fixing of its remuneration.

(b) Ratification of the 2022 Annual Audited Consolidated Financial Statements.

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

MONDE will request the stockholders to note the management report comprising the message of the Chairperson, the respective reports of the CEO and the CFO.

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

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

Item 18. **Other Proposed Actions**

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

(b) Ratification of all acts of the Board, Board Committees, Officers, and Management for the period June 24, 2022 to June 30, 2023.

(i) election of officers, board committee chairpersons and members, and lead independent director;

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

(iii) authorizing MONDE to enter into, amend, or terminate agreements and/or execute applications/forms needed by MONDE in the normal course of business (*e.g.,* non-disclosure or confidentiality agreements, consumer insights/research-related agreements, labor-related, training, and/or recruitment-related agreements, employee benefits-related agreements, collection servicing agreements, marketing-related agreements, retail electricity supply agreements, connection agreements, construction agreements, logistics-related agreements, supply agreements, service agreements, advisory contracts and engagement letters, lease agreements, hauling agreements, waste treatment and/or disposal agreements, credit line agreements, corporate credit card agreements, consultancy agreements, distributorship agreements, endorsement agreements, payment arrangements, refund of bill deposits, payment instruction/set-off agreements, sustainability-related agreements, licensing agreements, subscription agreements, corporate communications-related agreements, information technology-related agreements, sales-related agreements, memoranda of agreement, publishing agreements, accommodation agreements, and data sharing agreements) and/or designating MONDE representatives and signatories regarding the same;

(iv) approval of change in designation of certain key officers (*i.e.,* Chief Risk Officer and Chief Investor Relations Officer);

(v) reversal of retained earnings appropriation and declaration of cash dividends;

(vi) authorizing MONDE to appropriate retained earnings;

(vii) authorizing MONDE to buy and/or sell company vehicles;

(viii) approval of the budget for year 2023;

(ix) approval and/or removal of signatories for transactions with banks, financial intermediaries, and trust investment companies;

(x) approval of certain amendments to MONDE's Material Related Party Transactions Policy;

(xi) approval of revised policy on non-audit services;

(xii) approval of MONDE's sustainability policy;

(xiii) approval of the Board and Board Committee evaluation materials or forms and the results of the assessment;

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

(xv) authorizing MONDE to enter into hedging transactions with certain bank and non-bank financial institutions;

(xvi) authorizing MONDE to open, re-activate, and/or close accounts with banks and non-bank financial intermediaries and to avail of their services and/or products (including internet/online banking facilities, derivative transactions, and supply chain financing agreements) as well as agree to operational details concerning such availments and designating signatories for the same;

(xvii) approval of MONDE's 2022 annual audited consolidated financial statements;

(xviii) approval of MONDE's interim unaudited financial statements for each quarter;

(xix) authorizing MONDE to borrow from or extend loans (including refinance and guarantee existing loans) to, and/or increase equity investments in, various subsidiaries and/or affiliates;

(xx) appointment of MONDE officers (i.e., Chief Information and Digital Officer, and Chief Strategy Officer);

(xxi) authorizing MONDE to appoint representatives in connection with court, administrative and/or other legal proceedings (including extrajudicial compromise agreements) involving MONDE;

(xxii) approval for subscription by MONDE to (i) 820,268,295 common shares of Figaro Coffee Group, Inc., and (ii) 665,845 Series B preferred shares of Terramino, Inc.;

(xxiii) approval of investment parameters;

(xxiv) designation of authorized signatories for endorsement of stock certificates;

(xxv) designation of proxies of MONDE to stockholders' meetings of its subsidiaries, affiliates, and investee-companies;

(xxvi) authorizing MONDE to apply with the Securities and Exchange Commission for equity restructuring;

(xxvii) authorizing the Meeting to be held via remote communication on June 30, 2023, setting the record date for the Meeting, appointment of external auditor and the fixing of its remuneration, and authorizing the CEO to execute the information statement;

(xxviii) approval of the agenda for the Meeting;

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

(xxx) the acts of the officers those taken to implement the resolutions of the Board and its Committees; and

(xxxi) matters covered in the disclosures to the SEC and/or the PSE.

(c) Appointment of external auditor and the fixing of its remuneration.

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. Cumulative voting applies to the election of directors.

(b) **Manner of Voting**

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

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

Proxies shall be executed digitally by the stockholder through the secure online portal (see Annex A) or submitted via email to the Corporate Secretary at corporate.secretary@mondenissin.com, for inspection and recording not later than seven (7) business days prior to the date of the Meeting or on or before 5:00 P.M. PHT of June 21, 2023. Validation of proxies shall be done on or before June 23, 2023.

A stockholder may vote through remote communication by using the digital ballot available at https://conveneagm.com/ph/MONDE2023ASM before the Meeting or live during the Meeting.

A stockholder may also vote electronically *in absentia* using the digital ballot available at https://conveneagm.com/ph/MONDE2023ASM. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

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

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

Given the current circumstances and pursuant to the Amended By-Laws, the Board during its meeting on May 10, 2023, approved the holding of the Meeting in a fully virtual format. The stockholders may only attend the Meeting by remote communication, and by voting *in absentia*, as provided in item 4(c) and item 19 above, or voting by appointing the CEO as their proxy.

The Meeting's live webcast shall be accessible through the following online web address: https://conveneagm.com/ph/MONDE2023ASM. To enable MONDE to identify the stockholders participating via remote communication and record their presence for purposes of quorum, stockholders intending to participate in the Meeting by remote communication must register no later than 5 P.M. PHT on June 21, 2023 at the following webpage: https://conveneagm.com/ph/MONDE2023ASM.

Stockholders may send questions or comments pertaining to any item on the Meeting's agenda through the secure online portal until 5:00 P.M. PHT of June 15, 2023, and during the Meeting. 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 MONDE's total outstanding capital stock may submit proposals on items for inclusion in the Meeting's agenda on or before 5:00 P.M. PHT of June 21, 2023.

UNDERTAKING

MONDE will post the full version of this SEC Form 20-IS (Information Statement), together with all its annexes including MONDE's Consolidated Audited Financial Statements as of December 31, 2022, as well as its Interim Consolidated Unaudited Financial Statements as of March 31, 2023, on MONDE's website at the link: www.mondenissin.com upon its approval by the SEC.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City, Metro Manila, Philippines on May 25, 2023.

MONDE NISSIN CORPORATION
By:

HENRY SOESANTO
Executive Vice President
Chief Executive Officer

ANNEX A

Requirements and Procedure for Voting and Participating in the Meeting

ANNEX A

REQUIREMENTS AND PROCEDURE FOR VOTING AND PARTICIPATING IN THE 2023 ANNUAL STOCKHOLDERS' MEETING OF MONDE NISSIN CORPORATION

A. CONDUCT OF THE VIRTUAL MEETING. – Monde Nissin Corporation's ("**MONDE's**") 2023 Annual Stockholders' Meeting (the "**Meeting**") will be held on June 30, 2023, Friday, at 10 a.m. Philippine Time (PHT), entirely on an online basis through the AGM@Convene virtual platform accessible at https://conveneagm.com/ph/MONDE2023ASM.

Pursuant to the Revised Corporation Code's Sections 23 and 57, stockholders who participate in the Meeting 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 June 2, 2023 ("**Record Date**") are entitled to participate in and vote at the Meeting.

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 Meeting, are available at www.mondenissin.com and https://conveneagm.com/ph/MONDE2023ASM.[1]

D. REGISTRATION. – Stockholders intending to participate in the Meeting by remote communication must register at https://conveneagm.com/ph/MONDE2023ASM starting June 8, 2023 at 9 a.m. PHT until June 21, 2023 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 as follows:

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, Philippine Identification System ID ("**PhilSys ID**"), and Alien Certificate of Registration/Immigration Certificate of Registration; and

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

2. FOR CORPORATE STOCKHOLDERS WITH CERTIFICATED SHARES:

   a. A clear scanned copy of the stockholder's Secretary's Certificate stating the full name of the stockholder's representative and authorizing such representative to represent, and vote or execute the proxy on behalf of, the stockholder in the Meeting, 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, PhilSys ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

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

[1] Pursuant to the Securities and Exchange Commission's Notice dated March 13, 2023, publicly-listed companies holding their Meeting may post Meeting-related material on their website as an alternative mode of distribution of such material to their stockholders.

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

    a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker or PCD participant indicating the beneficial owner-stockholder's name and his/her shareholdings in MONDE as of Record Date (June 2, 2023), or (ii) sub-proxy issued by the broker or PCD participant to the beneficial owner-stockholder;

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

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

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

    a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker or PCD participant indicating the corporate stockholder's name and its shareholdings in MONDE as of Record Date (June 2, 2023), or (ii) sub-proxy issued by the broker or PCD participant to the corporate stockholder;

    b. A clear scanned copy of the corporate stockholder's Secretary's Certificate (or its equivalent for corporates registered or incorporated in jurisdictions other than the Philippines) stating the full name of the corporate stockholder's individual representative authorized and authorizing such representative to represent, and vote or execute the proxy on behalf of, the corporate stockholder in the Meeting, 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, PhilSys ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

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

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

    a. A clear scanned copy (in JPG, PNG, or PDF format and with a file size no larger than 12MB) of either a: (i) certification issued by the broker indicating all the joint account holders'/stockholders' names/identities and their shareholdings in MONDE as of Record Date (June 2, 2023) or (ii) sub-proxy executed by the broker or PCD participant in favor of the representative designated by all the joint account holders;

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

c. Clear scanned copies of the joint stockholders' and authorized representative's valid government-issued ID with the photographs, signatures, 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, PhilSys ID, and Alien Certificate of Registration/Immigration Certificate of Registration; and

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

Deficiencies or inconsistencies in the information provided to MONDE will result in a failed attempt to register with the AGM@Convene virtual platform and will render the designated account holder ineligible to participate in the Meeting.

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

F. VOTING

1. Successful registrants may vote on **agenda item numbers 4 to 9** using any of the following methods:

    a. by appointing MONDE's Chief Executive Officer ("CEO") as their proxy through the AGM@Convene virtual platform. Duly accomplished proxies must be submitted via the AGM@Convene virtual platform on or before June 21, 2023 at 5:00 p.m. PHT. The appointment of MONDE's CEO as proxy may be revoked through the secure online portal at any time *prior* to 5:00 p.m. PHT on June 21, 2023. Proxies may no longer be revoked after 5 p.m. on June 21, 2023. Proxies will be validated upon their submission and until June 23, 2023;

    b. by remote communication using the digital ballot accessible on the AGM@Convene virtual platform. The option to vote by remote communication through the AGM@Convene virtual platform will be made available after a stockholder's registration application has been authenticated and approved. A stockholder voting by remote communication may do so from the time he/she completes the registration process until 5:00 p.m. PHT of June 29, 2023, or may opt to cast their votes live at any time during the entire duration of the Meeting until its adjournment;

    c. by voting *in absentia* using the digital ballot accessible on the AGM@Convene virtual platform. The option to vote in absentia through the AGM@Convene virtual platform will be made available after a stockholder's registration application has been authenticated and approved. Stockholders are allowed to cast their votes *in absentia* until June 29, 2023 at 5:00 p.m. PHT; and

    d. by appointing MONDE's CEO as their proxy by submitting the duly accomplished proxy form (attached to MONDE's Information Statement) via email to corporate.seccretary@mondenissin.com. Duly accomplished proxies must be submitted to MONDE on or before June 21, 2023 at 5:00 p.m. PHT. The appointment of MONDE's CEO as proxy may be revoked by sending an email to MONDE's Corporate Secretary at corporate.secretary@mondenissin.com *prior* to 5:00 p.m. PHT on June 21, 2023. Proxies may no longer be revoked after 5 p.m. on June 21, 2023. Proxies will be validated upon their submission and until June 23, 2023.

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

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

G. MEETING PROPER

1. The Meeting's live webcast will be broadcasted at https://conveneagm.com/ph/MONDE2023ASM.

2. During the Meeting, each of the proposed resolutions will be shown on the screen as the relevant agenda item is taken up. Stockholders may send questions or comments pertaining to any item on the Meeting's agenda through the secure online portal until 5 p.m. PHT of June 21, 2023, and during the Meeting.

3. The Corporate Secretary shall report the preliminary tally of votes received and inform the stockholders if the particular resolution has been carried or disapproved. The total number of votes cast for all items for approval, as of 5 p.m. PHT of June 29, 2023, shall be flashed on the screen. The final voting results, as validated by an independent third party, will be reflected in the minutes of the Meeting.

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

H. OTHER MATTERS

1. A stockholder who has successfully registered may submit a question or comment pertaining to any item on the agenda until 5 p.m. PHT on June 21, 2023, and during the Meeting, through the secure online portal.

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

ANNEX B

Information on Directors and Executive Officers

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

Members of the Board of Directors

Mr. Hartono Kweefanus, Indonesian, 73 y.o., Chairperson Emeritus. Also: chairman of the board of Monde M.Y. San Corporation, PT Khong Guan Biscuit Indonesia, and KBT International Holdings, Inc.; director of Monde Land, Inc., Monde Nissin Singapore Pte. Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Suntrak Corporation, Monexco International Ltd., and Monde Nissin (Thailand) Co., Ltd. Graduated from Nanyang University, Singapore, majoring in Industrial and Business Management. Mr. Kweefanus has been a MONDE Director for 43 years.

Ms. Kataline Darmono, Indonesian, 44 y.o., Chairperson of the Board. Also: member, board of PT Wahana Mekar Lestari and PT Khong Guan Biscuit Indonesia. Received her Bachelor of Arts, majoring in Finance, from Lehigh University, Pennsylvania, USA, and her Master of Business Administration from Pepperdine University, California, USA. Joined MONDE as Non-Executive Director on April 12, 2021.

Mr. Hoediono Kweefanus, Indonesian, 71 y.o., Vice Chairperson. Also: president and director of P.T. Nissin Biscuit and P.T. Monde Makkota; Vice-Chairman of KBT International Holdings, Inc.; director of Monde Nissin Singapore Pte. Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. Graduated from Nanyang University Singapore with a Bachelor of Commerce degree. Mr. Kweefanus has been a MONDE Director for 10 years.

Ms. Betty T. Ang, Filipino, 68 y.o., President. Also a director of Suntrak Corporation. Graduated from Assumption College with a Bachelor of Science in Commerce, majoring in Business Management. Ms. Ang has been MONDE President and Director for more than 43 years, being with MONDE since its incorporation on May 23, 1979.

Mr. Henry Soesanto, Indonesian, 71 y.o., Executive Vice-President, and Chief Executive Officer. Also: president of Monde M.Y. San Corporation; Chairman of the Board of Sarimonde Foods Corporation, All Fit & Popular Foods, Inc. and Monde Nu-Agri Corporation; and director of Monde Land, Inc., Monde Nissin Singapore Pte. Ltd., Monde Nissin UK Ltd., Monde Nissin International Investments Ltd., Monde Nissin Holdings (Thailand) Ltd., Monde Nissin New Zealand Limited, Suntrak Corporation, KBT International Holdings, Inc., Monexco International Ltd., and Monde Nissin (Thailand) Co. Ltd. Also treasurer and director at Monde Malee Beverage Corporation. Graduated from the Institute of Technology, Surabaya, Indonesia with a Bachelor of Science, majoring in Chemical Engineering, and a Master of Science in Chemical Engineering, and finished US-based eCornell University's Plant-Based Nutrition Certificate Program. Mr. Soesanto has been a MONDE Director for 34 years, being with MONDE for 41 years.

Ms. Monica Darmono, Indonesian, 68 y.o., Treasurer. Also: treasurer and director of KBT Holdings, Inc., and Monde Malee Beverage Corporation; and director at Monexco International Ltd. Graduated from the Standard College of Singapore with a Bachelor of Science, majoring in Accounting. Ms. Darmono has been a MONDE Director for 17 years.

Mr. Romeo L. Bernardo, Filipino, 68 y.o., Lead Independent Director. Also current lead independent director of Aboitiz Equity Ventures, Inc.; independent director of Philippine Investment Management (PHINMA), Inc. and RFM Corporation; and is a director of the Bank of Philippine Islands. Also member of the Regional Board of Advisers of Vriens and Partners (Singapore); Philippine partner of GlobalSource Partners; and Senior Advisor, Wallace Business Forum. Co-Founder and Vice-Chairman of Foundation for Economic Freedom; a trustee of Finex Foundation; and managing director of RL Bernardo and Associates, Inc. Received his Bachelor of Science degree in Business Economics from the University of the Philippines (magna cum laude) and a Master's Degree in Development Economics from Williams College, Massachusetts, USA. Joined MONDE as an Independent Director on May 10, 2022.

Ms. Nina Perpetua D. Aguas, Filipino, 70 y.o., Independent Director. Also current executive chairperson of Insular Life Assurance Co.; chairperson of Insular Healthcare, Inc.; chairperson and trustee of Insular Foundation, Inc.; and director of Unionbank of the Philippines, Pilipinas Shell Petroleum Corporation, and the Insurance Institute for Asia & the Pacific. Formerly chairperson of the Bank of Florida; member of the World Bank Group's Advisory

Council on Gender and Development; CEO of The Insular Life Assurance Co. Ltd.; President and CEO of the Philippine Bank of Communications; Managing Director and Head of Private Bank – Asia Pacific and Managing Director and Retail Banking Head – Asia Pacific of the Australia and New Zealand (ANZ) Banking Group, Ltd.; and managing director and head of corporate center compliance in New York for Citigroup, Inc. Received her Bachelor of Science in Commerce, Accounting from the University of Santo Tomas. Joined MONDE as an Independent Director on April 15, 2021.

Ms. Marie Elaine Teo, Singaporean, 56 y.o., Independent Director. Currently Chairman of The Teng Ensemble Ltd.; also: director of Mapletree Investments Pte Ltd., Amiradou Pte. Ltd., and ICHX Tech Pte Ltd; and non-executive independent director of Olam International Ltd. and GK Goh Holdings Ltd. Has around 20 years of public market investment experience. Formerly chairperson of Capital International Research Inc.; director of Mapletree Oakwood Holdings Pte. Ltd. and Tantallon Capital Advisors; member of the International Advisory Panel of CIMB Group Holdings Berhad; partner and senior advisor at Holdingham Group; independent director of Caregivers Alliance Ltd.; and member of the International Development Group of the Jesuit Refugee Service. Holds a Bachelor of Arts (Honours) in Experimental Psychology from Oxford University. Joined MONDE as an Independent Director on April 7, 2021.

Executive Officers

Mr. Rico A. Gonzales, Filipino, 58 y.o., Chief Strategy Officer. Previously: Chief Strategy Officer of Monde Nissin Singapore Pte. Ltd.; Managing Director of Meval International Pte. Ltd.; General Manager of Lemnis Lighting Asia Pte. Ltd., and Philips Electronics Singapore; Chief Executive Officer and Channel Development Director of Philips Electronics & Lighting Inc.; and Sales Manager – Associate Director of Procter & Gamble, Philippines. Received his Bachelor of Science in Business Administration from the University of the Philippines. Appointed on May 10, 2023.[1]

Ms. Marivic N. Cajucom-Uy, Filipino, 59 y.o., Chief Sustainability Officer. Joined MONDE in 1989, serving in various capacities, including Sustainability Director, Internal Consulting Director, Core Business Strategy Director, Marketing Director, and Marketing Manager. Received her Bachelor of Arts in Economics (cum laude) from the University of the Philippines. Ms. Cajucom-Uy has been with MONDE for 34 years.

Mr. Samuel C. Sih, Filipino, 59 y.o., Chief Commercial Officer. Received his degrees in BS Commerce Major in Business Management, and Graduate Studies – Management from De La Salle University. Mr. Sih has been with MONDE for 33 years.

Ms. Helen G. Tiu, Filipino, 62 y.o., Corporate Secretary. Also director of Sarimonde Foods Corporation, Monde Rizal Properties, Inc., Monde Malee Beverage Corporation, and Monde Nu-Agri Corporation; and corporate secretary of Monde M. Y. San Corporation, Sarimonde Foods Corporation, All Fit & Popular Foods, Inc., Monde Malee Beverage Corporation, Monde Nu-Agri Corporation, Philstar Global Corporation, and JS Publications (The Freeman) Co., Inc.; trustee of Harvard Law School Alumni Association of the Philippines; and assistant corporate secretary of Philstar Daily, Inc., Pilipino Star Ngayon, Inc., and Pilipino Star Printing Co., Inc. Previously: independent director at NiHAO Mineral Resources International, Inc., Asiabest Group International, Inc., and Dizon Copper Silver Mines, Inc.; director in Petron Corporation; president of the Harvard Law School Alumni Association of the Philippines; corporate secretary for Aboitiz Transport System Corporation (now 2Go Group, Inc.); partner in SGV & Co.; head executive assistant to the Secretary of Energy at the Philippine Department of Energy; instructor at the College of Business Administration, University of the Philippines. Member of the Integrated Bar of the Philippines, UP Women Lawyers' Circle, Inc., Good Governance Advocates and Practitioners of the Philippines (GGAPP), and Harvard Club of the Philippines Foundation, Inc. Received her Bachelor of Science in Business Administration and Accountancy (cum laude), and Bachelor of Laws, from the University of the Philippines, and her Master of Laws from Harvard University. Ms. Tiu has been MONDE Corporate Secretary since May, 2014, and was MONDE's Data Protection Officer from June 26, 2019 to March 22, 2022 and Chief Legal Officer from July, 2017 to July 2022.

[1] Mr. Rico A. Gonzales was appointed as Chief Strategy Officer by MONDE's Board of Directors only on May 10, 2023. His appointment and shareholding details are being included on this Information Statement (which is as of April 30, 2023) as a subsequent event.

Mr. Michael Stanley D. Tan, Filipino, 51 y.o., Chief Operations Officer. Previously, Value Creation Officer and Supply Chain Director. Previously: held various positions in Procter and Gamble in the Philippines, Vietnam, and Malaysia across the 4 Global Business Units including Senior Director and Supply Chain Manager, and was Asia Internal Consultant for Integrated Work System in Product Supply. Received his Bachelor of Science in Electrical Engineering (Magna cum Laude) from Silliman University. Joined MONDE in August, 2018.

Mr. Jesse C. Teo, Filipino, 51 y.o., Chief Financial Officer. Also: director at Monde Nissin Singapore Pte. Ltd., Monde Nissin UK Ltd., Monde Nissin New Zealand Ltd., Sarimonde Foods Corporation, All Fit & Popular Foods, Inc., and Monde Nu-Agri Corporation; and Chief Financial Officer at Sarimonde Foods Corporation, All Fit and Popular Foods, Inc., and Monde Nu-Agri Corporation. Received his degree in BS Management – Honours Program from Ateneo de Manila University. Mr. Teo has been with MONDE for eight years.

Ms. Wendy T. Antioquia, Filipino, 56 y.o., Regional Research and Development Director. Previously: General Manager-Biscuits and Wafer Business Unit, R&D Head, and R&D Specialist. Received her Bachelor of Science degree in Food Technology from the University of the Philippines; member of the Philippine Association of Food Technologists. Ms. Antioquia has been with MONDE for 29 years.

Mr. Michael J. Paska, American, 53 y.o., Chief Investor Relations Officer. Previously: independent consultant at Asian Development Bank; and was connected with Edtech Capital Advisors, Amalgamated Investment Bancorporation, Fortman Cline Capital Markets, Groveland Capital, Whitebox Advisors, Wachovia Securities (now Wells Fargo), Progress Energy, Andersen Consulting (now Accenture), and the US' Central Intelligence Agency (CIA). Received his Bachelor of Science in Electrical Engineering from the University of Minnesota, Master of Economics from North Carolina State University, and MBA from the University of Chicago. Joined MONDE in 2019.

Ms. Melissa Chua-Pabustan, Filipino, 50 y.o., Chief Marketing Officer. Previously connected with RFM Corporation. Received her degrees in BS Applied Economics and BS Marketing Management from De La Salle University. Ms. Pabustan has been with MONDE for 25 years.

Mr. Romeo L. Marañon, Jr., Filipino, 49 y.o., Head, Bakery Business Unit and New Business Development Director. Previously with Monde Nissin Thailand Co. Ltd. as National Sales Manager and Export Business Development Manager. Received from the University of the Philippines his Bachelor of Science in Business Administration, Major in Marketing Management and Master's in Management, Major in Business Administration and Management, General. Mr. Marañon has been with MONDE for 18 years.

Ms. Elvira S. Mensalvas, Filipino, 60 y.o., serves as Head of Quality Assurance (QA). Also: director of the Philippine Chamber of Food Manufacturers, Inc.; and trustee of GS1 Philippines, Inc. Ms. Mensalvas has been with MONDE for 31 years.

Mr. Daniel Teichert, German, 44 y.o., Chief Risk Officer. Previously: various financial management roles, including: Vice President Finance and IT Sourcing Division, Siemens Inc. Philippines; CFO, ATOS Philippines; Vice President Corporate — Head of Finance, Atlantic, Gulf and Pacific. Member of the Good Governance Advocates and Practitioners of the Philippines. Received his degrees in Industriekaufmann (IHK, DE) from Siemens AG "Stammhauslehre," Bachelor in Commercial Economics from Hogeschool Zeeland, NL, and Betriebswirt (VWA), Verwaltungs und Wirtschaftakademie, (Essen DE). Joined MONDE in August, 2016.

Mr. Jon Edmarc R. Castillo, Filipino, 36 y.o., Chief Compliance Officer and Company Information Officer. Previously: Senior Associate, SyCip Salazar Hernandez & Gatmaitan; Litigation, Labor, and Permits Manager, Philex Mining Corporation; Researcher, University of the Philippines Law Center. Member and Accredited Arbitrator, Integrated Bar of the Philippines. Certified Compliance Officer, Center for Global Best Practices; Alumnus, University of the Asia and the Pacific Center for Research and Communication Data Protection Officer Foundational and Certification Program. Member, Philippine Institute of Arbitrators; Member, Good Governance Advocates and Practitioners of the Philippines. Received his Bachelor of Arts (Magna Cum Laude) and Juris Doctor Degrees from the University of the Philippines. Joined MONDE in July, 2020.

Ms. Shiela P. Alarcio, Filipino, 42 y.o., Chief Internal Audit Executive. Previously: Head, Group Internal Audit, AIA PhilamLife; Head, Internal Audit, Splash Corporation; Senior Audit Manager, PricewaterhouseCoopers (Manila and

London). Received her Bachelor of Science in Accountancy from St. Scholastica's College. Joined MONDE in December, 2020.

Ms. Luzviminda M. Mercurio, Filipino, 58 y.o., Chief People & Culture Officer. Previously: Vice President for HR-Training and Staffing, GE Consumer Finance; HR and Organization & Talent Development Manager, Mondelez Philippines (previously Kraft Foods Philippines); Regional Learning and Development Leader – ASEAN Region, General Electric; and CEO, Strategic Learning and Professional Development Consulting. Received her Bachelor of Arts in Communication from the University of the Philippines; finished the Leadership & Management Development Program of Ateneo Graduate School of Business. Joined MONDE in May, 2021.

Ms. Jocelyn Jones G. So, Chinese, 58 y.o., Chief Information and Digital Officer. Previously with PCCW Solutions Ltd. as: Senior Vice President and CMT Industry Head; Senior Vice President, Business Process Unit, HKT; and Senior Vice President, Systems Solutions Development and Integration. Received her Bachelor of Science in Math, Major in Computer Science from Ateneo de Manila University and her Master of Business Administration, Major in Information Technology from University of Western Sydney. Joined MONDE in August, 2022.

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

Ms. Anne Katherine N. Santos, Filipino, 34 y.o., Assistant Corporate Secretary. Previously: Senior Associate, SyCip Salazar Hernandez & Gatmaitan. Member, Integrated Bar of the Philippines. Certified Compliance Officer, Center for Global Best Practices; Alumnus, University of the Asia and the Pacific Center for Research and Communication Data Protection Officer Foundational and Certification Program. Received her J.D. from Ateneo Law School, and her B.S. in Management Engineering from Ateneo de Manila University. Joined MONDE in September, 2021.

ANNEX C

Certifications of the Nominees for Independent Directors

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 City, after having been duly sworn to in accordance with law, hereby declare that:

1. I am a nominee for independent director of Monde Nissin Corporation ("**MNC**") 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
Insurance Institute for Asia & the Pacific	Director	May 2018 - Present
Insular Life Assurance Co. Ltd.	Executive Chairperson	Jan 2018 – Present
Union Bank of the Philippines	Director	Jan 2016 – Present
Insular Health Care, Inc.	Chairman	Jan 2016 – Present
Insular Foundation, Inc.	Chairperson and Trustee	Jan 2016 – Present
Insular Life Assurance Co. Ltd.	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 MNC of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of APR 2 8 2023 2023, 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 ____ day of APR 2 8 2023 2023 at the place stated above, affiant personally appeared before me and exhibited to me her Passport No. P7293536B issued at DFA Manila on 29 Jul 2021.

Doc. No. 1;
Page No. 2;
Book No. III;
Series of 2023.

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

MARION NERISSE D. KHO
21st Floor, 6750 Office Tower
Ayala Avenue, Makati City
Telephone No. (632) 7759-7519
Roll No. 72076
PTR No. 9568516MN • 01/05/2023 • Makati City
IBP No. 183638 • 01/03/2022 • Makati Chapter
MCLE Compliance No. VII-0012542;
valid until April 14, 2025

NC0N3E007A

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 28th day of April 2023, and did there and then see the original **CERTIFICATION OF INDEPENDENT DIRECTOR** hereto attached, duly signed in my presence by **MS MARIE ELAINE TEO** (Singapore Citizen holding Passport No. K2120987Z whose identity I had duly verified and do hereby confirm) 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 28th day of April 2023.

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

NOTARY PUBLIC
SINGAPORE

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2023/0005
1 Apr 2023 – 31 Mar 2024
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: 24453015

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:**	3rd May 2023
7. **By:**	Melissa Goh, Director, Trust Services, SAL
8. **No.:**	AC0N3F0L9G
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
Amiradou Pte. Ltd.	Director	Aug 2020 - Present
ICHX Tech Pte. Ltd.	Director	May 2020 - Present
The Teng Ensemble Ltd.	Chairman	Apr 2017 - Present
GK Goh Holdings Limited	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

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 28th day of April, 2023 at Singapore.

MARIE ELAINE TEO

Affiant's Signature over Printed Name

[Notarial Certificate follows.]

NOTARY PUBLIC
Cedric Tay Yat Hock
NP2023/0005
1 Apr 2023 – 31 Mar 2024
SINGAPORE

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Monde Nissin Corporation	Independent Director	Apr 2022 - Present
GlobalSource Partners	Philippine Partner	2007 – Present
Aboitiz Equity Ventures, Inc.	Lead Independent Director	2021 – Present
Bank of the Philippine Islands	Director	2001 – Present
Philippine Investment Management (PHINMA), Inc.	Independent Director	2005 – Present
RFM Corporation	Independent Director	2002 – Present
Wallace Business Forum	Senior Adviser	2014 – Present
Vriens and Partners (Singapore)	Member of Regional Board of Advisers	2017 – Present
Foundation for Economic Freedom	Vice-Chairman and Co-Founder	1997 – Present
Finex Foundation	Trustee/Director	2020 – Present
RL Bernardo and Associates, Inc.	Managing Director	2000 – Present

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

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

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

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

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

Done, this ___ day of APR 2 8 2023 2023, at Makati City.

ROMEO L. BERNARDO

Affiant's Signature over Printed Name

REPUBLIC OF THE PHILIPPINES}
CITY OF MAKATI } ss.

SUBSCRIBED AND SWORN to before me this ____ day of APR 2 8 2023 2023 at the place stated above, affiant personally appeared before me and exhibited to me his Passport No. P7427657B issued by DFA NCR EAST on 18 August 2021.

Doc. No. 5;
Page No. 2;
Book No. III;
Series of 2023.

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IBP No. 183638 • 01/03/2022 • Makati Chapter
MCLE Compliance No. VII-0012542;
valid until April 14, 2025

ANNEX D

Management Report

MANAGEMENT REPORT

A. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS OF DECEMBER 31, 2022

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

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

Demand and Pricing

The Group's results of operations are affected by consumers' demand for its products, and pricing, in turn, affects demand. When determining its selling prices, the Group considers various factors, including, among others, prices of raw materials and packaging materials, taxes, fuel prices and other costs of doing business, distribution channels, and general economic conditions. The Group believes that instant noodles, bread, biscuits, and culinary aids are considered consumer staples. In the second half of 2022 (2H), biscuits, beverages, and packaged cakes have seen continued strong performance due to increased mobility and resumption of face-to-face classes, leading to more consumption occasions for these categories. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. In 2021, the Group saw flat to declining demand for biscuits and beverages as these products are purchased for lunch boxes, between meals, and on-the-go consumption as restricted mobility affected the consumption occasion for these categories.

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

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

Changes in Consumer Tastes and Preferences

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

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

The Group regularly keeps abreast of the evolving consumer preferences and believes that its current broad array of products can address the shifts in trends. For example, to cater to a preference for a healthier product, the Group launched *Lucky Me! Milky Me!* with 25% less sodium compared to regular *Lucky Me! Instant Mami* and has been promoting *Monde Wheat Bread* as a hero product in the bread portfolio. The Group believes that *Quorn* mycoprotein meat alternative products are well-placed to serve this segment for customers who demand food products that are more environment-friendly and offer health benefits. To take advantage of the "premiumization" trend, particularly from the growing and rising middle class seeking higher quality and higher value products, the Group expanded its mass premium segment (the segment between premium and mainstream price points) by launching instant noodles with Asian flavors and instant pasta under the *Lucky Me!* brand and introducing *Monde Specials* as its mass premium packaged baked goods line offering high-quality baked products such as sponge cake, among other initiatives.

Effectiveness of Sales and Marketing Activities

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

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

Prices of Raw Materials and Packaging Materials

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

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

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

Given that a significant portion of the Group's flour requirement is produced in-house at its Santa Rosa facility, the Group enjoys consistent supply, quality, and cost savings for flour from this operational synergy. Operational synergy is also achieved in the supply of seasoning for instant noodles production, as the Group is operating a seasoning plant in Thailand to produce seasoning and condiments for its noodle plants in the Philippines.

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

Product Mix

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

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

Competition

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

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

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

The majority of the Group's assets and revenues from its Asia-Pacific Branded Food and Beverage Business ("**APAC BFB Business**") are in or derived from its operations in the Philippines. Therefore, the Group's business, financial condition, results of operations, and prospects are substantially influenced by the economic, social, and political conditions in the Philippines, while the Group is also significantly exposed to global commodity markets, mainly those for agricultural goods and energy. Following the significant decline in COVID-19 cases in 2022, the Philippine economy has experienced significant growth recovery. The Philippine economy has experienced periods of slow or negative growth, high inflation, high interest rates, high fuel prices, high power rates, other high costs of doing business, and significant depreciation of the Philippine Peso. It has been significantly affected by weak economic conditions and volatilities in the global economy and the Asia-Pacific region. Due to the removal of essentially all movement restrictions, we are seeing significant improvements in Gross Domestic Product (GDP) growth rate, and consumer mobility which drives increased in-store traffic and return of out of home consumption. A low downside risk still remains due to possible infection resurgence caused by the occurrence of new variants that may evade previously gained immunity. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will continue to influence the Group materially in areas such as commodity and energy/fuel costs. While the Group notes that the world market prices have largely normalized to pre-invasion levels in Q3 and Q4, a downside risk remains in case of erratic changes to the conflict. As consumers grapple with uncertainty, their buying behavior and preferences become more erratic.

Sales of most of the products of the Group's APAC BFB Business (APAC BFB segment) have been influenced and will continue to be influenced, to some degree, by the general state of the Philippine economy as well as the stability of social and political conditions in the country. As we saw in 2022, the agricultural policy stance may significantly influence the APAC BFB segment's results especially around raw materials such as sugar and its related importation quotas, and consumer shifting between food groups as they are avoiding products with runaway inflation. While sales of a portion of the Group's products such as biscuits, beverages, and packaged cakes can be sensitive to changes in income and social conditions, the Group offers products that are considered as staple items or components to staple items which are less sensitive to income changes and adverse economic, social, and political conditions. These include instant noodles, bread, and culinary aids.

The Group also conducts its APAC BFB Business in Thailand, including its export operations. As such, economic, social, and political conditions in Thailand may also affect the Group's business, financial condition, results of operations, and prospects. In addition, the economic environment globally may influence the expansion strategy of the export business as distributors act more cautiously on new product launches, advertising, and promotional spend. The significant improvements in the situation of global containers shipping in prices, as well as availability may influence growth and profitability of the export business positively in the upcoming periods, and the uptick in economic activity in the region due to the unexpected re-opening of China.

A significant portion of the Group's assets and revenue from its Meat Alternative Business are also located in or derived from its operations in the United Kingdom (UK). Therefore, economic, social, and political conditions in the UK may also affect the Group's business, financial condition, results of operations, and prospects. The UK continues to be affected by material levels of inflation, as well as the lingering effects of the exit from the European Union. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and may persist well into 2023. The UK presently posts material inflation numbers which reached levels not experienced in more than 40 years. This strong inflation footprint may impact the consumer buying behavior, and the company's input costs. The political environment in the UK presently provides additional uncertainty as crucial policy decisions around energy price support for industry, corporate taxation, and others are constantly evolving as the UK manages the exit from the COVID-19 pandemic and its economic recovery. Due to this environment, labor disruptions and related business impacts are significantly increasing and may impact the operation of the Group.

Seasonality

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

Innovation

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

COVID-19 Pandemic

The impact of COVID-19 pandemic to the Group's operation has largely subsided. Nevertheless, the Group is continuously monitoring the situation as infection case resurgences may impact the ongoing economic recovery, and operations.

Capacity and Utilization of the Group's Facilities

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

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

Food Safety Management and Quality Assurance

The sale of consumer food products involves a number of reputational, regulatory, legal, and other risks in relation to food safety and quality. The Group's success is highly dependent upon customers' perception of the quality of its products and its business could be adversely affected by actual or alleged contamination or deterioration of its products or failure to timely comply with evolving food safety standards in all jurisdictions where its products may be sold. To manage these risks, the Group has in place food safety management systems and built-in quality control principles which the Group believes are beyond the statutory minimum requirements. In fact, the Group has been awarded multiple world-class quality and food safety management accreditations such as ISO 22000: 2005 and Food Safety System Certification 22000. It implements the industry-wide accepted Current Good Manufacturing Practices in all respects of its manufacturing operations, including personal hygiene and sanitization, equipment maintenance, production and process control, integrated pest control management and documents and records control. However, there can be no assurance that the Group's food safety management and quality assurance will prove to be effective at all times, or that the Group can identify any defects in the food safety management and quality assurance systems in a timely manner, or that the Group can always be fully compliant with constantly evolving food safety standards that vary across each and every jurisdiction where its products may be sold, especially since the Group has limited control on parallel importations made by third parties.

Financial Highlights and Key Indicators

The summary financial information presented below as at December 31, 2022, 2021, and 2020 and for the three years ended December 31, 2022 was derived from the Group's audited consolidated financial statements, prepared in accordance with Philippine Accounting Standards. The information below is not necessarily indicative of the results of future operations.

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

Core Gross Profit is measured as Net sales excluding provision related to product recall in Thailand due to selective EU recall less Cost of Goods Sold (COGS) excluding non-recurring expenses (NRE). In 2022, COGS NRE pertains to expenses related to global strategic alignment initiatives to ensure products adhere to all food quality compliance standards in relevant jurisdictions. Core Gross Margin pertains to Core Gross Profit divided by segment net sales.

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment, financing costs, interest income, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, loss on redemption of Arran's convertible note, and other non-recurring income (expenses) [NRI(E)]. In 2021, NRE refers to selling, general and administative (SG&A) and impairment of property, plant, and equipment (PPE). SG&A NRE pertains to the Initial Public Offering (IPO) and COVID-related expenses. In 2022, NRE refers to sales deductions, COGS NRE, SG&A NRE and impairment of PPE and intagibles in Meat Alternative. SG&A NRE pertains to restructuring costs due to production costs rationalization to improve efficiency and address short term profitability issue in Meat Alternative. Core EBITDA margin pertains to Core EBITDA divided by segment net sales.

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

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

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

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

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

A. CORE INCOME AFTER TAX RECONCILIATION

	In ₱ millions, except percentages										
	FY2022 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY2021 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY2020 (Audited)	% to Net Sales (in %)	Inc (Dec) (in %)
Net Sales (1)	73,940	100.0	4,656	6.7	69,284	100.0	1,338	2.0	67,946	100.0	3.8
Cost of Goods Sold (2)	50,792	68.7	7,099	16.2	43,693	63.1	2,253	5.4	41,440	61.0	3.1
Gross Profit	23,148	31.3	(2,443)	(9.5)	25,591	36.9	(915)	(3.5)	26,506	39.0	4.9
Sales, General & Administrative (SGA) (3)	14,827	20.1	(268)	(1.8)	15,095	21.8	1,686	12.6	13,409	19.7	2.0
Other Income (Expense)											
Less: Interest expense (4)	(238)	(0.3)	(157)	*n/m*	(81)	(0.1)	221	(73.2)	(302)	(0.5)	8.6
Foreign exchange (loss) gain – net (5)	571	0.8	309	117.9	262	0.4	262	–	–	–	–
	333	0.5	152	84.0	181	0.3	483	(159.9)	(302)	(0.5)	8.6
Core Income Before Tax	8,654	11.7	(2,023)	(18.9)	10,677	15.4	(2,118)	(16.6)	12,795	18.8	8.1
Less: Provision for income tax (6)	2,063	2.8	(299)	(12.7)	2,362	3.4	(1,053)	(30.8)	3,415	5.0	5.3
Core Income (After Tax)	6,591	8.9	(1,724)	(20.7)	8,315	12.0	(1,065)	(11.4)	9,380	13.8	9.1
Less: Non-Controlling Interest	6	–	(124)	(95.4)	130	0.2	(595)	(82.1)	725	1.1	(11.8)
Core Income (After Tax) at Ownership	6,585	8.9	(1,600)	(19.5)	8,185	11.8	(470)	(5.4)	8,655	12.7	11.3

B. REPORTED INCOME AFTER TAX RECONCILIATION

	In ₱ millions, except percetanges										
	FY2022 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY 2021 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY 2020 (Audited)	% to Net Sales (in %)	Inc (Dec) (in %)
Core Income (After Tax)	6,591	8.9	(1,724)	(20.7)	8,315	12.0	(1,065)	(11.4)	9,380	13.8	9.1
Other income (expenses)											
Foreign exchange gain (loss) – net (7)	(149)	(0.2)	(298)	*n/m*	149	0.2	(765)	*n/m*	914	1.4	938.6
Share in net earnings (losses) from associates and Joint ventures	(12)	–	(48)	(133.3)	36	0.1	134	*n/m*	(98)	(0.1)	*n/m*
Gain on sale of property, plant and equipment	–	–	0	-	–	–	–	–	–	–	*n/m*
Market valuation gain on FVTL	22	0.0	10	83.3	12	0.0	12	–	–	–	*n/m*
Miscellaneous income (8)	143	0.2	(141)	(49.6)	284	0.4	35	14.1	249	0.4	(9.5)
	4	0.0	(477)	(1.0)	481	0.7	(584)	(54.8)	1,065	1.6	850.9
Finance income (expense)											
Interest expense (9)	(179)	(0.3)	1,309	*n/m*	(1,488)	(2.1)	(4)	0.3	(1,484)	(2.2)	(31.3)

	In ₱ millions, except percetanges										
	FY2022 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY 2021 (Audited)	% to Net Sales (in %)	Inc (Dec)	Inc (Dec) (in %)	FY 2020 (Audited)	% to Net Sales (in %)	Inc (Dec) (in %)
Interest income	149	0.2	66	79.5	83	0.1	(180)	(68.4)	263	0.4	(13.5)
Loss on redemption of convertible note	–	0.0	1,579	*n/m*	(1,579)	(2.3)	(1,579)	*n/m*	–	–	*n/m*
Derivative gain (loss) – net	1,306	1.8	3,564	*n/m*	(2,258)	(3.3)	(2,357)	*n/m*	99	0.1	*n/m*
	1,276	1.7	6,518	*n/m*	(5,242)	(7.6)	(4,120)	*n/m*	(1,122)	(1.7)	*n/m*
Other Non-recurring expenses											
Impairment (loss)/reversal	(21,374)	(28.9)	(21,151)	*n/m*	(223)	(0.3)	791	*n/m*	(1,014)	(1.5)	28.2
IPO-related expenses			655	*n/m*	(655)	(0.9)	(655)	*n/m*	–	–	*n/m*
Others [(10)]	(446)	(0.6)	(233)	*n/m*	(213)	(0.3)	(213)	*n/m*	–	–	*n/m*
	(21,820)	(29.5)	(20,729)	*n/m*	(1,091)	(1.5)	(77)	*7.6*	(1,014)	(1.5)	*28.2*
Income Tax Provision [(11)]	934	1.3	152	*19.4*	782	1.1	1,025	*n/m*	(243)	(0.4)	*n/m*
Reported net income (after tax)	**(13,015)**	**(17.6)**	**(16,260)**	**(501.1)**	**3,245**	**4.7**	**(4,821)**	**(59.8)**	**8,066**	**11.9**	**21.3**

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

n/m = not meaningful %
[(1)] 2022 excludes ₱59 million recall provisions in Thailand due to selective EU recall.
[(2)] 2022 excludes ₱129 million related to global strategic alignment initiatives.
[(3)] 2022 excludes ₱252 million restructuring costs in UK, ₱5 million related to recall in Thailand ; 2021 excludes ₱655 million IPO-related and ₱213 million COVID-19 related expenses. 2020 to 2022 excludes asset impairment loss
[(4)]Recurring interest expense on Loans and Trust Receipts Payable
[(5)]Foreign exchange gain on U.S dollars balances for the Group's natural hedge.
[(6)]Based on recurring income tax rate per entity.
[(7)]Excluding foreign exchange gain on USD reserves for the Group's natural hedge (included in the Core Income calculation above)
[(8)] 2021 includes reversal of ECL and reversal of impairment of employee advances.
[(9)] Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)
[(10)] 2022 includes mainly ₱252 million restructuring costs in UK; ₱129 million related to global strategic alignment initiatives and ₱64 million related to recall provision in Thailand; 2021 pertains IPO and to COVID-19 related expenses.
[(11)]In 2022 mainly due to reduction in deferred tax liabilities related to brand impairment in Meat Alternative and income tax effect of Other Income (expenses) and non-recurring finance income (expenses); In 2021 pertains to income tax effect of Other Income(expenses) and non-recurring finance income (expenses), IPO-related expenses and one-off credit due to the impact of Corporate Recovery and Tax Incentives for Enterprise ("CREATE") law offset by effect of deferred tax liability adjustment in MNUK. To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income

II – OPERATING SEGMENTS OF THE GROUP

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

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

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

	In ₱ millions, except percentages					
	FY 2022 (Audited)	% to Total (in %)	FY 2021 (Audited)	% to Total (in %)	FY2020 (Audited)	% to Total (in %)
Net Sales						
APAC BFB	58,550	79.2	54,039	78.0	52,911	77.9
Growth vs. prior year	*8.4%*		*2.1%*		*5.3%*	
Meat Alternative	15,390	20.8	15,245	22.0	15,035	22.1
Growth vs. prior year	*1.0%*		*1.4%*		*(1.0%)*	
Total	**73,940**	**100.0**	**69,284**	**100.0**	**67,946**	**100.0**
Growth vs. prior year	***6.7%***		***2.0%***		***3.8%***	
Gross Profit		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)
APAC BFB	18,152	31.0	19,564	36.2	20,928	39.6
Meat Alternative	4,996	32.5	6,027	39.5	5,578	37.1
Total	**23,148**	**31.3**	**25,591**	**36.9**	**26,506**	**39.0**
Core Income before Tax						
APAC BFB	8,961	15.3	9,892	18.3	11,433	21.6
Meat Alternative	(307)	(2.0)	785	5.1	1,362	9.1
Total	**8,654**	**11.7**	**10,677**	**15.4**	**12,795**	**18.8**
Core Income (after tax)						
APAC BFB	6,863	11.7	7,664	14.2	8,276	15.6
Meat Alternative	(272)	(1.8)	651	4.3	1,104	7.3
Total	**6,591**	**8.9**	**8,315**	**12.0**	**9,380**	**13.8**
Core Income (after tax) at Ownership						
APAC BFB	6,857	11.7	7,534	13.9	7,551	14.3
Meat Alternative	(272)	(1.8)	651	4.3	1,104	7.3
Total	**6,585**	**8.9**	**8,185**	**11.8**	**8,655**	**12.7**

	In ₱ millions, except percentages					
	FY 2022 (Audited)	% to Total (in %)	FY 2021 (Audited)	% to Total (in %)	FY2020 (Audited)	% to Total (in %)
Core EBITDA [1]						
APAC BFB	10,568	18.0	11,829	21.9	13,269	25.1
Meat Alternative	618	4.0	1,471	9.6	2,283	15.2
Total	11,186	15.1	13,300	19.2	15,552	22.9

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

RESULTS OF OPERATIONS

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

Net Sales

Net sales grew by 6.7%, from ₱69,284 million in 2021 to ₱73,940 million in 2022 driven by price increases in all categories to mitigate higher commodity prices. 2022 overall volume sales were resilient despite temporary decline of noodles in Q3 due to strong growth of biscuits and other categories.

APAC BFB

Net sales in the APAC BFB segment increased by 8.4%, from ₱54,039 million in 2021 to ₱58,550 million in 2022. The increase was driven by 9.3% growth in the domestic business due to responsible price increases in all categories, robust volume growth in biscuits, beverages, packaged cakes, and culinary that surpassed pre-pandemic levels. Overall volume growth was softened by noodles' temporary decline in Q3 due to selective EU recall, which attracted media attention in the Philippines. However, noodles' full-year volume decline was tapered by the strong recovery in Q4 as sales volumes were up by 26.8% versus Q3 2022 and 10% versus Q4 2019. Biscuits, beverages, and packaged cakes volume growth was driven by increased mobility and resumption of face-to-face classes leading to more consumption occasions for these categories. Culinary growth was driven by the solid growth of *Mama Sita's* Oyster Sauce. Meanwhile, international business was down by 4.1% due to noodles' decline as measures were implemented to strengthen global regulatory compliance.

Meat Alternative

Net sales in the Meat Alternative segment increased by 1.0% from ₱15,245 million in 2021 to ₱15,390 in 2022. Excluding the forex effect, overall net sales grew by 0.8% in 2022 due to price increases supported by solid volume growth in foodservice. While retail sales remained a challenge in 2022, *Quorn* has performed well against a competitor in the UK retail market, as evidenced by continued market share gain throughout 2022. Meanwhile, the foodservice business' continued strong momentum across geographic markets, posting an overall growth of 51.5% for the year.

Core Cost of Goods Sold (COGS)

Cost of goods sold increased by 16.2%, from ₱43,693 million in 2021 to ₱50,792 million in 2022, primarily due to elevated commodity and energy prices. Cost of goods sold as a percentage of net sales increased by 5.6%, from 63.1% in 2021 to 68.7% in 2022.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 17.2%, from ₱34,475 million in 2021 to ₱40,398 million in 2022, primarily due to record commodity prices and partly due to delayed depletion of wheat and palm-oil that were secured earlier in the year to mitigate price and supply volatility risks. The effect on cost of tapered prices for wheat and palm-oil was delayed to 2023 due to temporary decline of noodles in Q3. Morever, the full year average actual prices of other key ingredients such as coconut oil, shortening liquid, and sugar have increased significantly in 2022 as compared last year. Cost of goods sold as a percentage of net sales increased by 5.2%, from 63.8% in 2021 to 69.0% in 2022.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 12.8%, from ₱9,218 million in 2021 to ₱10,394 million in 2022 despite volume decline, primarily due to higher commodity, energy prices, and overhead costs. Cost of goods sold as a percentage of net sales increased by 7.0%, from 60.5% in 2021 to 67.5% in 2022.

Core Gross Profit

Gross profit decreased by 9.5% from ₱25,591 million in 2021 to ₱23,148 million in 2022, primarily due to the effect of inflation partially mitigated by price increases. Gross margin declined by 5.6%, from 36.9% in 2021 to 31.3% in 2022, for the above reasons.

APAC BFB

Gross profit for the APAC BFB segment decreased by 7.2%, from ₱19,564 million in 2021 to ₱18,152 million in 2022 due to commodity cost inflation, partially mitigated by price increases. Gross margin decreased by 5.2%, from 36.2% in 2021 to 31.0% in 2022, for the above reasons.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 17.1%, from ₱6,027 million in 2021 to ₱4,996 million in 2022 due to sales volume decline and cost inflation partly mitigated by price increases. The gross margin decreased by 7.0%, from 39.5% in 2021 to 32.5% in 2022, for the above reasons.

Core Sales, General and Administrative Expenses

Sales, general and administrative expenses (exluding non-recurring expenses and impairment loss) decreased by 1.8%, from ₱15,095 million in 2021 to ₱14,827 million in 2022 due to lower advertising and promotional expenses partly offset by higher logistic costs and investment in organization resources.

APAC BFB

Sales, general and administrative expenses in the APAC BFB segment decreased by 2.0%, from ₱9,897 million in 2021 to ₱9,694 million in 2022 due to lower advertising and promotional expenses partly offset by increased logistic costs due to volume increases and inflation.

Meat Alternative

Sales, general, and administrative (SG&A) expenses in the Meat Alternative segment decreased by 1.2%, from ₱5,198 million in 2021 to ₱5,133 million in 2022. The decrease was due to the rationalization of R&D, advertising, and promotional activities, partly offset by strengthening R&D and administrative capabilities and one-time cost of living payments to all staff due to inflation.

Core Foreign Exchange Gains

Foreign exchange gains increased by 117.9%, from ₱262 million in 2021 to ₱571 million in 2022 due to the effective U.S dollar hedge program and the strengthening of U.S dollar against the Philippine peso.

Core Income (Before Tax)

Core income (after tax) declined by 19.0%, from ₱10,677 million in 2021 to ₱8,654 million in 2022, for the reasons discussed above.

Core Income (After Tax)

Core income (after tax) declined by 20.7%, from ₱8,315 million in 2021 to ₱6,591 million in 2022, for the reasons discussed above.

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership declined by 19.5%, from ₱8,185 million in 2021 to ₱6,585 million in 2022. Core Income attributable to non-controlling interest was significantly down by 95.4%, from ₱130 million to ₱6 million, due to acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MY Cracker Inc. (MCI).

Miscellaneous Income

Miscellaneous income decreased by ₱49.6% from ₱284 million in 2022 to ₱143 million in 2021 as last year includes reversal of allowance for expected credit loss and impairment on advances due to effective collection efforts.

Non-Core Interest Expense

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

Derivative Gain (Loss)

The Group recorded derivative gains of ₱1,307 million in 2022 compared to a derivative loss of ₱2,258 million in 2021. 2022 derivative gains pertain to unwinding of non-deliverable cross-currency swap (CCS) agreement entered last March 4, 2022, with the notional amount of ₱5,839.5 million (£85.0 million). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling amount in exchange for the Philippine Peso amount at the end of the swap period. The CCS agreement was used to hedge the Parent Company's exposure to the GBP foreign exchange risk on its investment in Monde Nissin Singapore Pty. Ltd. (MNSPL) and was designated as net investment hedge. On September 28, 2022, the Board of Directors approved to fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling. Meanwhile, the derivative loss in 2021 was primarily due to the full settlement of Arran's convertible note last June 3, 2021. *For more information, please see Note 26 to the Audited Consolidated Financial Statements.*

Loss on Convertible Note Redemption

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

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

Impairment Loss

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

Income Before Income Tax

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

Total Income Tax Expense

Total Income tax expense decreased by 28.5%, from ₱1,580 million in 2021 to ₱1,129 million in 2022. The decrease was due to year-on-year movement in the deferred income tax expense which offset the increase in the current income tax expense due to higher taxable income in 2022. In 2022, the Group reported a negative deferred income tax amounting to ₱1,300 million primarily due to reduction in deferred tax liabilities as a result of ₱4,043 million (£60.0 million) impairment on *Quorn* and *Cauldron* brand. Meanwhile in 2021, the Group recognized a deferred tax expense of ₱1,187 million as the UK government announced the increase in the tax rate from 19% to 25% in April 2023. In accordance with PAS 12.46, *Income Taxes*, current tax liabilities are measured at the amount expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantially enacted as of balance sheet date. The adjustment on deferred tax liabilities pertain to items such as the brand value of *Quorn* and *Cauldron*.

Reported Net Income (after tax)

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

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

Net Sales

Net sales continued to grow in a challenging environment, up by 2.0%, from ₱67,946 million in 2020 to ₱69,284 million in 2021, driven by the APAC BFB segment and the favourable effect of foreign exchange (forex). Growth was softened by volume decline in the Meat Alternative segment.

APAC BFB

Net sales in the APAC BFB segment increased by 2.1%, from ₱52,911 million in 2020 to ₱54,039 million in 2021. The increase was primarily driven by high double-digit growth in the international sales, robust sales growth of noodles and culinary in the Philippines, and the effect of price increase in Q3 2021. High growth in international business was due to Thailand and Philippines export business even though sales were tapered by the shortage of shipping containers/vessels and port congestion. Moreover, Thailand's biscuits gained market share despite category decline primarily due to effective in-store execution and efficient promos. Noodles was able to sustain a high level of sales in the Philippines, grew low single-digit growth, despite volume upsurge last year. This was primarily driven by successful usage-building programs, proven strong relevance of the category, and price increase in Q3 2021. Culinary and cakes sales grew double-digit this year pushed by solid Q4 performance, while biscuits' and beverage's full year decline was tapered by stronger Q4 results. Biscuits grew single digit in Q4 primarily due to marketing push toward in-home consumption, mobility improvement, and price increase. Beverage also saw an encouraging trend, as Q4 sales has a high single-digit growth due to improvement in mobility and supply.

Meat Alternative

Net sales in the Meat Alternative segment went up by 1.4% from ₱15,035 million in 2020 to ₱15,245 million in 2021, driven by the positive effect of forex. Excluding the effect of forex, Meat Alternative's overall net sales growth was down by 3.9% due to volume decline across geographic markets. Meat Alternative sales were tapered by challenging macro-economic conditions in the UK and the effect of the COVID-19 pandemic. Effect of decline in retail segment was tapered by solid performance in foodservice segment, Q4 2021 was up 69% and full year was up by 36.0%. Further, carry-over price action in the UK and US helped soften the effect of volume decline.

Cost of Goods Sold

Cost of goods sold increased by 5.4%, from ₱41,440 million in 2020 to ₱43,693 million in 2021, primarily due to the effect of rising commodity prices, higher utilities, repairs, and maintenance softened primarily by hedging and forward buying of wheat, palm, and edible oil. Cost of goods sold as a percentage of net sales increased by 2.1%, from 61.0% in 2020 to 63.1% in 2021.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 7.8%, from ₱31,983 million in 2020 to ₱34,475 million in 2021, primarily due to rising commodity prices, utilities, and repairs and maintenance. Prices of key raw materials and ingredients such wheat/flour, palm oil, coconut oil, and shortening liquid have increased significantly in 2021 as compared last year. The effect of rising commodity prices was partly softened by hedging, forward buying, continuing cost reduction initiatives in the supply chain. 2020 repairs were significantly low primarily due to the postponement of the planned repairs to focus more on the throughput. Further, this year's repairs include the purchase of various spare parts and the maintenance of the noodle lines.

Meat Alternative

The cost of goods sold in the Meat Alternative segment decreased by 2.5%, from ₱9,457 million in 2020 to ₱9,218 million in 2021, primarily due to the decline in volume across geographic markets and operational improvements partly offset by increasing energy cost which was more pronounced in Q4.

Gross Profit

Gross profit decreased by 3.5%, from ₱26,506 million in 2020 to ₱25,591 million in 2021, for the reasons discussed above. The gross margin decreased by 2.1%, from 39.0% in 2020 to 36.9% in 2021.

APAC BFB

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

Meat Alternative

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

Core Sales, General and Administrative Expenses

Sales, general and administrative expenses (excluding non-recurring expenses and impairment loss) increased by 12.6%, from ₱13,409 million in 2020 to ₱15,095 million in 2021, primarily due to an increase in advertising and promotion expenses, a one-off credit in the Meat Alternative segment due to fire insurance claims and a higher research and development expenses. The increase in advertising and promotion was primarily on brand building and consumer marketing activities. Moreover, advertising and promotion's year-on-year growth was higher partly due to the low base in APAC BFB, as last year's activities were postponed due to lockdowns.

APAC BFB

Sales, general and administrative expenses excluding non-recurring expenses in the APAC BFB segment increased by 4.6%, from ₱9,462 million in 2020 to ₱9,897 million in 2021. As explained above, the increase was mainly due to normalization of spend on advertising and promotional expenses.

Meat Alternative

Sales, general, and administrative expenses for the Meat Alternative segment increased by 31.7%, from ₱3,947 million in 2020 to ₱5,198 million in 2021. The increase was mainly due to brand building, consumer marketing, product development activities, and a one-off credit due to fire insurance claims received last Q1 2020.

Core Income (After Tax)

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

Core Income (After Tax) at Ownership

Core Income (after tax) at Ownership decreased by 5.4%, from ₱8,655 million in 2020 to ₱8,185 million in 2021. Core Income attributable to non-controlling interest was significantly down by 82.1%, from ₱725 million to ₱130 million, due to the acquisition by the Parent Company on January 29, 2021, of the minority shares of MMYSC owned by MCI.

Share in Net Losses of Associates and Joint Ventures

The Group reported a gain of ₱36 million in 2021, from a loss of ₱98 million in 2020. 2021 gain was mainly from KBT International Holdings, Inc. while the loss in 2020 was from SMFC. The Group started to consolidate SMFC in September 2020 as a result of its increased ownership in SMFC (*i.e.,* from 25% to 80%). The Group's share in the losses of SMFC went down to zero because of the effect of consolidating SMFC's operating results in 2021, which is now reflected in the Group's core income.

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

Net foreign exchange gain decreased by 83.7%, from ₱914 million in 2020 to ₱149 million in 2021, primarily due to a higher 2020 base. Last year's foreign exchange gain was driven by the realization of gain on payment of US dollar and pound sterling-denominated loans because of the strengthening of the Philippine Peso against the US dollar and pound sterling and the unrealized foreign exchange gain on convertible notes, which was pegged at US$1: ₱52.186 while the Philippine Peso closing rate was US$1: ₱48.036.

Miscellaneous Income

Miscellaneous income increased by 14.1%, from ₱249 million in 2020 to ₱284 million in 2021, due to the reversal of allowance for ECL and impairment on advances due to effective collection efforts.

Impairment Loss

Impairment loss decreased by 78.0% from ₱1,014 million in 2020 to ₱223 million in 2021. In 2021, impairment loss recognized were mainly from the Meat Alternative segment related to the underperforming reactor in its BF1 facility since it operated. This was softened by the reversal of allowance in 2021 due to the improvement of the result of the operation of biscuit line in MNTH. In 2020, impairment loss recognized were from the Meat Alternative segment related to the introduction of a new forming production line which involved a new production process but resulted in fermentation capacity that was significantly lower than expected, and higher operating costs. The production line is still in use but the carrying value has been adjusted accordingly, and the Group expects that future capacity expansion projects will revert to established processes in the future. For additional information, please see *Notes 12, 13 and 20 to the Audited Consolidated Financial Statements.*

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

Interest expense flat by 0.3%, from ₱1,484 million in 2020 to ₱1,488 million in 2021. Lower interest expense from bank loan was offset by recognition of cash variable interest amounting to ₱588 million. The cash variable interest is equal to the dividends that the Parent Company's shareholder, Arran, would have received if the convertible note was converted into shares prior to the declaration of such dividend. The decrease in the interest expense from bank loans was due to the repayment of term loans. As at December 31, 2021, the Group's loan payable decreased by ₱22,547 million versus December 31, 2020, this was partly driven by the Parent Company's early repayment of the outstanding term loans amounting ₱15,565 million as part of the change in use of IPO proceeds approved by the Parent Company's Board of Directors ("BOD") last August 9, 2021.

Interest Income

Interest income decreased by 68.4%, from ₱263 million in 2020 to ₱83 million in 2021 mainly due to recognition of gain on loan modification amounting to ₱165 million in 2020. In 2020, the Parent Company and financial institutions amended the fixed rate from 4.5% to 3.75% and extended the maturity from October 26, 2020, to October 26, 2023. This modification in the contractual cash flows was not substantial and therefore did not result in the derecognition of the affected financial liabilities. As a result of this, the Group recognized a gain.

Derivative Gain (Loss)

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

Loss on Convertible Note Redemption

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

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

Income Before Income Tax

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

Total Income Tax Expense

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

Reported Net Income (after tax)

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

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

Net Sales

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

APAC BFB

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

Meat Alternative

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

Cost of Goods Sold

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

APAC BFB

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

Meat Alternative

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

Gross Profit

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

APAC BFB

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

Meat Alternative

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

Sales, General and Administrative Expenses

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

APAC BFB

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

Meat Alternative

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

Core Income (After Tax)

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

Core Income (After Tax) at Ownership

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

Impairment Loss

Impairment loss increased by 28.2% from ₱791 million in 2019 to ₱1,014 million in 2020. In 2020, impairments were made mainly in the Meat Alternative segment and related to the introduction of a new forming production line which involved a new production process but resulted in fermentation capacity that was significantly lower than expected, and higher operating costs. The production line is still in use but the carrying value has been adjusted accordingly, and the Group expects that future capacity expansion projects will revert to established processes in the future. In 2019, impairments were made mainly to plant, property, and equipment in the APAC BFB segment in the Philippines due to initiatives that were not commercialized.

Share in Net Losses of Associates and Joint Ventures

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

Foreign Exchange Gain – Net (excluding forex exchange gains on U.S dollar reserves for natural hedge against foreign currency exchange risks)

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

Miscellaneous Income

Miscellaneous income decreased by 9.5% from ₱275 million in 2019 to ₱249 million in 2020. 2019 includes the reversal of provision for expected credit losses (ECL) partly offset by loss on asset disposal.

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

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

Interest Income

Interest income decreased by 13.5% from ₱304 million in 2019 to ₱263 million in 2020. This decrease was primarily due to the settlement of Monde Nissin (Australia) Pty. Ltd.'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 favourable exchange rates. Gain on loan modification was more than offset by the decline in interest income from market placements.

Derivative Gain/(Loss)

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

Income Before Income Tax

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

Income Tax Expense

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

Reported Net Income (after tax)

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

STATEMENT OF FINANCIAL POSITION

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

Current Assets

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

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

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

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

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

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

Noncurrent Assets

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

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

Intangible assets decreased by 59.4%, from ₱35,647 million as at December 31, 2021 to ₱14,483 million as at December 31, 2022 due to impairment of goodwill and brand value under Marlow Foods Limited, which owns *Quorn* and *Cauldron*. The impairment was caused by the application of higher discount rate due to prevailing higher interest rates and risk premiums, some margin compression, and rationalization of the trend in the Meat Alternative category. *For additional information on intangible assets impairment, see foregoing discussions under impairment loss under this section and Notes 12, 13, and 20 to the Audited Consolidated Financial Statements.*

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

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

Current Liabilities

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

	December 31, 2022		December 31, 2021		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in millions, except percentages					
Accounts payable and other current liabilities	11,323	77	11,156	50	167	1.5
Acceptances and trust receipts payable	2,362	16	3,715	17	(1,353)	(36.4)
Current portion of loans payable	270	2	6,999	31	(6,729)	(96.1)
Refund liabilities	201	1	304	1	(103)	(33.9)
Current portion of lease liabilities	386	3	97	0	289	297.9
Income tax payable	210	1	138	1	72	52.2
Total	**14,752**	**100**	**22,409**	**100**	**(7,657)**	**(34.2)**

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

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

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

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

Noncurrent Liabilities

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

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

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

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

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

Equity

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

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

Current Assets

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

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

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

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

Prepayments and other current assets increased by 82%, from ₱972 million as at December 31, 2020, to ₱1,769 million as at December 31, 2021, due to the excess payment of taxes in 2020 and Q1 2021 and higher unused creditable withholding tax (CWT) due to lower taxable income in 2021 as a result of the enactment of CREATE Act.

Noncurrent Assets

The Group's noncurrent assets increased by 8.5%, from ₱63,807 million as at December 31, 2020 to ₱69,245 million as at December 31, 2021. The increase was driven by higher property, plant and equipment, and intangible assets as described below.

	December 31, 2021		December 31, 2020		Increase (Decrease)	
	Audited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
			in ₱ millions, except percentages			
Intangible assets	35,647	51	33,600	52	2,047	6.1
Property, plant and equipment	29,952	43	26,637	42	3,315	12.4
Investments in associates and joint ventures	1,094	2	1,024	2	70	6.8
Deferred tax assets – net	886	1	843	1	43	5.0
Noncurrent receivables	500	1	655	1	(155)	(23.7)
Other noncurrent assets	1,166	2	1,048	2	118	11.3
Total	69,245	100	63,807	100	5,438	8.5

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

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

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

Noncurrent receivable decreased by 23.7%, from ₱655 million as at December 31, 2020 to ₱500 million as at December 31, 2021, due to the reclassification of loan receivable from MNSG from noncurrent to current as it will mature on July 23, 2022.
Other noncurrent assets increased by 11.3%, from ₱1,048 million as at December 31, 2020 to ₱1,166 million as at December 31, 2021, due to the increased advances to suppliers and deferred input VAT related to the Group's major equipment and construction/improvements as discussed above.

Current Liabilities

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

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

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

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

The **current portion of loans payable** decreased by 26.8%, from ₱9,559 million as at December 31, 2020 to ₱6,999 million as at December 31, 2021, primarily due to the repayment of outstanding loans payable of the

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

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

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

Noncurrent Liabilities

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

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

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

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

Deferred tax liabilities increased by 35.8%, from ₱4,200 million as at December 31, 2020 to ₱5,702 million at December 31, 2021, primarily due to the Meat Alternative segment. The increase pertains to increase in the tax rate in the UK from 19% to 25% by April 2023 and impact of super capital allowance of 130% on certain capital expenditures. In accordance with PAS 12.46, *Income Taxes*, the current tax liabilities are measured at the amount expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantially enacted as at the balance sheet date. The adjustment on deferred tax liability pertains to items such as the value of the brand of *Quorn* and *Cauldron*.

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

Equity

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal sources of liquidity are cash flows from its operations, borrowings, and IPO proceeds. For the twelve months ended December 31, 2021, the Group's cash flow from operations were sufficient to provide for its operations, partial settlement of outstanding loans, and dividend payments. For the twelve months ended December 31, 2022, the Group's cash flows from operations were sufficient to provide for its operations and dividend payments. The IPO proceeds financed the Company's capital expenditure (CapEx) requirements for 2022.

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

Cash Flows

The following discussion of the Group's cash flows for the year ended December 31, 2022, 2021, and 2020, should be read in conjunction with the statements of cash flows and notes included in Audited Consolidated Financial Statements.

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

	Twelve-months ended		
	2022	2021	2020
		in ₱ millions	
Net cash flows provided by operating activities	5,483	13,474	11,397
Net cash flows used in investing activities	(6,042)	(7,471)	(4,493)
Net cash flows from (used in) financing activities	(1,684)	686	(10,241)
Net increase in cash and cash equivalents	**(2,243)**	**6,689**	**(3,337)**
Effect of Exchange Rate Changes on cash and cash equivalents	15	75	(69)
Cash and cash equivalents at beginning of year	**13,857**	**7,093**	10,499
Cash and cash equivalents as at December 31	**11,629**	**13,857**	**7,093**

Net cash flow provided by operating activities

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

The net cash flows provided by operating activities were ₱13,474 million for the year ended December 31, 2021. The Group's income before income tax for the year was ₱4,825 million. Cash generated from operations (after adjusting for, among other things, depreciation, and amortization, and working capital changes) was ₱13,928 million. The Group generated cash from interest received amounting to ₱82 million and paid income taxes of ₱537 million.

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

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱6,042 million for the year ended December 31, 2022. The cash outflow primarily for the Group's payments for CapEx of ₱4,432 million and investment in current financial assets ₱2,586. Cash inflows were mainly from proceeds of disposal of current financial assets ₱852 million.

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

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

Net cash flows used in financing activities

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

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

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

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

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

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

	December 31, 2022	December 31, 2021	December 31, 2020
Current ratio	2.19	1.37	0.98
Acid test ratio	1.37	0.90	0.65
Solvency ratio	0.38	0.18	0.18
Debt-to-equity ratio	0.56	0.46	2.29
Asset-to-equity ratio	1.56	1.46	3.34

	Twelve-months ended		
	2022	2021	2020
Core Net Sales Growth	6.7%	2.0%	3.8%
Core Gross Margin	31.3%	36.9%	39.0%
Core Net Income After Tax margin (at ownership)	8.9%	11.8%	12.7%
Core EBITDA Margin	15.1%	19.2%	22.9%
Core Return on equity	10.9%	17.5%	36.9%
Core Return on assets	7.3%	8.9%	10.2%
Interest rate coverage ratio (2)	21.81	4.02	7.42

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

Financial ratios	Formula
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Acid test ratio	$\frac{\text{Cash and cash equivalents + Current receivables+ Current Financial Assets}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Net income attributable to equity holders of the Company + Depreciation and amortization + Impairment Loss}}{\text{Total liabilities}}$
Debt-to-equity ratio [1]	$\frac{\text{Total liabilities (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
Asset-to-equity ratio	$\frac{\text{Total assets (current + noncurrent)}}{\text{Equity attributable to equity holders of the Company}}$
2022 Interest rate coverage ratio [2]	$\frac{\text{Core EBITDA}}{\text{Finance Costs}}$
Net Sales Growth	$\frac{\text{Current period net sales – prior period net sales}}{\text{Prior period net sales}}$
Gross margin	$\frac{\text{Gross profit}}{\text{Net Sales}}$
Core EBITDA Margin	$\frac{\text{Core EBITDA}}{\text{Net Sales}}$
Net profit margin	$\frac{\text{Core Income after-tax at Ownership}}{\text{Net sales}}$
Core Return on equity	$\frac{\text{Core income after-tax at Ownership}}{\text{Equity attributable to equity holders of the Company (average)*}}$
Core Return on assets	$\frac{\text{Core income after-tax at Ownership}}{\text{Total assets (average)*}}$

Note:
[1] (average) means the average of the amounts from the beginning and end of the same period.
[2] 2022 calculation based on titan loan convenant's formula; 2021 and 2022 calculated as EBIT/Interest Expense

Capital Expenditures

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

The table below sets out the Group's estimated 2023 CapEx plan and actual spend for the twelve months ended December 31, 2022, 2021, and 2020.

	Plan	Actual		
	2023	2022	2021	2020
		(in ₱ millions)		
APAC BFB	6,050	2,373	3,399	1,969
Meat Alternative	1,374	2,059	1,817	1,784
Total	**7,424**	**4,432**	**5,216**	**3,753**

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

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

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

In 2021 and 2022, the Group's major capital expenditures in its Meat Alternative segment was to increase its production fermentation capacity. Additional investment in 2022 was mainly for increasing capacity to produce deli products.

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

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

OTHER FINANCIAL DATA

I. RECONCILIATION OF PFRS TO NON-PFRS MEASURES

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

	2022			
	PFRS Reported	Non-PFRS Adjustments APAC BFB	Non-PFRS Adjustments Meat Alternative	Non-PFRS Reported
	(in ₱ millions)			
NET SALES [1]	73,881	59		73,940
COST OF GOODS SOLD [2]	50,921	(129)		50,792
GROSS PROFIT	22,960	188	-	23,148
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net [3]	21,374	(210)	(21,164)	-
General and administrative expenses [4]	7,588		(252)	7,336
Selling expenses [5]	7,496	(6)		7,491
	36,458	(216)	(21,416)	14,827
Core Other Income/(Expense)				
Interest Expense – Orchid + Trust Receipts		(238)		(238)
Forex gain on USD Stockpile		571		571
	-	333	-	333
CORE INCOME BEFORE TAX	(13,498)	736	21,416	8,654
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) - net	422	(571)		(149)
Share in net earnings of an associate	(12)			(12)
Market valuation gain (loss) on financial instruments at fair value through profit or loss	22			22
Miscellaneous Income	142			142
	574	(571)	-	4
INCOME BEFORE FINANCE INCOME (EXPENSES)	(12,924)	166	21,416	8,658
FINANCE INCOME (EXPENSES)				
Interest income	149			149
Interest expense	(417)	238		(179)
Derivative gain	1,306			1,306
	1,038	238	-	1,276
Other Non-Recurring Expenses				
Impairment loss – Net		(210)	(21,164)	(21,374)
Others	-	(194)	(252)	(446)
	-	(404)	(21,416)	(21,820)
INCOME BEFORE INCOME TAX	(11,886)	-	-	(11,886)
PROVISION FOR CURRENT INCOME TAX				
Current	2,429			2,429
Deferred	(1,300)			(1,300)
PROVISION FOR CURRENT INCOME TAX	1,129	-	-	1,129
REPORTED NET INCOME	(13,015)	-	-	(13,015)

[1] ₱59 million recall provisions in Thailand due to selective EU recall.
[2] ₱129 million related to global strategic alignment initiatives.
[3] Meat Alternative ₱20,544 million non-cash, non-operating impairment of intangibles assets and ₱620 million PPE primarily on Quorn fermenter assets due to production cost rationalization in the UK, and ₱207 million in APAC BFB primarily due to discontinued product line in MNC.
[4]₱252 million restructuring costs in UK
[5] ₱5 million recall provision in Thailand

	2021			
	PFRS Reported	Non-PFRS Adjustments APAC BFB	Non-PFRS Adjustments Meat Alternative	Non-PFRS Reported
	(in ₱ millions)			
NET SALES	69,284	-		69,284
COST OF GOODS SOLD	43,693	-		43,693
GROSS PROFIT	25,591	-	-	25,591
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net	223	61	(284)	-
General and administrative expenses [1]	7,619	(868)		6,751
Selling expenses	8,344			8,344
	16,186	(807)	(284)	15,095
Core Other Income / (Expense)				
Interest Expense – Orchid + Trust Receipts		(81)	-	(81)

	2021			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
		(in ₱ millions)		
Forex gain on USD Stockpile		262	-	262
	-	181	-	181
CORE INCOME BEFORE TAX	9,405	988	284	10,677
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) - net	410	(262)		149
Share in net earnings of an associate	36			36
Miscellaneous Income	296			296
	743	(262)	-	481
INCOME BEFORE FINANCE INCOME (EXPENSES)	10,148	726	284	11,159
FINANCE INCOME (EXPENSES)				
Interest income	83			83
Interest expense	(1,569)	81		(1,488)
Loss on CN redemption	(1,579)			(1,579)
Derivative gain	(2,258)			(2,258)
	(5,323)	81	-	(5,242)
Other Non-Recurring Expenses				
Impairment loss – Net		61	(284)	(223)
IPO-related expenses (1)		(655)		(655)
Others (1)		(213)		(213)
	-	(807)	(284)	(1,091)
INCOME BEFORE INCOME TAX	4,825	-	-	4,825
PROVISION FOR CURRENT INCOME TAX				
Current	393			393
Deferred	1,187			1,187
PROVISION FOR CURRENT INCOME TAX	1,580	-	-	1,580
REPORTED NET INCOME	3,245	-	-	3,245

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

	2020			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
		(in ₱ millions)		
NET SALES	67,946			**67,946**
COST OF GOODS SOLD	41,440			41,440
GROSS PROFIT	**26,506**	-	**-**	**26,506**
SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net	1,014	(230)	(784)	-
General and administrative expenses	6,840			6,840
Selling expenses	6,569			6,569
	14,423	(230)	(784)	13,409
Core Other Income / (Expense)				
Interest Expense – Orchid + Trust Receipts		(33)	(269)	(302)
Forex gain on USD Stockpile				-
	-	(33)	(269)	(302)
CORE INCOME BEFORE TAX	**12,083**	**197**	**515**	**12,795**
OTHER INCOME (CHARGES)				
Foreign exchange gain (loss) - net	914			914
Share in net earnings of an associate	(98)			(98)
Miscellaneous Income	250			250
	1,066	-	-	1,066
INCOME BEFORE FINANCE INCOME (EXPENSES)	**13,149**	**197**	**515**	**13,861**
FINANCE INCOME (EXPENSES)				
Interest income	263			263
Interest expense	(1,786)	33	269	(1,484)
Loss on CN redemption				-
Derivative gain	99			99
	(1,424)	33	269	(1,122)
Other Non-Recurring Expenses				
Impairment loss – Net		(230)	(784)	(1,014)
	-	**(230)**	**(784)**	**(1,014)**
INCOME BEFORE INCOME TAX	**11,725**	**-**	**-**	**11,725**
PROVISION FOR CURRENT INCOME TAX				
Current	3,194			3,194
Deferred	465			465
PROVISION FOR CURRENT INCOME TAX	**3,659**	**-**	**-**	**3,659**
REPORTED NET INCOME	**8,066**	**-**	**-**	**8,066**

II. EBITDA Reconciliation

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

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

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

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

III. FINANCIAL LIABILITIES

The following table summarizes the Group's financial liabilities as at December 31, 2022 and 2021.

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

	2021 (In ₱ in millions)					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Liabilities						
Accounts payable and other current liabilities*	3,097	6,942	64			10,103
Loans payable			7064			7,064
Acceptance and trust receipts payable	–	–	3715	–	–	3,715
Lease liabilities		65	241	1,011	7,156	8,473
	3,097	7,007	11,084	1,011	7,156	29,355

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

Off-Balance Sheet Arrangements

As at December 31, 2022, the Group did not have any material off-balance sheet arrangements or obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that were likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Quantitative and Qualitative Disclosure of Market Risk

The Group's APAC BFB Business and Meat Alternative Business are exposed to various types of market risks in the ordinary course of business, including foreign currency risk, commodity price risk, interest rate risk, liquidity risk, and credit risk. *For more information on risks discuss below, see Note 26 to Audited Consolidated Financial Statements.*

1. *Foreign Currency Risk*

The Group operates internationally and is exposed to foreign currency risk arising from currency fluctuations in respect of business transactions denominated in foreign currencies. The Group enters derivative transactions to manage foreign currency risks, including currency swaps and currency options.

2. *Commodity Price Risk*

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

3. *Interest Rate Risk*

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

4. *Liquidity Risk*

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

5. *Credit Risk*

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

Contingencies

As at December 31, 2022, the Group is involved in certain proceedings and regulatory assessments, and management believes that none of these proceedings will have a material effect on the consolidated financial statements.

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,447.5 million, ₱1,423.5 million, and ₱1,624.8 million as at 2022, 2021 and 2020, respectively.

OTHER MATTERS

European Union (EU) Product Recall

Subsequent to June 30, 2022, there was news concerning a selective recall in a few EU jurisdictions for some products. This attracted media attention in the Philippines and an inquiry by the FDA which concluded that all tested products in the Philippines comply with the Philippine FDA regulations. The effect on the sale of noodles was temporary, particularly in Q3. Sales and marketing efforts coupled with brand resiliency of the noodles product line have largely corrected the impact as evidenced by strong recovery seen in Q4 2022 which continues in Q1 2023. In Q4 2022, Noodles domestic sales volume grew 26.8% vs. Q3 and 10% versus Q4 2019. Additionally, as part of global strategic alignment initiatives, the Group enhanced the sourcing, testing, and overall processes to ensure products adhere to all food quality compliance standards in relevant jurisdictions.

Commodity Prices

The Parent Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices is expected to be partly reflected in Q1 2023 for wheat and Q2 2023 for palm oil. If the market trend continues, it may have a favorable effect on the margin on a longer term. To secure supply and in the context of the volatile environment, the Parent Company already secured partial tranches of wheat until Q2 2023 and palm oil requirements until Q3 2023.

CCS Contract

On January 31, 2023, the Parent Company entered into a non-deliverable CCS Agreement with a notional amount of ₱1,891.4 million (THB 1,151.5 million). Under the CCS agreement, the Parent Company will receive Philippine Peso interest at 11.5% p.a. and will pay fixed Thailand Baht interest at 9% p.a. The Parent Company will also pay the notional Thailand Baht amount in exchange for the Philippine Peso amount at the end of the swap period. The CCS, which will be designated as a hedge of a portion of the net investment in MIL and MNTH, is used to hedge the Parent Company's exposure to the THB foreign exchange risk on its investment in MIL and MNTH.

Acquisition of Figaro Coffee Group, Inc's (FCG's) Common Shares

On January 25, 2023, the Parent Company's BOD approved MONDE's subscription to 820,268,295 common shares out of the unissued authorized capital stock of FCG. FCG is a diversified food conglomerate with retail restaurants and branches in the Philippines and abroad, that serve a variety of food offerings and services.

On February 02, 2023, the Parent Company paid an aggregate subscription price of ₱820.3 million. As a result, the Parent Company currently holds 15% of FCG's issued and outstanding capital stock.

Acquisition of Terramino Inc.'s Preferred Shares

On March 22, 2023, the Parent Company's BOD approved MONDE's subscription to 665,845 Series B Preferred Stock of Terramino, Inc., a Delaware, U.S.-incorporated company engaged in research, development and commercialization of food products made from koji, representing 1.89% of Terramino, Inc.'s outstanding capital stock (including outstanding options to purchase such stock), at a subscription price of up to ₱109 million ($2 million). The subscription closed on March 24, 2023.

Change in use of IPO proceeds

On March 22, 2023, the Parent Company's BOD approved the change in use of IPO proceeds as follows: capital expenditure for the Meat Alternative Business as at December 31, 2022 amounting to ₱1 million to be re-allocated to capital expenditure for the APAC-BFB in 2023, and ₱2,136 million allocated to the Meat Alternative Business's operating expenditures as at December 31, 2022 to be re-allocated to capital expenditure of APAC BFB in 2023.

Equity Restructuring

On March 29, 2023, the Parent Company's BOD approved the equity restructuring of the Parent Company consisting of offsetting the Deficit amount against available Additional Paid in Capital in Excess of Par Value ("APIC") as of December 31, 2022 so that the Deficit amount is zeroed out. As at December 31, 2022, the Parent Company's Deficit amounted to ₱7,154 million while the APIC amounted to ₱46,516 million. Upon the approval of the SEC of said equity restructuring, the Deficit amount will become zero while the APIC will become ₱39,362 million. This equity restructuring is subject to the SEC's approval in accordance with applicable regulations.

Others

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

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

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

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

	Twelve months average			Closing Rate		
	For the period ended December 31,			As at December 31,		
	2022	2021	2020	2022	2021	2020
1GBP	67.2705	67.7180	63.6620	67.4394	68.5347	64.6228
1USD	54.5002	48.8946	49.6241	55.7550	51.0000	48.0360

B. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS OF MARCH 31, 2023

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 APAC BFB Business and the Meat Alternative Business.

The APAC BFB Business comprises three product groups: (i) instant noodles; (ii) biscuits; and (iii) other products (such as beverages, baked goods, and culinary aids). According to Nielsen, a global marketing research company, for the three months ended March 31, 2023, the Group's APAC BFB Business ranked first based on retail sales value in the Philippines in the instant noodles, and oyster sauce and yogurt drinks, sub-categories of the Others product group. Flagship brands contributing to the APAC BFB Business' market-leading position include: *Lucky Me!* for instant noodles; *Mama Sita's* for culinary aids; and *Dutch Mill* for yogurt.

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

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

SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

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

Demand and Pricing

The Group's results of operations are affected by consumers' demand for its products, and pricing, in turn, affects demand. When determining its selling prices, the Group considers various factors, including, among others, prices of raw materials and packaging materials, taxes, fuel prices and other costs of doing business, distribution channels, and general economic conditions. The Group believes that instant noodles, bread, biscuits, and culinary aids are considered consumer staples. In the first quarter (Q1) of 2023, biscuits, beverages, and packaged cakes have seen increasingly strong performance, broad-based across all APAC BFB categories. These products can be sensitive to movements in disposable incomes, changes in product prices, and competitive pressures. Volume, as well as value proved resilient to the adverse effects of persistently high inflation.

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

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

Changes in Consumer Tastes and Preferences

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

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

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

Effectiveness of Sales and Marketing Activities

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

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

Prices of Raw Materials and Packaging Materials

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

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

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

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

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

Product Mix

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

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

Competition

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

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

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

The majority of the Group's assets and revenues from its APAC BFB Business are in or derived from its operations in the Philippines. Therefore, the Group's business, financial condition, results of operations, and prospects are substantially influenced by the economic, social, and political conditions in the Philippines, while the Group is also significantly exposed to global commodity markets, mainly those for agricultural goods and energy. Following the significant decline in COVID-19 cases in 2022, the Philippine economy has experienced significant growth recovery. The Philippine economy has experienced periods of slow or negative growth, high inflation, high interest rates, high fuel prices, high power rates, high other costs of doing business, and significant depreciation of the Peso. It has been significantly affected by weak economic conditions and volatilities in the global economy and the Asia-Pacific region. While presently all social and economic activity is operating without pandemic restrictions there is a low residual downside risk due to a possible infection resurgence caused by the occurrence of new variants that may evade previously gained immunity. In addition, the Russia-Ukraine conflict and the attached impacts on the global markets will continue to influence the Group materially in areas such as commodity and energy/fuel costs. While the Group notes that the world market prices have gone down from their peak prices, a downside risk remains in case of erratic changes to the conflict. As consumers grapple with uncertainty, their buying behavior and preferences become more erratic.

Sales of most of the products of the Group's APAC BFB Business (APAC BFB segment) have been influenced and will continue to be influenced, to some degree, by the general state of the Philippine economy as well as the stability of social and political conditions in the country. As we are experiencing the agricultural policy stance may significantly influence the APAC BFB segment's results especially around raw materials such as sugar and its related importation quotas, and consumer shifting between food groups as they are avoiding products with high inflation. While sales of a portion of the Group's products such as biscuits, beverages, and packaged cakes can be sensitive to changes in income and social conditions, the Group offers products that are considered as staple items or components to staple items which are less sensitive to income changes and adverse economic, social, and political conditions. These include instant noodles, bread, and culinary aids.

The Group also conducts its APAC BFB Business in Thailand, including its export operations. As such, economic, social, and political conditions in Thailand may also affect the Group's business, financial condition, results of operations, and prospects. We note the upcoming general election in Thailand in this context and attached possible disruptions and possible policy changes under a new administration. In addition, the global economic environment may influence the expansion strategy of the export business as distributors act more cautiously on new product launches, advertising, and promotional spend. The significant improvements in the situation of global containers shipping in prices, as well as availability may influence growth and profitability of the export business positively in the upcoming periods post the full reopening of the Chinese market. A significant portion of the Group's assets and revenue from its Meat Alternative Business are also located in or derived from its operations in the United Kingdom (UK). Therefore, economic, social, and political conditions in the UK may also affect the Group's business, financial condition, results of operations, and prospects. The UK continues to be affected by material levels of inflation, as well as the lingering effects of the exit from the European Union. Labor shortages in the food and transport industry and significant commodity and utility inflation are present and persisting in 2023, especially food inflation which is impacting consumers disposable income and purchasing habits. This strong inflation footprint may impact the consumer buying behavior on a prolonged basis, and the company's input costs. The political environment in the UK presently provides additional uncertainty as crucial policy decisions around energy price support for industry, corporate taxation, and others are constantly evolving as the UK manages the exit from the COVID-19 pandemic and its economic recovery. This environment may impact the operation of the Group.

Seasonality

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

Innovation

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

COVID-19 Pandemic

The impact of COVID-19 pandemic on the Group's operation has subsided. Nevertheless, the Group is continuously monitoring the situation as infection case resurgences may impact the ongoing economic recovery, and operations.

Capacity and Utilization of the Group's Facilities

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

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

Food Safety Management and Quality Assurance

The sale of consumer food products involves a number of reputational, regulatory, legal, and other risks in relation to food safety and quality. The Group's success is highly dependent upon customers' perception of the quality of its products and its business could be adversely affected by actual or alleged contamination or deterioration of its products or failure to timely comply with evolving food safety standards in all jurisdictions where its products may be sold. To manage these risks, the Group has in place food safety management systems and built-in quality control principles which the Group believes are beyond the statutory minimum requirements, In fact, the Group has been awarded multiple world-class quality and food safety management accreditations such as ISO 22000: 2005 and Food Safety System Certification 22000. It implements the industry-wide accepted Current Good Manufacturing Practices in all respects of its manufacturing operations, including personal hygiene and sanitization, equipment maintenance, production and process control, integrated pest control management and documents and records control. However, there can be no assurance that the Group's food safety management and quality assurance will prove to be effective at all times, or that the Group can identify any defects in the food safety management and quality assurance systems in a timely manner, or that the Group can always be fully compliant with constantly evolving food safety standards that vary across each and every jurisdiction where its products may be sold, especially since the Group has limited control on parallel importations made by third parties.

Financial Highlights and Key Indicators

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

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

Core EBITDA is measured as net income excluding depreciation and amortization of property and equipment, asset impairments, financing costs, interest income, net foreign exchange gains (losses), net gains (losses) on derivative financial instruments, and other non-recurring income (expenses) [NRI/E]. In Q1 2023, NRE refers to restructuring costs in the Meat Alternative Business. Core EBITDA margin pertains to Core EBITDA divided by segment net sales.

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

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

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

The following discussion should be read in conjunction with the attached Unaudited Consolidated Financial Statements and related notes of Monde Nissin Corporation ("**MNC**" or the "**Parent Company**" and its subsidiaries (collectively, referred to as the "**Group**") as at and for the three months ended March 31, 2023.

I. SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

A. CORE INCOME AFTER TAX RECONCILIATION

	Unaudited in millions, except percentages						
	Q1 2023 Reported	% to Net Sales (in %)	Q1 2022 Reported	% to Net Sales (in %)	Inc (Dec) (in %)	Q1 2022 Adjusted	Comparable[1] Inc (Dec) (in %)
Net Sales	20,050	100.0	18,298	100.0	9.6	18,084	10.9
Less: **Cost of Goods Sold**	13,951	69.6	11,876	64.9	17.5	11,876	17.5
Gross Profit	6,099	30.4	6,422	35.1	(5.0)	6,208	(1.8)
Less: Sales, General & Administrative (SGA) (2)	3,355	16.7	3,517	19.2	(4.6)	3,303	1.6
Other Income (Expense)							
Less: Interest expense (3)	(123)	(0.6)	(74)	(0.4)	66.2	(74)	66.2
Foreign exchange loss - net (4)	(179)	(0.9)	(35)	(0.2)	411.4	(35)	411.4
	(302)	(1.5)	(109)	(0.6)	177.1	(109)	177.1
Core Income Before Tax	2,442	12.2	2,796	15.3	(12.7)	2,796	(12.7)
Less: Provision for income tax (5)	564	2.8	672	3.7	(16.1)	672	(16.1)
Core Income (After Tax)	1,878	9.4	2,124	11.6	(11.6)	2,124	(11.6)
Less: Non-Controlling Interest	2	–	3	–	(33.3)	3	(33.3)
Core Income (After Tax) at Ownership	1,876	9.4	2,121	11.6	(11.6)	2,121	(11.6)

B. REPORTED NET INCOME AFTER TAX RECONCILIATION

	Unaudited in ₱ millions, except percentages				
	Q1 2023 Reported	% to Net Sales (in %)	Q1 2022 Reported	% to Net Sales (in %)	Inc (Dec) (in %)
Core Income (After Tax)	**1,878**	**9.4**	**2,124**	**11.6**	**(11.6)**
Other income (expenses)					
Foreign exchange gain - net (6)	129	0.6	68	0.4	89.7
Share in net earnings (losses) from associates and Joint ventures	5	–	9	–	(44.4)
Miscellaneous income	22	0.1	30	0.2	(26.7)
Impairment (loss)/reversal	–	–	(1)	–	*n/m*
	156	0.7	106	0.6	47.2
Finance income (expense)					
Less: Interest expense (7)	(38)	(0.2)	(52)	(0.3)	(26.9)
Interest income	80	0.4	9	–	788.9
Derivative gain (loss) – net	(1)	0.0	75	0.4	*n/m*
	41	0.2	32	0.2	28.1
Other Non-recurring expenses					
Restructuring costs	(177)	(0.9)			*n/m*
	(177)	(0.9)	–	–	*n/m*
Income Tax Provision (8)	40	0.2	73	0.4	(45.2)
Reported net income (after tax)	**1,938**	**9.7**	**2,335**	**12.8**	**(17.0)**

Note: See "Other Financial Data – reconciliation of PFRS and non-PFRS measures."
n/m – not meaningful
[1] Comparable growth was based on adjusted Q1 2022 numbers to reflect PFRS-15 related reclassication (from selling expenses to contra-revenue) amounting to ₱214 million
[2] 2023 excludes ₱177 million restructuring costs provision in Meat Alternative.
[3] Recurring interest expense on Loans and Trust Receipts Payable
[4] Foreign exchange loss on U.S dollars balances for the Group's natural hedge.
[5] Based on recurring income tax rate per entity.
[6] Excluding foreign exchange loss on USD reserves for the Group's natural hedge (included in the Core Income calculation above)
[7] Excluding recurring interest expense on Loans and Trust Receipts Payable (included in the Core Income calculation above)
[8]Pertains to income tax effect of Other Income(expenses) and non-recurring finance income (expenses). To simplify, this is the difference between Total provision for income tax as reported and provision for income tax related to Core Income

II – OPERATING SEGMENTS OF THE GROUP

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

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

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

	Unaudited, in ₱ millions, except percentages						
	Q1 2023 (Reported)	% to Total (in %)	Q1 2022 (Reported)	% to Total (in %)	Reported Inc/(Dec) (in %)	Q1 2022 (Adjusted)	Comparable[1] Inc/(Dec) (in %)
Net Sales							
APAC BFB	16,525	82.4	14,539	79.5	13.7	14,325	15.4
Meat Alternative	3,525	17.6	3,759	20.5	(6.2)	3,759	(6.2)
Total	**20,050**	**100.0**	**18,298**	**100.0**	**9.6**	**18,084**	**10.9**
Gross Profit		% of Segment Net Sales (in %)		% of Segment Net Sales (in %)			
APAC BFB	5,149	31.2	4,995	34.4	3.1	4,781	7.7
Meat Alternative	950	27.0	1,427	38.0	(33.4)	1,427	(33.4)
Total	**6,099**	**30.4**	**6,422**	**35.1**	**(5.0)**	**6,208**	**(1.8)**
Core Income (after tax)							
APAC BFB	2,198	13.3	2,137	14.7	2.9	2,137	2.9
Meat Alternative	(320)	(9.1)	(13)	(0.3)	*n/m*	(13)	*n/m*

	Unaudited, in ₱ millions, except percentages						
	Q1 2023 (Reported)	% to Total (in %)	Q1 2022 (Reported)	% to Total (in %)	Reported Inc/(Dec) (in %)	Q1 2022 (Adjusted)	Comparable[1] Inc/(Dec) (in %)
Total	1,878	9.4	2,124	11.6	(11.6)	2,124	(11.6)
Core EBITDA [2]							
APAC BFB	3,550	21.5	3,382	23.3	5.0	3,382	5.0
Meat Alternative	(116)	(3.3)	218	5.8	*n/m*	218	*n/m*
Total	3,434	17.1	3,600	19.7	(4.6)	3,600	(4.6)

n/m – not meaningful %

[1] *Comparable growth was based on adjusted Q1 2022 to reflect PFRS-15 related reclassication (from selling expenses to contra-revenue) amounting to ₱214 million*

[2] See *"Other Financial Data – Core EBITDA Reconciliation"*

RESULTS OF OPERATIONS

For the three months ended March 31, 2023, compared to the three months ended March 31, 2022

Net Sales

Consolidated net sales increased by 9.6% on a reported basis and 10.9% on a comparable basis to ₱20,050 million in Q1 2023 due to strong growth in all categories in APAC BFB.

APAC BFB

APAC BFB net sales increased by 13.7% on a reported basis and 15.4% on a comparable basis to ₱16,525 million in Q1 2023 driven by double-digit growth accross geographic markets. The domestic business grew 13.4% on a reported basis and 15.2% on a comparable basis. This was driven by price actions and volume growth in all categories, led by biscuits and other categories and supported by full recovery of noodles. Beverages, packaged cakes, and culinary continued to show strong performance versus prior year. Noodles' full recovery confirmed in Q1 2023 as evidenced by market share recovery to 68.0% for 4 weeks ending March 31, 2023 and 9% and 20% volume (kilogram) growth versus Q4 2022 and Q1 2019, respectively. Meanwhile, international business increased by 18.6% due to strong growth in all categories.

Meat Alternative

Net sales in the Meat Alternative segment decreased by 6.2% on a reported basis and 4.3% on an organic basis to ₱3,525 million in Q1 2023 because of continued category headwinds. Overall, UK and US sales declined by 1.9% and 33.6%, respectively, on an organic basis due to challenging retail market. While retail sales remained a challenge, *Quorn* has performed well against a competitor in the UK retail market, as evidenced by continued market share gains. Meanwhile, the foodservice business grew by 4.6% in Q1 2023.

Core Cost of Goods Sold (COGS)

Cost of goods sold increased by 17.5% to ₱13,951 million in Q1 2023, primarily due to elevated commodity and energy prices, higher volume, and higher manufacturing costs.

APAC BFB

The cost of goods sold in the APAC BFB segment increased by 19.2% to ₱11,376 million in Q1 2023, due to elevated commodity prices and higher sales volume. Q1 2022 was a challenging baseline as it reflects the lowest commodity prices in 2022 partly due to favorable lock-ins. Meanwhile, in Q1 2023, wheat, palm oil, and sugar remained elevated. Wheat and palm oil prices were partly affected by delayed depletion of lock-ins, secured at a market price in the first half of 2022, due to the temporary decline of noodles in Q3 2022. However, compared with Q4 2022, overall effects of commodity inflation softened due to run off of some of elevated locks in and softening of prices of other oil-based ingredients.

Meat Alternative

The cost of goods sold in the Meat Alternative segment increased by 10.4% to ₱2,575 million in Q1 2023 despite volume decline, primarily due to elevated commodity and energy prices, higher overhead costs, and unfavourable operating leverage.

Core Gross Profit

Gross profit decreased by 5.0% on a reported basis and 1.8% on comparable basis to ₱6,099 million in Q1 2023. The decline was due to challenges in the Meat Alternative segment tapered by the improvement in the APAC BFB Business.

APAC BFB

Gross profit for the APAC BFB segment increased by 3.1% on a reported basis and 7.7% on a comparable basis to ₱5,149 million in Q1 2023 due strong volume growth and net positive peso price recovery over inflation but with dilutive effects on margins.

Meat Alternative

Gross profit for the Meat Alternative segment decreased by 33.4% to ₱950 million in Q1 2023 due to volume decline, higher manufacturing costs, and unfavorable operating leverage, partly mitigated by price increases.

Core Sales, General and Administrative Expenses (SG&A)

Sales, general and administrative expenses (excluding restructuring costs) decreased by 4.6% on a reported basis and increased by 1.6% on a comparable basis to ₱3,355 million in Q1 2023.

APAC BFB

SG&A in the APAC BFB segment decreased by 1.1% on a reported basis due to high base as Q1 2022 includes certain payments to customers that were reported as part of selling expenses in Q1 to Q3 2022 but reclassified to contra-revenue in Q4 2022. Based on adjusted Q1 2022, SG&A increased by 10% to ₱2,113 million in Q1 2023 primarily due higher logistics costs due to volume growth and inflation.

Meat Alternative

SG&A excluding restructuring costs in the Meat Alternative segment decreased by 10.1%, to ₱1,242 million in Q1 2023 primarily due to lower spending on advertising and promotional activities.

Core Foreign Exchange Loss

Foreign exchange loss on US dollar in Q1 2023 was at ₱179 million due to strengthening of Philippine peso against US dollar. This was partly offset by the forex gains from payable transactions reported under non-core.

Core Income (After Tax)

Core income (after tax) declined by 11.6% to ₱1,878 million in Q1 2023, for the reasons discussed above.

Non-Core Foreign Exchange Gain

Foreign exchange gain increased by 89.7% to ₱129 million in Q1 2023 due to strengthtening of Philippine peso against the US dollar. The gains were mainly on accounts payable, trust receipts, and acceptance payable.

Interest Income

Interest income in Q1 2023 was ₱80 million mainly from US dollar and peso denominated market placements/time deposits.

Income Before Income Tax

Income before tax decreased by 16.1% to ₱2,462 million in Q1 2023, for the reasons discussed above.

Total Income Tax Expense

Total income tax expense decreased by 12.5%, to ₱524 million in Q1 2023 due to lower Q1 2023 income versus prior year.

Reported Net Income (after tax)

As a result of the foregoing, Group's reported net income decreased by 17.0% to ₱1,938 million in Q1 2023.

STATEMENT OF FINANCIAL POSITION

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

Current Assets

The Group's current assets decreased by 1.1%, from ₱32,333 million as at December 31, 2022 to ₱31,985 million as at March 31, 2023.

	March 31, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Cash and cash equivalents	11,540	36	11,629	36	(89)	(0.8)
Trade and other receivables	6,877	22	6,800	21	77	1.1
Inventories	10,457	33	10,879	34	(422)	(3.9)
Current financial assets	1,980	5	1,756	5	224	12.8
Prepayments and other current assets	1,131	4	1,269	4	(138)	(10.9)
Total	31,985	100	32,333	100	(348)	(1.1)

Current financials assets increased by 12.8%, from to ₱1,756 as at December 31, 2022 to ₱1,980 million due to additional investments in the financial assets at FVTPL accounts.

Prepayments and other current assets decreased by 10.9%, from ₱1,269 million as at December 31, 2022 to ₱1,131 million as at March 31, 2023 mainly due to usage of prepaid taxes in MNUK and other prepayments in MNUK and MNC.

Noncurrent Assets

The Group's noncurrent assets slightly increased by 1.8%, from ₱48,960 million as at December 31, 2022 to ₱49,844 million as at March 31, 2023.

	March 31, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Intangible assets	14,505	29	14,483	30	22	0.2
Property, plant and equipment	30,830	62	30,864	63	(34)	(0.1)
Investments in associates and joint ventures	1,109	2	1,104	2	5	0.5
Deferred tax assets – net	812	2	868	2	(56)	(6.5)
Financial assets at FVTPL – Noncurrent	888	2	–	–	888	*n/m*

	March 31, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Noncurrent receivables	662	1	662	1	0	0.0
Other noncurrent assets	1,038	2	979	2	59	6.0
Total	49,844	100	48,960	100	884	1.8

Deferred tax assets decreased by 6.5% from ₱868 million as at December 31,2022 to ₱812 million as at March 31, 2023 due to reduction in MNC as a result actualization of prior year accruals.

The noncurrent financial assets at FVTPL accounts pertain to subscription to 820,268,295 common shares out of the unissued authorized capital stock of Figaro Coffee Group (FCG), Inc. amounting to ₱820 million and subscription to 665,845 Series B Preferred Stock of Terramino, Inc., amounting to ₱109 million. As at March 31, 2023, the fair value of FCG was based on quoted price.

Current Liabilities

The Group's current liabilities decreased by 7.8%, from ₱14,752 million as at December 31, 2022 to ₱13,607 million as at March 31, 2023 due to retirement of acceptances and trust receipts payable.

	March 31, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	% to Total (In %)	Audited	% to Total (In %)	Amount	In %
	in ₱ millions, except percentages					
Accounts payable and other current liabilities	11,018	81	11,323	77	(305)	(2.7)
Acceptances and trust receipts payable	1,141	8	2,362	16	(1,221)	(51.7)
Current portion of loans payable	270	2	270	2	–	–
Refund liabilities	275	2	201	1	74	36.8
Current portion of lease liabilities	313	2	386	3	(73)	(18.9)
Income tax payable	590	4	210	1	380	181.0
Total	13,607	99	14,752	100	(1,145)	(7.8)

Acceptances and trust receipts payable decreased by 51.7%, from ₱2,362 million as at December 31, 2022 to ₱1,141 million as at March 31, 2023 due to retirement of some trust receipts payable to save on interest expenses and in consideration of higher cash availability.

Refund liabilities increased by 36.8%, from ₱201 million as at December 31, 2022 to ₱275 million as at March 31, 2023. The provision was consistent with PFRS 15.

Income tax payable increased by 181.0%, from ₱210 million as at December 31, 2022 to ₱590 million as at March 31, 2023 mainly due to income tax payable of MNC and MMYSC related to Q1 2023 taxable income.

Noncurrent Liabilities

The Group's noncurrent liabilities was flat, from ₱14,270 million as at December 31, 2022 to ₱14,242 million as at March 31, 2023.

	March 31, 2023		December 31, 2022		Increase (Decrease)	
	Unaudited	In %	Audited	In %	Amount	%
	in ₱ millions, except percentages					
Loans payable	6,994	49	6,983	49	11	0.2
Deferred tax liabilities – net	4,160	29	4,320	30	(160)	(3.7)
Derivative liability	139	1	–	–	139	*n/m*
Lease liabilities	2,382	17	2,423	17	(41)	(1.7)
Pension liability	530	4	507	4	23	4.5
Other noncurrent liabilities	37	–	37	–	–	–
Total	14,242	100	14,270	100	(28)	(0.2)

Equity

The Group's total equity slightly increased by 0.7% from ₱81,292 million as at December 31, 2022 to ₱81,829 million as at March 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

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

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

Cash Flows

The following discussion of the Group's cash flows for the three months ended March 31, 2022 and 2023 should be read in conjunction with the statements of cash flows and notes included in Unaudited Consolidated Financial Statements.

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

	Three Months ended, March 31	
	2023	2022
	Unaudited, (in ₱ millions)	
Net cash flows provided by operating activities	2,092	809
Net cash flows used in investing activities	(1,905)	(1,088)
Net cash flows from (used in) financing activities	(258)	(72)
Net increase in cash and cash equivalents	**(71)**	**(351)**
Effect of Exchange Rate Changes on cash and cash equivalents	(17)	(25)
Cash and cash equivalents at beginning of year	**11,629**	**13,857**
Cash and cash equivalents as at March 31,	**11,541**	**13,481**

Net cash flow provided by operating activities

The net cash flows provided by operating activities were ₱2,092 million for the year ended March 31, 2023. Cash generated from operations (after adjusting for, among other things, depreciation, amortization, and working capital changes) was ₱2,244 million. The Group generated cash from interest received amounting to ₱96 million and paid income taxes of ₱248 million.

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

Net cash flows used in investing activities

The Group's net cash flows used in investing activities were ₱1,905 million for the three months ended March 31, 2023. The net cash outflow primarily for the MNC's invesment for the various current financial assets at FVTL amounting to ₱235 million (net of inflow), Parent company subscription to 820,268,295 common shares out of the unissued authorized capital stock of Figaro Coffee Group, Inc. amounting to ₱820 million and subscription to 665,845 Series B Preferred Stock of Terramino, Inc., amounting to ₱109 million. The other cash outlows pertain to various CapEx amounting to ₱636 million.

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

Net cash flows used in financing activities

The net cash flows used in financing activities were ₱258 million for the three months ended March 31, 2023. The net cash outflow primarily consists of payment of interest expense and lease liabilities.

The net cash flows used in financing activities were ₱72 million for the three months ended March 31, 2022. The net cash outflow primarily consists of payment of interest expense and lease liabilities.

FINANCIAL RATIOS / KEY PERFORMANCE INDICATORS

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

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

	March 31, 2023	December 31, 2022
Current ratio	2.35	2.19
Acid test ratio	1.50	1.37
Solvency ratio	0.38	0.38
Debt-to-equity ratio	0.52	0.56
Asset-to-equity ratio	1.52	1.56

	Three Months ended	
	2023	2022
Net Sales Growth*	9.6%	7.2%
Gross Margin*	30.4%	35.1%
Core Net Income After Tax margin (at ownership)*	9.4%	11.6%
Core EBITDA Margin	17.1%	19.7%
Core Return on equity**	12.0%	10.9%
Core Return on assets**	7.8%	7.3%
Interest rate coverage ratio	21.3	28.6

** Reported*
*** Annualized for Q1 2023, 2022 based on full year*

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

Financial ratios	Formula
Current ratio	Current assets / Current liabilities
Acid test ratio	Cash and cash equivalents + Current receivables+ Current Financial Assets / Current liabilities
Solvency ratio	Net income attributable to equity holders of the Company + Depreciation and amortization + Impairment Loss / Total liabilities
Debt-to-equity ratio (1)	Total liabilities (current + noncurrent) / Equity attributable to equity holders of the Company
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to equity holders of the Company
Interest rate coverage ratio (2)	Core EBITDA / Finance Costs

Financial ratios	Formula
Net Sales Growth	Current period net sales – prior period net sales / Prior period net sales
Gross margin	Gross profit / Net Sales
Core EBITDA Margin	Core EBITDA / Net Sales
Net profit margin	Core Income after-tax at Ownership / Net sales
Core Return on equity	Core income after-tax at Ownership / Equity attributable to equity holders of the Company (average)*
Core Return on assets	Core income after-tax at Ownership / Total assets (average)*

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

Capital Expenditures

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

The table below sets out the Group's estimated 2023 CapEx plan and actual spend for the three months ended March 31, 2023 and 2022.

	FY Plan	Q1 Actual	
	2023	2023	2022
		(in ₱ millions)	
APAC BFB	6,050	409	639
Meat Alternative	1,374	227	467
Total	**7,424**	**636**	**1,216**

In Q1 2022, APAC BFB's major CapEx was primarily for additional investment for new manufacturing plant in Malvar Batangas, investment in machineries to improve operational efficiencies and new noodles production lines. Meanwhile, in Q1 2023, major CapEx was primarily on various machineries, licenses, and IT system to improve operational efficiencies and capabilities.

In Q1 2022, Meat Alternative's major CapEx was mainly to increase production fermentation capacity. Meanwhile, in Q1 2023, investments were primarily to improve paste design capability and to increase capacity for deli products.

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

OTHER FINANCIAL DATA

I. RECONCILIATION OF PFRS TO NON-PFRS MEASURES

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

	Three months-ended, March 31, 2023			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
		(Unaudited, in ₱ millions)		
NET SALES	20,050			20,050
Less: COST OF GOODS SOLD	13,951			13,951
GROSS PROFIT	6,099	-	-	6,099
Less: SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net		-	-	-
General and administrative expenses	1,946		(177)	1,769
Selling expenses	1,586			1,586
	3,532	-	(177)	3,355

	Three months-ended, March 31, 2023			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
Core Other Income/(Expense)				
Interest Expense - Orchid+Trust Receipts		(123)		(123)
Forex loss -net on US dollar		(179)		(179)
	-	(302)	-	(302)
CORE INCOME BEFORE TAX	**2,567**	**(302)**	**177**	**2,442**
				-
OTHER INCOME (CHARGES)				
Foreign exchange (loss)/ gain – net	(50)	179		129
Share in net earnings of an associate	4			4
Market valuation gain (loss) on financial instruments at fair value through profit or loss	(28)			(28)
Miscellaneous Income	51			51
	(23)	**179**	**-**	**156**
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,544**	**(123)**	**177**	**2,598**
FINANCE INCOME (EXPENSES)				
Interest income	80			80
Interest expense	(161)	123		(38)
Derivative gain	(1)			(1)
	(82)	123	-	41
Other Non-Recurring Expenses				
Impairment loss – Net		-	-	-
Restructuring costs			(177)	(177)
	-	-	(177)	(177)
INCOME BEFORE INCOME TAX	**2,462**	**-**	**-**	**2,462**
PROVISION FOR CURRENT INCOME TAX				
Current	627			627
Deferred	(104)			(104)
PROVISION FOR CURRENT INCOME TAX	524	-	-	524
NET INCOME FROM CONTINUING OPERATIONS	**1,938**	**-**	**-**	**1,938**

	Three months ended, March 31, 2022			
	PFRS	Non-PFRS Adjustments		Non-PFRS
	Reported	APAC BFB	Meat Alternative	Reported
		(Unaudited, in ₱ millions)		
NET SALES	18,298	-		18,298
Less: COST OF GOODS SOLD	11,876	-		11,876
GROSS PROFIT	**6,422**	-	**-**	**6,422**
Less: SALES, GENERAL AND ADMINISTRATIVE EXPENSES				
Impairment loss – Net	1	(1)		-
General and administrative expenses	1,658			1,658
Selling expenses	1,859			1,859
	3,518	(1)	-	3,517
Core Other Income/(Expense)				
Interest Expense - Orchid+Trust Receipts		(74)		(74)
Forex loss on USD Stockpile		(35)		(35)
	-	(109)	-	(109)
CORE INCOME BEFORE TAX	**2,903**	**(107)**	**-**	**2,796**
OTHER INCOME (CHARGES)				
Foreign exchange gain – net	33	35		67
Share in net earnings of an associate	9			9
Market valuation gain (loss) on financial instruments at fair value through profit or loss	0			
Miscellaneous Income	31			31
	73	**35**	**-**	**108**
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,977**	**(73)**	**-**	**2,904**
FINANCE INCOME (EXPENSES)				
Interest income	9			9
Interest expense	(126)	74		(52)
Derivative gain	75			75
	(42)	74	-	32
Other Non-Recurring Expenses				
Impairment loss – Net		(1)		(1)

	Three months ended, March 31, 2022			
	PFRS	Non-PFRS Adjustments		Non-PFRS
			Meat	
	Reported	APAC BFB	Alternative	Reported
	-	(1)	-	(1)
INCOME BEFORE INCOME TAX	**2,935**	**-**	**-**	**2,935**
PROVISION FOR CURRENT INCOME TAX				
Current	727			727
Deferred	(127)			(127)
PROVISION FOR CURRENT INCOME TAX	599	-	-	599
NET INCOME FROM CONTINUING OPERATIONS	**2,335**	**-**	**-**	**2,335**

II. EBITDA Reconciliation

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

	For the three months ended March 31, 2023		
	APAC BFB	Meat Alternative	Total
	(Unaudited, in ₱ millions)		
Income before Income Tax	3,027	(565)	2,462
Interest Expense	61	100	161
Interest Income	(72)	(8)	(80)
EBIT	3,016	(473)	2,543
Derivative Loss	1	–	1
Foreign Exchange Loss (net)	46	4	50
Other non-recurring expenses	–	177	177
Depreciation and Amortization Expense	487	176	663
EBITDA	**3,550**	**(116)**	**3,434**

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

III. FINANCIAL LIABILITIES

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

	(Unaudited, in ₱ millions)					
	On Demand	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial Liabilities						
Trade and other payables*	2,157	8,068	33	–	–	10,258
Loans Payable**	–	–	275	7,082	–	7,356
Lease liabilities	–	61	243	885	6,992	8,182
Acceptance and trust receipts payable	–	–	1,141	–	–	1,141
	2,157	8,129	1,692	7,967	6,992	26,937

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

Off-Balance Sheet Arrangements

As at March 31, 2023, the Group did not have any material off-balance sheet arrangements or obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that were likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Quantitative and Qualitative Disclosure of Market Risk

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

1. Foreign Currency Risk

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

2. Commodity Price Risk

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

3. Interest Rate Risk

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

4. Liquidity Risk

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

5. Credit Risk

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

Contingencies

As at March 31, 2023, the Group is involved in certain proceedings and regulatory assessments, and management believes that none of these proceedings will have a material effect on the consolidated financial statements.

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,480 million and ₱1,448 million as at March 31, 2023 and December 31, 2022, respectively.

OTHER MATTERS

Commodity Prices

The Parent Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices was partly reflected in Q1 2023 for wheat and is expected for Q2 2023 for palm oil. The Parent Company already secured wheat prices until Q3 2023 and has diversified lock-in and spot positions on palm oil requirements until Q4 2023.

Additional Subscription to MNSPL and Equity Infusion to MNUK

On May 10, 2023, the Parent Company's Board of Directors (BoD) authorized the Parent Company to subscribe an additional 40.0 million ordinary shares in Monde Nissin Singapore Pte Limited (MNSPL) at 1 British Sterling Pound (£1.00) per share or total subscription price of £40.0 million payable on or before December 31, 2023, in several tranches. The proceeds will be infused by MNSPL to Monde Nissin (UK) Ltd. (MNUK) and then to Marlow Foods Limited (MFL) to partially pay down the existing debt of MFL and to finance the cash restructuring cost. The partial paydown of the external debt from the Group's surplus cash will reduce the negative carry caused by the increasing interest rates of the external loan. This is aligned with efforts to better weather the current market conditions of meat alternative category in the U.K and U.S while remaining agile and ready to benefit when the market recovers.

Others

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

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

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

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

	Three Months Average Rate, ending March 31,		Closing Rate	
	2023	2022	March 31, 2023	December 31, 2022
1 GBP	66.6901	69.1711	67.4430	67.4394
1 USD	54.8191	51.5730	54.3600	55.7550

C. NATURE AND SCOPE OF BUSINESS

Monde Nissin Corporation is a publicly-listed company ("**PLC**") incorporated and registered with the SEC on May 23, 1979 primarily to engage in manufacturing, processing, baking, packaging, servicing, repackaging, assembling, importing, exporting, buying, selling, trading, or otherwise dealing in all kinds of goods, wares, and merchandise, which are or may become articles of commerce such as but not limited to candies, confectionaries, biscuits, cakes and other foods, drugs, and cosmetics. It is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, or the Revised Corporation Code of the Philippines.

The Group is among the frontrunners in the Philippine food manufacturing industry with a portfolio of various iconic and well-recognized brands. The Group's two core businesses are the 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) others (such as beverages, baked goods, and culinary aids). The Group operates its Meat Alternative Business through Quorn Foods under the *Quorn* and *Cauldron* brands.

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

Market Information

MONDE's common shares are listed with the PSE.

The high and low closing prices for MONDE's common shares for each quarter since its Listing Date until the end of the most recent quarter (*i.e.*, March 31, 2023) are as follows:

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

*from June 1, 2021 until June 30, 2021

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

Quarter	2023	
	High (in ₱)	Low (in ₱)
1st	14.86	9.81

Holders

MONDE's STA, BDO – Trust and Investments Group reports that there are twenty-four (24) stockholders of record as of April 30, 2023, ranked in terms of number of shareholdings, as follows:

	Name of Stockholder	Number of Shares Held	% of Total Shares Outstanding Held
1	Hartono Kweefanus	4,214,244,600	23.453
2	Betty T. Ang	3,265,920,000	18.176
3	PCD Nominee Corp. (Filipino)	2,219,589,244	12.353
4	PCD Nominee Corp. (Non-Filipino)	1,900,986,356	10.579
5	Henry Soesanto[1]	1,508,681,395	8.396

	Name of Stockholder	Number of Shares Held	% of Total Shares Outstanding Held
6	My Crackers, Inc.	1,228,611,496	6.838
7	Hoediono Kweefanus	948,324,600	5.278
8	Anna Roosdiana Darmono	765,897,600	4.262
9	Eveline Darmono	765,897,600	4.262
10	Monica Darmono	765,897,596	4.262
11	AU Mountain Investments Corporation	381,060,000	2.121
12	Carousel Holdings, Inc.	3,000,000	0.017
13	David John Nicol	234,900	0.001
14	Edwin Lee Lapasaran Lim &/or Ma. Hope C. Lim	200,000	0.001
15	Cristobal S. Hautea	60,000	0.000
16	Elvira M. Cruz or Bernardo A. Cruz	5,000	0.000
17	Glenn Maverick Almonte Ang	600	0.000
18	Ofelia R. Blanco	400	0.000
19	Jennifer T. Ramos	100	0.000
20	Nina Perpetua D. Aguas	2	0.000
21	Kataline Darmono	2	0.000
22	Delfin L. Lazaro	2	0.000
23	Marie Elaine Teo	2	0.000
24	Romeo L. Bernardo	1	0.000

[1] Mr. Henry Soesanto owns another 40,000,000 shares through PCD Nominee Corp. (Non-Filipino) which brings his total ownership percentage to 8.619%. PCD Nominee Corp. (Non-Filipino)'s total ownership percentage reduced by Mr. Soesanto's 40,000,000 scripless shares is 10.357%.

Dividend Policy

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

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

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

Pursuant to existing SEC regulations, cash dividends declared by MONDE must have a record date not less than ten (10) days nor more than thirty (30) days from the date the cash dividends are declared.

With respect to stock dividends, the record date is to be not less than 10 days and not more than 30 days from the date of shareholder approval. In either case, the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration. If no record date is set, under prevailing SEC regulations, the record date will be deemed fixed at 15 days from the date of declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Pursuant to the SEC's *Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends*, all cash dividends and stock dividends declared by MONDE shall be remitted to the Philippine Depository & Trust Corporation ("**PDTC**") for immediate distribution to its participants not later than 18 trading days from the record date set by the SEC, provided, that in case of stock dividends, payment date shall in no case be later than the stock dividends' listing date.

In accordance with the PSE disclosure rules, for all cash and stock dividends accruing to shares lodged with the PDTC, whether from unissued capital or resulting from an increase in capital stock, the same shall be remitted/credited to the PDTC for immediate distribution to its participants not later than 18 trading days from the record date. For cash accruing to shares not lodged with the PDTC, the same shall be remitted/credited directly to the individual stockholders not later than 18 trading days from the record date.

Dividends

The following table sets out cash dividends declared by MONDE in the two (2) most recent years:

Declaration Date	Record Date	Payment Date	Dividend/ share (in ₱)	Total dividend (₱ in millions)
January 22, 2021	January 22, 2021	March 31, 2021	0.23	1,511.1
March 1, 2021	March 1, 2021	October 1, 2021 and December 20, 2021	1.19	8,549.3
August 9, 2022	September 8, 2022	October 4, 2022	0.14	2,515.61

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

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

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

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

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

E. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

MONDE's Articles of Incorporation, Amended By-Laws, Manual on Corporate Governance ("**CG Manual**"), Code of Conduct and Ethics, together with the respective charters of its Board of Directors and the Board Committees, as well as its company policies, incorporate the principles and best practices of corporate governance embodied in the Revised Corporation Code of the Philippines and the corporate governance-related issuances of the SEC and the PSE. The inclusion of good governance principles in the foregoing documents, and the adoption of the best practices of corporate governance company-wide, highlight MONDE's commitment to observing the highest standards of corporate governance.

Good Governance as a Practice.

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

To promote an exchange of diverse viewpoints, the Board comprises nine (9) individuals with a multitude of professional and personal backgrounds. To enhance its ability to perform its oversight function over management, the Board has six (6) non-executive directors. Showing its commitment to gender diversity, MONDE has five (5) female directors as the majority members of its nine (9)-member Board. One-third of the members of the Board consists of Independent Directors who are known in the business sector as men and women of competence, integrity, and probity.

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

The Board and the Board Committees meet regularly in accordance with the By-Laws and CG Manual to discuss corporate matters as well as to formulate, review, and assess governance controls and procedures. For the year 2022, the Board had eight meetings, its Executive Committee had five meetings, its Audit Committee had six meetings, its Risk and Related Party Transactions Committee had two meetings, and its Corporate Governance, Nomination, and Remuneration Committee had four meetings.

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

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

Governance Growth and Improvement.

In accordance with the CG Manual, the Board, together with Management, conducted annual trainings on corporate governance for 2022. The Board and MONDE's key executive officers attend compliance and governance trainings by leading service providers to ensure that they are aligned with the developments in and/or best practices on good corporate governance, ESG initiatives and/or financial reporting.

MONDE's Board has also conducted annual self-evaluation exercises in 2021 and 2022 pertaining to the individual Directors, the Board as a body, and its different Committees, and the relationship and interaction between Board and Management to assess and evaluate their respective performance in the governance roles they have been entrusted with.

MONDE in 2022 had its first-ever Integrated Annual Corporate Governance Report (I-ACGR) for the covered months of 2021. It is preparing to submit its I-ACGR for 2022 on or before May 30, 2023.

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

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

Upon the written request of a stockholder and when circumstances permit, MONDE undertakes to furnish such stockholder with a copy of the Information Statement with the Unaudited Interim Consolidated Financial Statements as of March 31, 2023 and/or the Audited Consolidated Financial Statements as of December 31, 2022, free of charge. At MONDE's discretion, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by MONDE in furnishing such exhibits. Written requests should be addressed to:

The Corporate Secretary
Monde Nissin Corporation
21st Floor, 6750 Office Tower
Ayala Avenue, Makati City
Metro Manila 1223 Philippines

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

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Company Information

SEC Registration No.: 0000086335
Company Name: MONDE NISSIN CORP.
Industry Classification: D15600
Company Type: Stock Corporation

Document Information

Document ID: OST1040520238997259
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Consolidated
Remarks: None

Acceptance of this document is subject to review of forms and contents

Monde Nissin

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

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

THE SECURITIES AND EXCHANGE COMMISSION
7907 MAKATI AVENUE, SALCEDO VILLAGE, BRGY. BEL-AIR
MAKATI CITY, 1209 PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MONDE NISSIN CORPORATION** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Henry Soesanto
Acting Chairman of the Board

Henry Soesanto
Chief Executive Officer

Jesse Teo
Chief Financial Officer

Enrico Peñas
Head of Finance Shared Services

Signed this 29TH day of MARCH of 2023

Monde Nissin

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

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

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

SUBSCRIBED AND SWORN TO before me this 3rd day of April 2023 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. 51;
Page No. 12;
Book No. I;
Series of 2023.

ATTY. GARNY-LUISA S. ALEGRE
Notary Public for Makati City
Appointment No. M-219 until December 31,2024
Roll of Attorneys No. 53666
PTR No. 9568529MN/1-05-2023 / Makati City
IBP No. 241831 / 12-06-2022
Roll No. 53666 /Albay Chapter
MCLE Compliance No. VII-0002539 valid until April 14,2025
21st Floor, 6750 Office Tower, Ayala Avenue
Makati City, 1226

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)
23	4th Tuesday of November	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrico Peñas	mnc-sec.communications @mondenissin.com	+632 7759-7519	09688548548

CONTACT PERSON's ADDRESS

Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better
working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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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, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Recoverability of Goodwill and Brand

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to test annually the amount of goodwill and brand with indefinite life for impairment. This annual impairment test was significant to our audit because the balance of goodwill and brand with indefinite life amounting to ₱13.8 billion as at December 31, 2022 are material to the consolidated financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions which are subject to higher level of estimation uncertainty, specifically short-term and long-term growth rates applied to revenue and EBITDA, and the discount rate applied.

The related disclosures on the Group's goodwill and brand are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amounts of the cash-generating units (CGUs) for goodwill and brand with indefinite life. These assumptions include short-term and long-term growth rates applied to revenue and EBITDA, and the discount rate applied. We have assessed the forecasts and assumptions, agreeing them to budgets approved by the Board of Directors and comparing them to actual results and forecasts of industry growth rates published by independent analysts. We performed an independent assessment of the discount rate assumptions determined by management. The assumptions underlying the discount rate calculation were benchmarked against comparative market data. In assessing the discount rate, we reviewed the underlying cash flows and considered the risks inherent in the cash flows.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Sheet), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 91269-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 9564617, January 3, 2023, Makati City

March 29, 2023

MONDE NISSIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱11,628,627**	₱13,856,814
Trade and other receivables (Note 6)	**6,800,309**	6,248,732
Inventories (Note 7)	**10,878,570**	8,572,363
Current financial assets (Notes 9, 23 and 26)	**1,756,101**	165,937
Prepayments and other current assets (Note 8)	**1,269,209**	1,769,157
Total Current Assets	**32,332,816**	30,613,003
Noncurrent Assets		
Property, plant and equipment (Note 12)	**30,863,507**	29,952,260
Intangible assets (Note 13)	**14,482,905**	35,646,756
Investments in associates and joint ventures (Note 11)	**1,104,453**	1,094,087
Deferred tax assets - net (Note 24)	**867,912**	885,485
Noncurrent receivables (Notes 9 and 23)	**662,300**	500,000
Other noncurrent assets (Note 14)	**978,480**	1,166,037
Total Noncurrent Assets	**48,959,557**	69,244,625
	₱81,292,373	₱99,857,628
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	**₱11,322,600**	₱11,156,419
Acceptances and trust receipts payable (Notes 7 and 16)	**2,362,301**	3,714,690
Current portion of lease liabilities (Note 25)	**386,671**	97,280
Current portion of loans payable (Note 17)	**269,758**	6,998,805
Refund liabilities (Note 15)	**200,440**	303,878
Income tax payable	**209,831**	137,842
Total Current Liabilities	**14,751,601**	22,408,914
Noncurrent Liabilities		
Loans payable (Note 17)	**6,983,256**	–
Deferred tax liabilities - net (Note 24)	**4,319,733**	5,702,436
Lease liabilities (Note 25)	**2,423,496**	2,661,581
Pension liability (Note 22)	**506,430**	648,692
Other noncurrent liabilities	**36,673**	20,425
Total Noncurrent Liabilities	**14,269,588**	9,033,134
Total Liabilities	**29,021,189**	31,442,048
Equity		
Capital stock (Note 18)	**8,984,306**	8,984,306
Additional paid-in capital (Notes 18 and 29)	**46,515,847**	46,515,847
Retained earnings (Deficit) (Notes 18 and 29):		
Appropriated	**5,211,452**	4,095,257
Unappropriated	**(4,039,669)**	12,612,644
Fair value reserve of financial assets at FVOCI (Note 10)	**(235,130)**	(235,130)
Remeasurement losses on pension liability (Note 22)	**(210,805)**	(289,263)
Equity reserve (Note 18)	**(622,335)**	(622,335)
Cumulative translation adjustments (Note 18)	**(3,474,980)**	(2,783,253)
Equity Attributable to Equity Holders of the Parent Company	**52,128,686**	68,278,073
Non-controlling Interests (Notes 4 and 18)	**142,498**	137,507
Total Equity	**52,271,184**	68,415,580
	₱81,292,373	₱99,857,628

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Years Ended December 31		
	2022	2021	2020
NET SALES (Note 19)	**₱73,880,709**	₱69,284,188	₱67,945,511
COST OF GOODS SOLD (Notes 7 and 19)	**50,920,755**	43,692,769	41,439,516
GROSS PROFIT	**22,959,954**	25,591,419	26,505,995
SALES, GENERAL AND ADMINISTRATIVE EXPENSES			
Impairment loss - net (Notes 11, 12, 13, and 20)	**21,373,638**	223,061	1,013,838
General and administrative expenses (Note 20)	**7,587,747**	7,619,360	6,840,031
Selling and distribution expenses (Note 20)	**7,496,354**	8,343,995	6,569,298
	36,457,739	16,186,416	14,423,167
	(13,497,785)	9,405,003	12,082,828
OTHER INCOME (EXPENSES)			
Foreign exchange gains - net (Notes 4 and 17)	**422,117**	410,402	914,239
Market valuation gain on financial instruments at fair value through profit or loss (FVTPL) (Note 9)	**22,380**	12,543	–
Share in net earnings (losses) of associates and joint ventures (Note 11)	**(12,608)**	36,367	(98,300)
Miscellaneous income (Notes 6, 9 and 21)	**141,871**	283,820	250,166
	573,760	743,132	1,066,105
INCOME (LOSS) BEFORE FINANCE INCOME (EXPENSES)	**(12,924,025)**	10,148,135	13,148,933
FINANCE INCOME (EXPENSES)			
Derivative gain (loss) (Note 26)	**1,306,391**	(2,258,075)	99,409
Finance costs (Note 21)	**(416,525)**	(1,568,821)	(1,786,143)
Finance income (Note 21)	**148,596**	82,971	262,530
Loss on convertible note redemption (Note 17)	–	(1,579,324)	–
	1,038,462	(5,323,249)	(1,424,204)
INCOME (LOSS) BEFORE INCOME TAX	**(11,885,563)**	4,824,886	11,724,729
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**2,428,492**	392,588	3,194,375
Deferred	**(1,299,539)**	1,187,173	464,647
	1,128,953	1,579,761	3,659,022
NET INCOME (LOSS)	**(₱13,014,516)**	₱3,245,125	₱8,065,707

(Forward)

	Years Ended December 31		
	2022	2021	2020
NET INCOME (LOSS)	**(₱13,014,516)**	₱3,245,125	₱8,065,707
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)	**(691,727)**	1,583,531	(1,100,427)
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Note 22)	**126,789**	(337)	(330,765)
Income tax effect	**(48,321)**	963	98,483
	78,468	626	(232,282)
Other comprehensive income (loss) - net of tax	**(613,259)**	1,584,157	(1,332,709)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱13,627,775)**	₱4,829,282	₱6,732,998
Net income (loss) attributable to:			
Equity holders of the Parent Company	**(₱13,020,512)**	₱3,115,032	₱7,340,901
Non-controlling interests	**5,996**	130,093	724,806
	(₱13,014,516)	₱3,245,125	₱8,065,707
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**(₱13,633,781)**	₱4,699,189	₱6,013,011
Non-controlling interests	**6,006**	130,093	719,987
	(₱13,627,775)	₱4,829,282	₱6,732,998
Earnings (loss) per Share (EPS) (Note 18)			
Basic, income (loss) attributable to equity holders of the parent	**(₱0.72)**	₱0.19	₱0.56
Diluted, income (loss) attributable to equity holders of the parent	**(₱0.72)**	₱0.19	₱0.53

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 18)	**Additional Paid-in Capital** (Note 18)	**Retained Earnings (Deficit)** (Note 18) **Appropriated**	**Unappropriated**	**Fair Value Reserve of Financial Assets at FVOCI (Note 10)**	**Remeasurement Losses on Pension Liability**	**Equity Reserve** (Note 18)	**Cumulative Translation Adjustments** (Note 18)	**Total**	**Non-controlling Interests** (Notes 4 and 18)	**Total Equity**
Balance as at January 1, 2022	**₱8,984,306**	**₱46,515,847**	**₱4,095,257**	**₱12,612,644**	**(₱235,130)**	**(₱289,263)**	**(₱622,335)**	**(₱2,783,253)**	**₱68,278,073**	**₱137,507**	**₱68,415,580**
Net income (loss)	**–**	**–**	**–**	**(13,020,512)**	**–**	**–**	**–**	**–**	**(13,020,512)**	**5,996**	**(13,014,516)**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**–**	**78,458**	**–**	**(691,727)**	**(613,269)**	**10**	**(613,259)**
Total comprehensive income (loss)	**–**	**–**	**–**	**(13,020,512)**	**–**	**78,458**	**–**	**(691,727)**	**(13,633,781)**	**6,006**	**(13,627,775)**
Appropriation during the year (Note 18)	**–**	**–**	**5,167,000**	**(5,167,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Release of appropriation (Note 18)	**–**	**–**	**(4,050,805)**	**4,050,805**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends (Note 18)	**–**	**–**	**–**	**(2,515,606)**	**–**	**–**	**–**	**–**	**(2,515,606)**	**(1,015)**	**(2,516,621)**
Balance as at December 31, 2022	**₱8,984,306**	**₱46,515,847**	**₱5,211,452**	**(₱4,039,669)**	**(₱235,130)**	**(₱210,805)**	**(₱622,335)**	**(₱3,474,980)**	**₱52,128,686**	**₱142,498**	**₱52,271,184**
Balance as at January 1, 2021	₱6,570,000	₱–	₱11,155,336	₱12,497,957	(₱235,130)	(₱289,889)	(₱89,762)	(₱4,366,784)	₱25,241,728	₱1,298,309	₱26,540,037
Net income	–	–	–	3,115,032	–	–	–	–	3,115,032	130,093	3,245,125
Other comprehensive income, net of tax	–	–	–	–	–	626	–	1,583,531	1,584,157	–	1,584,157
Total comprehensive income (loss)	–	–	–	3,115,032	–	626	–	1,583,531	4,699,189	130,093	4,829,282
Issuance of shares (Note 18)	2,414,306	46,515,847	–	–	–	–	–	–	48,930,153	–	48,930,153
Acquisition during the year (Note 4)	–	–	–	–	–	–	(532,573)	–	(532,573)	(1,289,927)	(1,822,500)
Appropriation during the year (Note 18)	–	–	150,805	(150,805)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	–	(7,210,884)	7,210,884	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	–	(10,060,424)	–	–	–	–	(10,060,424)	(968)	(10,061,392)
Balance as at December 31, 2021	₱8,984,306	₱46,515,847	₱4,095,257	₱12,612,644	(₱235,130)	(₱289,263)	(₱622,335)	(₱2,783,253)	₱68,278,073	₱137,507	₱68,415,580
Balance as at January 1, 2020	₱6,570,000	₱–	₱8,961,452	₱9,847,540	(₱235,130)	(₱62,426)	(₱89,762)	(₱3,266,357)	₱21,725,317	₱1,496,689	₱23,222,006
Net income	–	–	–	7,340,901	–	–	–	–	7,340,901	724,806	8,065,707
Other comprehensive loss, net of tax	–	–	–	–	–	(227,463)	–	(1,100,427)	(1,327,890)	(4,819)	(1,332,709)
Total comprehensive income (loss)	–	–	–	7,340,901	–	(227,463)	–	(1,100,427)	6,013,011	719,987	6,732,998
Acquisition during the year (Note 4)	–	–	–	–	–	–	–	–	–	94,823	94,823
Appropriation during the year (Note 18)	–	–	11,110,884	(11,110,884)	–	–	–	–	–	–	–
Release of appropriation (Note 18)	–	–	(8,917,000)	8,917,000	–	–	–	–	–	–	–
Dividends (Note 18)	–	–	–	(2,496,600)	–	–	–	–	(2,496,600)	(1,013,190)	(3,509,790)
Balance as at December 31, 2020	₱6,570,000	₱–	₱11,155,336	₱12,497,957	(₱235,130)	(₱289,889)	(₱89,762)	(₱4,366,784)	₱25,241,728	₱1,298,309	₱26,540,037

See accompanying Notes to Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱11,885,563)**	₱4,824,886	₱11,724,729
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Impairment loss - net (Notes 11, 12, 13 and 20)	**21,373,638**	223,061	1,013,838
Depreciation and amortization (Notes 12, 13, 19 and 20)	**2,713,662**	2,470,872	2,303,319
Derivative loss (gain) (Note 26)	**(1,306,391)**	2,258,075	(99,409)
Finance costs (Notes 16, 17, 21 and 25)	**416,525**	1,568,821	1,786,143
Finance income (Notes 5, 9 and 21)	**(148,596)**	(82,971)	(262,530)
Market valuation gain on financial instruments at FVTPL (Note 9)	**(22,380)**	(12,543)	–
Gain on sale of property, plant and equipment (Note 12)	**(18,484)**	(2,292)	(2,702)
Movement in pension liability (Notes 19, 20 and 22)	**(17,236)**	168,126	(28,050)
Unrealized foreign exchange gain - net	**14,382**	(155,593)	(544,601)
Share in net losses (gain) of associates and joint venture (Note 11)	**12,608**	(36,367)	98,300
Loss on convertible note redemption (Note 17)	**–**	1,579,324	–
Gain on lease modification	**–**	(2,704)	(297)
Fair value adjustment on previously held interest in investment in associate (Note 11)	**–**	–	(2,146)
Bargain purchase (Note 4)	**–**	–	(18,250)
Working capital adjustments:			
Decrease (increase) in:			
Inventories	**(2,306,207)**	(2,499,360)	(214,442)
Prepayments and other current assets	**499,948**	(796,904)	(51,107)
Trade and other receivables	**(430,511)**	109,848	707,502
Increase (decrease) in:			
Acceptance and trust receipts payable	**(1,429,685)**	3,098,092	(1,952,849)
Accounts payable and other current liabilities	**355,342**	1,192,182	434,295
Refund liabilities	**(103,438)**	24,182	20,313
Net cash generated from operations	**7,717,614**	13,928,735	14,912,056
Income tax paid	**(2,356,503)**	(537,143)	(3,612,030)
Interest received	**122,223**	82,844	97,087
Net cash flows from operating activities	**5,483,334**	13,474,436	11,397,113
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Current financial assets (Note 9)	**(2,586,197)**	(7,401,000)	–
Property, plant and equipment (Notes 12 and 28)	**(4,432,230)**	(5,216,267)	(3,753,474)
Intangible assets (Note 13)	**(75,901)**	(113,459)	(14,352)
Investment in associates and joint venture (Note 11)	**(49,600)**	(60,000)	(248,125)
Noncurrent receivables (Notes 9 and 23)	**–**	–	(245,521)
Proceeds from:			
Disposal of current financial assets (Note 9)	**851,995**	7,412,542	–
Sale of property, plant and equipment (Note 12)	**31,250**	5,572	27,926
Dividends from an associate (Note 11)	**25,485**	26,348	16,000
Decrease (increase) in other noncurrent assets	**193,002**	(108,130)	(258,211)
Acquisition of non-controlling interest (Note 4)	**–**	(1,822,500)	–
Acquisition of a subsidiary, net of cash acquired (Note 4)	**–**	(194,247)	(16,915)
Net cash flows used in investing activities	**(6,042,196)**	(7,471,141)	(4,492,672)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payments for):			
Availment of loans (Note 17)	**₱9,036,880**	₱–	₱–
Payment of loans (Note 17)	**(8,758,046)**	(23,115,381)	(4,335,786)
Cash dividends (Note 18)	**(2,516,621)**	(10,061,392)	3,509,790)
Derivatives	**919,859**	–	(72,985)
Principal portion of lease liabilities (Note 25)	**(255,410)**	(276,715)	(846,389)
Interest	**(127,045)**	(1,437,102)	(1,477,031)
Convertible note (Note 17)	**–**	(13,351,935)	–
Issuance of capital stock, net of transaction cost (Note 18)	**–**	48,930,153	–
Increase (decrease) in other noncurrent liabilities	**16,248**	(1,801)	771
Net cash flow from (used in) financing activities	**(1,684,135)**	685,827	(10,241,210)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,242,997)**	6,689,122	(3,336,769)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**14,810**	74,677	(69,507)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,856,814**	7,093,015	10,499,291
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱11,628,627**	₱13,856,814	₱7,093,015

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

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

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

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

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

The Parent Company's principal place of business is at Felix Reyes St., Barangay Balibago, City of Santa Rosa, Laguna.

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on March 29, 2023. On the same date, the BOD also approved and authorized the issuance of the consolidated financial statements.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

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

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

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

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

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- 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 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations,* to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 per cent" test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- 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.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in sales, general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Financial Instruments

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

a. Financial Assets

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

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

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

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

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as at December 31, 2022 and 2021 consist of financial assets at amortized cost, financial assets at FVTPL and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

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

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, loans receivable recorded under the "Current financial assets" account in the consolidated statement of financial position in 2021, noncurrent receivables and advances to employees recorded under "other noncurrent assets" in the consolidated statement of financial position.

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

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

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 and loans payable.

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 engages in derivative transactions such as structured deposit, dual currency investment, cross currency swaps (CCS) and European Knockout Option (EKO) to manage its foreign currency and interest rate risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivatives that are not designated as accounting hedges (structured deposit and dual currency investment) are recognized in the profit or loss.

The Group applies hedge accounting for transactions that meet specified criteria. At inception of the hedge accounting relationship, the Group formally designates and documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and 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.

<u>Fair Value Measurement</u>
The Group measures financial instruments such as derivative liabilities and equity instruments at FVOCI and FVTPL at fair value. The Group also discloses the fair values of financial instruments measured at amortized cost.

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

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

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

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

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

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

Prepayments and Other Current Assets
Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statement of comprehensive income when incurred.

Withholding Tax and Other Credits. Withholding tax and other credits represents the amount withheld by the Group's customers. These are recognized upon collection of the related billings and are utilized as tax credits against tax due as allowed by the taxation laws and regulations. Withholding tax and other credits is stated at its estimated NRV.

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

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

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

Property, Plant and Equipment

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

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

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

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

Machineries under installation and construction in-progress 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.

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

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

Intangible Assets

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

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

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

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

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

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

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

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually as at December 31, either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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

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

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

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

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

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

  - *Rights of Return*. The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset is also recognized for the right to recover the goods from the customer.

  - *Sales discount.* The Group's contracts with customers generally provide customers with discounts (presented as deduction from "Sales"). The Group uses most likely amount method to estimate the amount of expected future rebates for distribution discounts. A refund liability is recognized for the expected future sales discount (i.e., the amount not included in the transaction price).

  - *Consideration payable to customers.* Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customers (e.g. slotting fees, electronic data interchange (EDI) subscription, dealer support). The consideration payable to a customer is accounted as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or services that the customer transfers to the Group.

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

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 of the agency brands in common expenses, bargain purchase, reversal of ECL, gain/loss on sale of property, plant and equipment and other miscellaneous items which are recorded under the "Miscellaneous income" account in the consolidated statements of comprehensive income.

Right-of-return Assets
A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products. The Group's right-of-return assets are included in inventories.

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

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

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

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

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

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

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

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

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

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

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

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

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

Employee Benefits

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

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance 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. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

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

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

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

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

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

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

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

Recognition of right of return assets. The Group assesses the value of its right of return assets by reference to the carrying amount of the products less any expected costs to recover those products, including potential decreases in the value of the returned products. At the end of each reporting date, the Group updates the measurement of the return asset arising from changes in expectations about products to be returned, including possible impairment.

As at December 31, 2022 and 2021, the Group assessed that the value of any return assets is nil given the perishable nature of the products.

Determination of uncertain tax positions. The Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review and in consultation with its tax advisers, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the Group has determined its accounting for income taxes consistently with the related tax treatment in accordance with the requirements of IFRIC 23, *Uncertainty over Income Tax Treatments*.

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

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

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

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

Estimates and Assumptions

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

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

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

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

- *Goodwill and Brand.* The Group determined that the recoverable amount of the Group's intangible assets in MNUKL is based on VIU calculation using cash flow projection from financial budgets approved by management covering a 5-year period:

  - Revenue growth – Sales revenue is assumed to increase an average of 5.60% each year from 2023 to 2027, an average of 14.80% each year from 2022 to 2026, and an average of 15.00% from 2021 to 2025 for both Quorn and Cauldron.

  - Long-term growth rate – The long-term growth rate used was 2.00% in 2022, 2021 and 2020, and is based on published industry research.

  - Discount rate – The pre-tax discount rate, which is derived from MNUKL's weighted average cost of capital (WACC), is 8.88% in 2022, 7.34% in 2021, and 6.67% in 2020, based on the strength of the brand and the risk profile of the industry.

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

  Based on the assumptions above, MNUKL recognized impairment loss on goodwill and brand amounting to ₱20,544.1 million in 2022. No impairment loss was recognized in 2021 and 2020. Information on the Group's goodwill and brand is disclosed in Note 13.

- *Trademark.* The Group performed its annual impairment test on Parent Company's trademark with indefinite useful life as of reporting date. The recoverable amount of trademark was determined using the relief from royalty method. This method considers royalty savings from the ownership of trademark using cash flow projections approved by management covering a 5-year period:

  - Growth rates – Growth rate used in the projected future cash flows is at an average of 9.00% from 2023 to 2027 and 25.00% from 2022 to 2026.

  - Discount rate – The pre-tax discount rate of 12.13% in 2022 and 2021 was estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

  - Royalty savings rate – Royalty savings rate of 0.60% in 2022 and 2021 was estimated based on publicly available information for similar industry.

  Based on the assumptions above, recognized impairment loss on trademark amounted to ₱2.5 million in 2022 and nil in 2021. Information on the Group's trademark is disclosed in Note 13.

- *Property, plant and equipment.* The Group assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group consider important, which could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results; significant changes in the manner of use of the acquired assets or the strategy for overall business; and significant negative industry and economic trends.

  a. *Parent Company.* The Parent Company determined that the actual performance of certain property, plant and equipment in MNC below the estimated or planned outputs is an indicator of impairment resulting to additional impairment loss of ₱205.9 million in 2022, ₱52.4 million in 2021 and ₱230.0 million in 2020.

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

b. *MNUKL.* For property, plant and equipment in MNUKL, the recoverable amount of its asset was based on VIU calculation using cash flow projection from financial budgets approved by management covering a 10-year period, which is consistent with the estimated useful life of the property, plant and equipment. MNUKL applied a pre-tax discount rate of 8.88% in 2022, 7.34% in 2021, and 6.67% in 2020 on the cash flow projections.

- *Growth rate estimates* – growth rates are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Growth rate used in the projected future cash flows up to the end of the useful life was an average of 5.60% each year from 2023 to 2027, an average of 14.80% each year from 2022 to 2026, and an average of 15.00% from 2021 to 2025.

- *Long-term growth rate* – the long-term growth rate used was 2.00% in 2022, 2021 and 2020, and is based on published industry research

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

Based on the assumptions above, MNUKL recognized additional impairment loss amounting to ₱620.0 million in 2022, ₱283.7 million in 2021 and ₱783.8 million in 2020.

c. *MNTH.* In 2021, management reassessed the recoverable amount of MNTH's buildings and plant machinery and fixtures as a result of business turnaround of biscuit operations from operating loss to operating profit.

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

- *Long-term growth rate* – the long-term growth rate used was 1.00% based on published industry research.

- *Discount rate* – the pre-tax discount rate, which is derived from MNTH's WACC, is 8.81% based weight of debt and equity for food industry under emerging market.

In 2022, there has been no change in the assumptions used to determine MNTH's building and plant machinery and fixtures recoverable amount since the last impairment loss was recognized. Based on the assumptions above, MNTH reversed accumulated impairment loss amounting to nil in 2022 and ₱113.0 million in 2021 and nil 2020.

Based on these assessments, the Group recognized net impairment loss amounting to ₱825.9 million in 2022, ₱223.1 million in 2021 and ₱1,013.8 million in 2020 (see Notes 12 and 20). Information on the Group's property, plant and equipment is disclosed in Note 12.

- *Investments in associates and joint ventures.* The Group assesses impairment of investments in associates and joint ventures whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Group considers important, which could trigger an impairment review include the following:

  - a downgrade of an associate's or joint venture's credit rating or a decline in the fair value of the associate or joint venture in consideration of other available information
  - significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate or joint venture operates

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

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

  Based on the assumptions above, the Group's investment in NAMZ Pte Ltd., YCE Group Pte Ltd, and Honey Droplet Hong Kong have been fully impaired as at December 31, 2022 and 2021. The Group recognized additional impairment loss amounting to ₱1.1 million in 2022 on its investment in MMBC. Information on the Group's investments in associates and joint ventures and related impairment loss recognized are disclosed in Notes 11 and 20.

Fair Value of 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.

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. Information on the Group's ECL on trade and other receivables is disclosed in 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.

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

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

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

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

Estimation of Refund Liabilities. The Group uses two-year average historical return and discount data to estimate the refund liabilities. These percentages are applied to determine the expected value of the variable consideration. Estimates of expected returns and volume discounts are sensitive to changes in circumstances and the Group's past experience regarding returns and discount entitlements may not be representative of customers' actual returns and discount entitlements in the future. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group. The Group updates its assessment of expected return and volume discounts annually and refund liabilities are adjusted accordingly. The Group's refund liabilities for expected returns and volume discounts are disclosed in Note 15.

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

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

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

On May 1, 2021, the Parent Company amended its retirement plan as follows:

- Change in disability benefit from 60 days to 75 days
- Change in death benefit from ₱0.2 million plus gratuity pay or ₱1.0 million, to 75 days per year of service or ₱2.0 million, whichever is higher, with the exemption of self-inflicted cause of death

As a result of the amendment, the Group recognized ₱75.1 million past service cost in 2021.

As at December 31, 2022 and 2021, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 22 to the consolidated financial statements.

Recognition of Deferred Taxes. The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting periods over which the deductible temporary differences can be utilized. This forecast is based on the Group's past results and future expectations on revenues and expenses. Information on the Group's recognized and unrecognized deferred tax assets are disclosed in Note 24.

Estimation of Legal contingencies and Regulatory Assessments. As at December 31, 2022 and 2021, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiating strategy.

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

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

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

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, which are prepared for the same reporting period as at December 31, 2022 and 2021, are set out below:

			Percentage of Ownership			
		Country of	**2022**		2021	
Subsidiaries	Principal Activity	Incorporation	**Direct**	**Indirect**	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	–	100.00	–
MNUKL	Investment holding	United Kingdom	–	**100.00**	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	–	**100.00**	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States of America	–	**100.00**	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom	–	**100.00**	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	–	**100.00**	–	100.00
MNNZ	Distribution of food related goods	New Zealand	–	**100.00**	–	100.00
MNHTL**	Investment company	Thailand	–	**6.50**	–	6.50
MIL	Manufacture of seasonings	Thailand	–	**100.00**	–	100.00
MNTH**	Manufacture and distribution of bread and cookies	Thailand	–	**56.43**	–	56.40
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	–	**43.57**	–	43.60
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	**95.69**	–	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	–	90.91	–
SFC	Manufacture and process of bread	Philippines	**80.00**	–	80.00	–
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	–	**80.00**	–	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**100.00**	–	100.00	–

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

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

a. Subsidiaries

i. MNSPL

In May 2020, the BOD approved the reduction in its share capital in MNSPL by 113,000,000 shares in the amount of ₱2,810.9 million (GBP43.8 million). As a result, the Parent Company's shares in MNSPL were reduced from 587,250,257 shares to 474,250,257 shares. MNSPL repatriated a portion of its capital to the Parent Company amounting to ₱2,465.7 million (GBP38.8 million) in 2020. The outstanding balance of ₱345.2 million (GBP5.0 million) was repatriated to the Parent Company in September 2021.

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

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

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

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

ii. MNTH

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

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

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

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

iii. KBT

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

iv. MNAC

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

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

v. SFC

In 2016, the Parent Company entered into a Joint Venture Agreement with NIC, an Indonesian-based company, primarily engaged in the manufacture and distribution of packaged bread, cakes, and packaged baked goods, to set-up SFC.

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

In April 2020, prior to the acquisition of the 55% ownership interest of NIC in SFC, the Parent Company made additional investments in SFC amounting to ₱188.1 million. NIC has also made additional investments to SFC to retain its ownership interest in SFC.

On September 7, 2020, the Parent Company acquired NIC's 55% equity interest in SFC, through a Share and Purchase Agreement between the Parent Company and NIC, which increased the Parent Company's ownership interest in SFC from 25% to 80%, for a total consideration of ₱256.2 million. 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.

As at December 31, 2022 and 2021, unpaid portion of the total acquisition price amounted to nil and ₱10.7 million, respectively and is recorded under "Accounts payable and other current liabilities" account (see Note 15).

vii. MMYSC

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

viii. MNUKL

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

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

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

b. Segment Information

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

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

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

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

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

	2022			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales	**₱58,491,069**	**₱15,423,228**	**(₱33,588)**	**₱73,880,709**
Costs and expenses	**(48,275,301)**	**(15,056,614)**	**40,721**	**(63,291,194)**
Depreciation and amortization	**(1,958,196)**	**(755,466)**	**–**	**(2,713,662)**
Finance income	**2,163,225**	**5,035**	**(713,273)**	**1,454,987**
Finance expense	**(250,337)**	**(879,461)**	**713,273**	**(416,525)**
Foreign exchange gain (loss) – net	**402,381**	**19,736**	**–**	**422,117**
Impairment loss	**(23,787,376)**	**(21,164,137)**	**23,577,875**	**(21,373,638)**
Share in profit of associates and joint venture	**(12,608)**	**–**	**–**	**(12,608)**
Other income (expense)	**171,333**	**51**	**(7,133)**	**164,251**
Income before income tax	**(13,055,810)**	**(22,407,628)**	**23,577,875**	**(11,885,563)**
Provision for income tax	**2,465,240**	**(1,336,287)**	**–**	**1,128,953**
Net income	**(₱15,521,050)**	**(₱21,071,341)**	**₱23,577,875**	**(₱13,014,516)**
Other information				
Total assets	**₱89,947,658**	**₱34,689,207**	**(₱43,344,492)**	**₱81,292,373**
Total liabilities	**₱14,177,754**	**₱23,683,292**	**(₱8,839,857)**	**₱29,021,189**
Investment in associates and joint venture	**₱1,104,453**	**₱–**	**₱–**	**₱1,104,453**
Capital expenditures	**₱2,059,006**	**₱2,373,224**	**₱–**	**₱4,432,230**

	2021			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱54,039,015	₱15,245,173	₱–	₱69,284,188
Costs and expenses	(43,411,777)	(13,773,475)	–	(57,185,252)
Depreciation and amortization	(1,828,942)	(641,930)	–	(2,470,872)
Finance income	1,338,617	986	(1,256,632)	82,971
Finance expense	(5,350,902)	(1,311,950)	1,256,632	(5,406,220)
Foreign exchange gain (loss) – net	411,859	(1,457)	–	410,402
Impairment loss	60,678	(283,739)	–	(223,061)
Share in profit (loss) of associates and joint venture	36,367	–	–	36,367
Other income (expense)	296,363	–	–	296,363
Income before income tax	5,591,278	(766,392)	–	4,824,886
Provision for income tax	291,025	1,288,736	–	1,579,761
Net income	₱5,300,253	(₱2,055,128)	₱–	₱3,245,125
Other information				
Total assets	₱69,493,886	₱54,170,503	(₱23,806,761)	₱99,857,628
Total liabilities	₱15,139,545	₱40,109,264	(₱23,806,761)	₱31,442,048
Investment in associates and joint venture	₱1,094,087	₱–	₱–	₱1,094,087
Capital expenditures	₱3,399,408	₱1,816,859	₱–	₱5,216,267

	2020			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱52,910,573	₱15,034,938	₱–	₱67,945,511
Costs and expenses	(39,802,436)	(12,743,090)	–	(52,545,526)
Depreciation and amortization	(1,642,275)	(661,044)	–	(2,303,319)
Finance income	1,436,836	5,565	(1,080,462)	361,939
Finance expense	(1,517,312)	(1,349,293)	1,080,462	(1,786,143)
Foreign exchange gain (loss) – net	900,877	13,362	–	914,239
Impairment loss	(229,980)	(783,858)	–	(1,013,838)
Share in profit (loss) of associates and joint venture	(98,300)	–	–	(98,300)
Other income (expense)	258,889	(8,723)	–	250,166
Income before income tax	12,216,872	(492,143)	–	11,724,729
Provision for income tax	3,292,153	366,869	–	3,659,022
Net income	₱8,924,719	(₱859,012)	₱–	₱8,065,707
Other information				
Total assets	₱54,462,663	₱49,251,201	(₱19,311,448)	₱84,402,416
Total liabilities	₱43,373,262	₱33,800,565	(₱19,311,448)	₱57,862,379
Investment in associates and joint venture	₱1,024,068	₱–	₱–	₱1,024,068
Capital expenditures	₱1,968,780	₱1,784,694	₱–	₱3,753,474

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:

	2022	2021	2020
Domestic	**₱55,017,990**	₱50,356,983	₱49,880,008
Foreign	**18,862,719**	18,927,205	18,065,503
	₱73,880,709	₱69,284,188	₱67,945,511

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

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

	2022	2021
Domestic:		
Property, plant and equipment (Note 12)	**₱16,475,570**	₱16,616,860
Investments in associates and joint ventures (Note 11)	**1,104,453**	1,094,087
Intangible assets (Note 13)	**629,633**	657,953
Other noncurrent assets (Note 14)	**783,299**	992,831
Total	**18,992,955**	19,361,731
Foreign:		
Property, plant and equipment (Note 12)	**14,387,937**	13,335,400
Intangible assets (Note 13)	**13,853,272**	34,988,803
Other noncurrent assets (Note 14)	**125,404**	104,295
	28,366,613	48,428,498
	₱47,359,568	₱67,790,229

5. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱3,647,852**	₱4,773,728
Cash equivalents	**7,980,775**	9,083,086
	₱11,628,627	₱13,856,814

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

Interest income from cash and cash equivalents amounted to ₱132.8 million in 2022, ₱72.2 million in 2021 and ₱81.6 million in 2020 (see Note 21).

6. Trade and Other Receivables

	2022	2021
Trade receivables:		
Non-related parties	**₱6,701,031**	₱6,164,997
Related parties (Note 23)	**33,751**	33,777
Other receivables	**103,073**	81,330
	6,837,855	6,280,104
Allowance for ECL	**37,546**	31,372
	₱6,800,309	₱6,248,732

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

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

Movements in the allowance for ECL follow:

	2022	2021
Balance at January 1	**₱31,372**	₱67,575
Provision for (reversal of) ECL (Note 20)	**13,308**	(31,189)
Write-off	**(6,886)**	(5,989)
Currency translation adjustments	**(248)**	975
Balance at end of period	**₱37,546**	₱31,372

Trade and other receivables from related parties that were eliminated upon consolidation amounted to ₱2,484.0 million in 2022 and ₱2,556.1 million in 2021.

7. **Inventories**

	2022	2021
At cost:		
Finished goods	**₱180,689**	₱190,468
In-transit	**125,952**	319,180
Packaging and other materials	**19,548**	12,128
Work in-process	**8,285**	1,813
Raw materials	–	124,999
	334,474	648,588
At NRV:		
Finished goods	**4,151,719**	₱3,079,954
Raw materials	**3,788,967**	2,702,461
Work in-process	**1,637,029**	1,425,579
Packaging and other materials	**966,381**	715,781
	10,544,096	7,923,775
	₱10,878,570	₱8,572,363

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

	2022	2021
Finished goods	**₱4,490,304**	₱3,317,671
Raw materials	**3,877,924**	2,752,449
Work in-process	**1,745,283**	1,463,761
Packaging and other materials	**1,011,459**	833,914
	₱11,124,970	₱8,367,795

The Group assessed that the NRV for some inventories is lower than cost. As a result, the Group recognized provision for inventory losses. Movements in the allowance for inventory obsolescence for raw materials and finished goods are as follows:

	2022	2021
Balance at beginning of year	**₱444,020**	₱299,226
Provision	**480,008**	194,045
Write-off	**(341,881)**	(55,656)
Currency translation adjustments	**(1,273)**	6,405
Balance at end of year	**₱580,874**	₱444,020

The cost of inventories recognized under “Cost of goods sold” account amounted to ₱50,920.8 million in 2022, ₱43,692.8 million in 2021 and ₱41,439.5 million in 2020 (see Note 19).

The carrying value of the Group’s right of return assets amounted to nil as at December 31, 2022 and 2021 (see Note 3).

Under the terms of the agreements covering liabilities under trust receipts totaling ₱2,362.3 million, and ₱3,714.7 million as at December 31, 2022 and 2021, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds (see Note 16).

8. Prepayments and Other Current Assets

	2022	2021
Prepayments	**₱470,623**	₱538,754
Creditable withholding tax (CWT) and other credits	**314,489**	686,087
Deferred input VAT	**274,977**	294,801
Input VAT	**189,139**	201,610
Other current assets	**20,035**	48,664
	1,269,263	1,769,916
Allowance for non-recoverability of other current assets	**(54)**	(759)
	₱1,269,209	₱1,769,157

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

CWT and other credits include overpayment of 2020 income tax due to CREATE Act as at December 31, 2021 which were applied in 2022.

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

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under the tax laws and regulations.

Other current assets include withholding tax receivables which pertain to tax refunds from tax regulators that are collectible in cash.

Movement in allowance for non-recoverability of other current assets pertains to write-off of other current assets in 2022 amounting to ₱0.7 million.

9. Financial Assets

	2022	2021
Loans receivable:		
Related parties (Note 23)	**₱115,266**	₱115,266
Others	**662,300**	664,936
Financial assets at FVTPL	**1,756,101**	1,001
	2,533,667	781,203
Allowance for ECL	**(115,266)**	(115,266)
	₱2,418,401	₱665,937

	2022	2021
Current portion	**₱1,756,101**	₱165,937
Noncurrent portion (Note 27)	**662,300**	500,000
	₱2,418,401	₱665,937

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

On July 3, 2022, MNSPL and MNSG Holdings Pte. Ltd. agreed to extend the maturity of ₱162.3 million ($3.0 million) loan to MNSG Holdings Pte. Ltd. from July 3, 2022 to July 3, 2024. In 2022 and 2021, this loan is presented under “Noncurrent receivables” and “Current financial assets” account, respectively, in the consolidated statement of financial position (see Note 23).

Interest income from noncurrent receivables amounted to ₱15.8 million in 2022, ₱10.8 million in 2021 and ₱15.9 million in 2020 (see Note 21).

Movements in the allowance for ECL follow:

	2022	2021
Balance at January 1	**₱115,266**	₱193,572
Reversal of provision for ECL (Note 23)	−	(77,369)
Write-off	−	(937)
Balance at end of period	**₱115,266**	₱115,266

Financial assets at FVTPL. Financial assets at FVTPL mainly consist of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. Movements in the fair value of financial assets at FVTPL are as follows:

	2022	2021
Balance at January 1	**₱1,001**	₱–
Acquisitions	**2,586,197**	7,401,000
Disposal	**(851,995)**	(7,412,542)
Fair value change during the year	**22,380**	12,543
Foreign exchange loss	**(1,482)**	−
Balance at end of period	**₱1,756,101**	₱1,001

10. Financial Assets at FVOCI

Unquoted equity securities

As at December 31, 2022 and 2021, unquoted equity securities pertain to investment in Wide Faith Foods and Co. Ltd, which have been written-down to nil as at December 31, 2022 and 2021. The cost and fair value reserve of financial assets amounted to ₱235.1 million as at December 31, 2022 and 2021.

11. Investments in Associates and Joint Venture

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership	Amount **2022**	Amount 2021
Associates					
Monde Land Inc. (MLI)	Buying, leasing and acquiring of real estate	Philippines	40.00	**₱934,453**	₱925,304
NAMZ Pte Ltd*	Research and development	Singapore	21.20	**324,211**	324,211
Calaca Harvest Terminal, Inc. (CHTI)	Engaged in and carry on a general and commercial business by buying, selling, storage, warehouse and transport of grain and other related commodities	Philippines	20.00	**170,000**	140,000
YCE Group Pte Ltd*	Manufacturing of ice	Singapore	32.00	**78,249**	78,249
				1,506,913	1,467,764

(Forward)

Entities	Principal Activity	Country of Incorporation	Percentage of Ownership	Amount 2022	2021
Joint Venture					
Honey Droplet Hong Kong*	Purchasing, processing, exporting, and selling honey worldwide (excluding Japan)	Hong Kong	50.00	**₱218,748**	₱218,748
MMBC	Importation, marketing, promotion, and sale of beverage products	Philippines	48.99	**1,141**	28,783
				219,889	247,531
Less allowance for impairment loss on investments in (Note 3):					
NAMZ Pte Ltd				**324,211**	324,211
YCE				**78,249**	78,249
MMBC				**1,141**	–
Honey Droplet Hong Kong				**218,748**	218,748
				622,349	621,208
				₱1,104,453	₱1,094,087

** Indirect ownership through MNSPL*

Investments in Associates

	2022	2021
Acquisition costs, beginning of year	**₱1,300,322**	₱1,240,322
Additions	**30,000**	60,000
Acquisition costs, end of year	**1,330,322**	1,300,322
Accumulated equity share in net earnings:		
Balance at beginning of year	**167,442**	151,736
Share in net earnings	**34,634**	42,054
Dividends from MLI	**(25,485)**	(26,348)
	176,591	167,442
	1,506,913	1,467,764
Accumulated impairment loss	**(402,460)**	(402,460)
	₱1,104,453	₱1,065,304

Summarized consolidated financial information of MLI, a material associate, follows:

	2022	2021
Consolidated Statement of Financial Position		
Current assets	**₱250,761**	₱190,615
Noncurrent assets	**1,291,900**	1,333,186
Current liabilities	**(92,465)**	(93,000)
Noncurrent liabilities	**(44,394)**	(47,871)
Equity	**₱1,405,802**	₱1,382,930
Group's share in equity	**₱562,321**	₱553,172
Goodwill	**372,132**	372,132
Group's carrying amount of the investment	**₱934,453**	₱925,304

	2022	2021	2020
Consolidated Statement of Comprehensive Income			
Revenue	**₱279,715**	₱270,810	₱224,805
Cost of sales	**(149,209)**	(106,328)	(67,292)
Sales, general and administrative expenses	**(24,000)**	(23,720)	(20,680)
Other expenses	**(2,063)**	(3,256)	(4,486)
Income before income tax	**104,443**	137,506	132,347
Provision for income tax	**17,859**	32,371	44,533
Income after income tax	**86,584**	105,135	87,814
Other comprehensive income	**–**	–	–
Total comprehensive income	**₱86,584**	₱105,135	₱87,814
Group's share of profit for the year	**₱34,634**	₱42,054	₱35,126

The Group's share in the aggregated summarized financial information for immaterial associates follow:

	2022	2021	2020
Consolidated Statement of Comprehensive Income			
Revenue	**₱131,967**	₱107,262	₱86,551
Cost of sales	**(116,013)**	(97,513)	(63,401)
Sales, general and administrative expenses	**(57,565)**	(31,998)	(10,704)
Other income (expenses)	**(33,862)**	(23,199)	(15,019)
Loss before income tax	**(75,473)**	(45,448)	(2,573)
Provision for (benefit from) income tax	**–**	–	–
Loss after income tax	**(75,473)**	(45,448)	(2,573)
Other comprehensive income (loss)	**–**	–	–
Total comprehensive loss	**(₱75,473)**	(₱45,448)	(₱2,573)

The Group did not recognize its share in net losses in associates amounting to ₱75.5 million in 2022, ₱45.4 million in 2021 and ₱2.6 million in 2020. The accumulated share in net losses in associates not recognized amounted to ₱168.1 million and ₱92.6 million as at December 31, 2022 and 2021, respectively.

a. *MLI*

The Group's carrying amount of its investment in MLI is ₱934.5 million and ₱925.3 million as at December 31, 2022 and 2021, respectively. The difference between the carrying amount of the Group's investment in MLI as at December 31, 2022 and 2021 and its share in the total equity of MLI attributable to the equity holders of the Parent is attributable to goodwill.

b. *CHTI*

In 2021, the Group made additional investment amounting to ₱60.0 million representing 60,000 shares in CHTI to maintain its ownership interest of 20.00%.

In 2022, The Parent Company made an additional investment amounting to ₱30.0 million representing 30,000 shares in CHTI to maintain its ownership interest of 20.00%.

The associates had no contingent liabilities or capital commitments as at December 31, 2022 and 2021. There have been no guarantees provided by the Group to the associate as at December 31, 2022 and 2021.

Investment in Joint Ventures

	2022	2021
Acquisition costs, beginning of year	**₱379,623**	₱379,623
Additions	**19,600**	–
Acquisition costs, end of year	**399,223**	379,623
Accumulated equity share in net earnings:		
Balance at beginning of year	**(132,092)**	(126,405)
Share in net losses	**(47,242)**	(5,687)
	(179,334)	(132,092)
	219,889	247,531
Accumulated impairment loss:		
Balance at beginning of year	**(218,748)**	(218,748)
Impairment loss (Note 20)	**(1,141)**	–
	(219,889)	(218,748)
	₱–	₱28,783

The Group's shares in the aggregate summarized financial information of individually-immaterial joint ventures follow:

	2022	2021	2020
Revenue	**₱8,695**	₱27,988	₱36,459
Expenses	**(37,883)**	(33,472)	(85,619)
Other income (expenses)	**(18,047)**	(218)	6,405
Loss before income tax	**(47,235)**	(5,702)	(42,755)
Provision for (benefit from) income tax	**7**	(15)	–
Loss after income tax	**(47,242)**	(5,687)	(42,755)
Other comprehensive loss	**–**	–	(349)
Total comprehensive loss	**(₱47,242)**	(₱5,687)	(₱43,104)

The Group did not recognize share in net losses in joint ventures amounting to nil in 2022 and 2021 and ₱37.5 million in 2020. The accumulated share in net losses in joint ventures not recognized amounted ₱85.9 million as at December 31, 2022, 2021 and 2020. There have been no guarantees provided by the Group to the joint venture company as at December 31, 2022 and 2021.

a. Honey Droplet Hong Kong

The Group has a 50.00% interest in the ownership and voting rights in a joint venture, Honey Droplet Hong Kong. This joint venture is incorporated in Hong Kong and is a strategic venture in purchasing, processing, exporting, and selling honey worldwide (excluding Japan). The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

As of December 31, 2022 and 2021, Honey Droplet Hong Kong has no operations due to factory shut down. 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, 2022 and 2021.

b. MMBC

In 2015, the Group signed a Joint Venture Agreement with Malee Beverage Public Co. Ltd., a leading juice and canned fruit manufacturer in Thailand, to set up MMBC to tap the aggressive growth of the beverage market in the Philippines. MMBC has ₱100.0 million of registered capital, of which the Group and Malee share 48.99% each and the remaining 2.00% are held by individual investors.

The Group determined that the negative results of operations and cashflow projections MMBC are impairment indicators. As a result, the Group's investment in MMBC is fully impaired as at December 31, 2022. Impairment loss recognized amounted to ₱1.1 million in 2022 and nil in 2021 and 2020 (see Note 20).

The joint ventures have no contingent liabilities or capital commitments as at December 31, 2022 and 2021. There have been no guarantees provided or received for any related party receivables and payables.

12. **Property, Plant and Equipment**

2022

	Land	**Land Improvements**	**Buildings and Improvements**	**Leasehold Improvements**	**Plant Machinery and Fixtures**	**Office Furniture and Equipment**	**Transportation Equipment**	**Computer and Commu-nications Equipment**	**Machineries Under Installation**	**Construction In-progress**	**ROU Land**	**ROU Others**	**Total**
Cost													
Balance at beginning of year	**₱441,083**	**₱5,283**	**₱12,753,979**	**₱149,289**	**₱32,500,137**	**₱357,281**	**₱155,538**	**₱264,147**	**₱1,374,644**	**₱5,085,405**	**₱2,906,919**	**₱721,869**	**₱56,715,574**
Additions	–	–	**18,002**	**32,557**	**113,471**	**43,006**	**26,771**	**5,801**	**1,236,043**	**2,865,661**	–	**123,797**	**4,465,109**
Disposals and retirement	–	–	**(67,444)**	**(15,188)**	**(50,430)**	**(3,488)**	**(24,209)**	**(19,496)**	–	–	**(8,455)**	**(11,346)**	**(200,056)**
Reclassifications	–	–	**958,058**	–	**3,368,689**	**88,202**	**1,679**	**121,963**	**(564,161)**	**(3,974,430)**	–	–	–
Foreign currency translation adjustments	**19,126**	**325**	**(155,509)**	**626**	**440,014**	**16,777**	**(855)**	**1,361**	**34,434**	**(49,728)**	–	–	**306,571**
Balance at end of year	**460,209**	**5,608**	**13,507,086**	**167,284**	**36,371,881**	**501,778**	**158,924**	**373,776**	**2,080,960**	**3,926,908**	**2,898,464**	**834,320**	**61,287,198**
Accumulated Depreciation													
Balance at beginning of year	–	**3,802**	**5,065,912**	**98,071**	**17,379,819**	**296,563**	**78,348**	**195,772**	–	–	**220,879**	**251,519**	**23,590,685**
Depreciation (Notes 19 and 20)	–	**272**	**578,665**	**13,040**	**1,679,286**	**58,725**	**19,560**	**90,704**	–	–	**86,367**	**101,141**	**2,627,760**
Disposals and retirement	–	–	**(38,084)**	**(10,122)**	**(49,675)**	**(3,406)**	**(22,027)**	**(19,496)**	–	–	**(8,455)**	**(11,346)**	**(162,611)**
Foreign currency translation adjustments	–	**241**	**66,596**	**(3,783)**	**231,272**	**19,416**	**68**	**1,738**	–	–	–	–	**315,548**
Balance at end of year	–	**4,315**	**5,673,089**	**97,206**	**19,240,702**	**371,298**	**75,949**	**268,718**	–	–	**298,791**	**341,314**	**26,371,382**
Accumulated Impairment Loss													
Balance at beginning of year	–	–	**932,587**	**967**	**1,491,884**	–	–	**36**	**571,765**	**175,390**	–	–	**3,172,629**
Impairment loss (Notes 3 and 20)	–	–	**45,484**	–	**725,964**	–	–	–	–	**54,452**	–	–	**825,900**
Disposals and retirement	–	–	**(24,667)**	**(12)**	–	–	–	–	–	–	–	–	**(24,679)**
Foreign currency translation adjustments	–	–	**30,648**	–	**49,536**	–	–	–	–	**(1,725)**	–	–	**78,459**
Balance at end of year	–	–	**984,052**	**955**	**2,267,384**	–	–	**36**	**571,765**	**228,117**	–	–	**4,052,309**
Net Book Value	**₱460,209**	**₱1,293**	**₱6,849,945**	**₱69,123**	**₱14,863,795**	**₱130,480**	**₱82,975**	**₱105,022**	**₱1,509,195**	**₱3,698,791**	**₱2,599,673**	**₱493,006**	**₱30,863,507**

2021

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-nications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at Beginning of year	₱456,119	₱5,577	₱10,256,604	₱145,198	₱30,313,880	₱362,439	₱115,322	₱234,304	₱1,863,902	₱3,933,034	₱2,906,919	₱657,917	₱51,251,215
Additions	–	–	11,875	2,591	191,209	13,939	13,676	14,788	1,777,948	3,281,159	–	132,488	5,439,673
Disposals	–	–	(6,288)	–	(453,657)	(71,305)	(6,649)	(1,142)	–	(373)	–	(68,536)	(607,950)
Reclassifications	–	–	1,774,503	1,500	2,523,225	55,408	33,242	20,250	(2,293,781)	(2,114,347)	–	–	–
Foreign currency translation adjustments	(15,036)	(294)	717,285	–	(74,520)	(3,200)	(53)	(4,053)	26,575	(14,068)	–	–	632,636
Balance at End of year	441,083	5,283	12,753,979	149,289	32,500,137	357,281	155,538	264,147	1,374,644	5,085,405	2,906,919	721,869	56,715,574
Accumulated Depreciation													
Balance at Beginning of year	–	3,690	4,540,133	90,693	16,326,942	274,737	67,338	161,726	–	–	134,512	177,341	21,777,112
Depreciation (Notes 19 and 20)	–	270	502,027	7,431	1,549,919	96,852	17,316	39,009	–	–	86,367	97,416	2,396,607
Disposals	–	–	(4,716)	(53)	(452,748)	(71,270)	(6,253)	(1,094)	–	–	–	(23,238)	(559,372)
Foreign currency translation adjustments	–	(158)	28,468	–	(44,294)	(3,756)	(53)	(3,869)	–	–	–	–	(23,662)
Balance at end of year	–	3,802	5,065,912	98,071	17,379,819	296,563	78,348	195,772	–	–	220,879	251,519	23,590,685

(Forward)

	2021												
	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-nications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Accumulated Impairment Loss													
Balance at Beginning of year	₱–	₱–	₱798,480	₱967	₱1,343,318	₱–	₱–	₱36	₱543,684	₱151,044	₱–	₱–	₱2,837,529
(Reversal of) provision for impairment loss - net (Notes 3 and 20)	–	–	(4,240)	–	174,874	–	–	–	28,081	24,346	–	–	223,061
Foreign currency translation adjustments	–	–	138,347	–	(26,308)	–	–	–	–	–	–	–	112,039
Balance at End of year	–	–	932,587	967	1,491,884	–	–	36	571,765	175,390	–	–	3,172,629
Net Book Value	₱441,083	₱1,481	₱6,755,480	₱50,251	₱13,628,434	₱60,718	₱77,190	₱68,339	₱802,879	₱4,910,015	₱2,686,040	₱470,350	₱29,952,260

Machineries under installation pertain to plant equipment for various product lines that are still under installation which are expected to be completed in 2023 to 2024. Additions to machineries under installation include costs for the construction of new production facilities.

Construction in-progress pertains to the construction of an additional building and building improvements which is expected to be completed in 2023 to 2024. There were no capitalized borrowing costs as the construction in-progress were funded by cash from operations.

In 2022, 2021 and 2020, the Group recognized provision for impairment loss on property, plant and equipment amounting to ₱825.9 million, ₱223.1 million and ₱1,013.8 million, respectively (see Note 20).

In 2022, 2021 and 2020, the Group sold property, plant and equipment with a total net book value of ₱12.8 million, ₱3.3 million and ₱25.2 million, respectively, for a cash consideration of ₱31.3 million in 2022, ₱5.6 million in 2021 and ₱27.9 million in 2020. The net gains on these disposals were recognized under the "Miscellaneous income" account in the consolidated statement of other comprehensive income (see Note 21).

There are no idle property, plant and equipment as at December 31, 2022 and 2021. The Group has no property, plant and equipment used as collateral as at December 31, 2022 and 2021.

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,447.5 million, ₱1,423.5 million, and ₱1,624.8 million as at 2022, 2021 and 2020, respectively (see Note 27).

13. Intangible Assets

	2022							
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks with definite useful life**	**Trademarks with indefinite useful life**	**Software**	**Total**
Cost								
Balance at beginning of year	₱16,810,906	₱18,262,118	₱727,560	₱34,639	₱2,451	₱14,459	₱362,333	₱36,214,466
Additions	–	–	–	–	–	–	75,901	75,901
Foreign currency translation adjustments	(268,667)	(290,421)	–	–	148	–	4,416	(554,524)
Balance at end of year	16,542,239	17,971,697	727,560	34,639	2,599	14,459	442,650	35,735,843
Accumulated Amortization								
Balance at beginning of year	–	43,063	269,804	–	1,469	–	163,232	477,568
Amortization (sNotes 19, 20 and 21)	–	–	36,378	700	175	–	48,649	85,902
Foreign currency translation adjustments	–	(689)	–	–	95	–	1,755	1,161
Balance at end of year	–	42,374	306,182	700	1,739	–	213,636	564,631
Accumulated Impairment Loss								
Balance at beginning of year	–	90,142	–	–	–	–	–	90,142
Impairment loss (Notes 3 and 20)	16,500,821	4,043,295	–	–	–	2,481	–	20,546,597
Foreign currency translation adjustments	41,418	10,150	–	–	–	–	–	51,568
Balance at end of year	16,542,239	4,143,587	–	–	–	2,481	–	20,688,307
Net Book Value	₱–	₱13,785,736	₱421,378	₱33,939	₱860	₱11,978	₱229,014	₱14,482,905

	2021							
	Goodwill	Brand	Distribution Rights	License	Trademarks with definite useful life	Trademarks with indefinite useful life	Software	Total
Cost								
Balance at beginning of year	₱15,851,354	₱17,224,878	₱727,560	₱–	₱3,412	₱14,459	₱272,742	₱34,094,405
Additions	–	–	–	34,639	424	–	78,396	113,459
Foreign currency translation adjustments	959,552	1,037,240	–	–	(1,385)	–	11,195	2,006,602
Balance at end of year	16,810,906	18,262,118	727,560	34,639	2,451	14,459	362,333	36,214,466
Accumulated Amortization								
Balance at beginning of year	–	40,605	233,426	–	2,602	–	127,299	403,932
Amortization (Notes 19, 20 and 21)	–	–	36,378	–	218	–	37,669	74,265
Foreign currency translation adjustments	–	2,458	–	–	(1,351)	–	(1,736)	(629)
Balance at end of year	–	43,063	269,804	–	1,469	–	163,232	477,568
Accumulated Impairment Loss	–	90,142	–	–	–	–	–	90,142
Net Book Value	₱16,810,906	₱18,128,913	₱457,756	₱34,639	₱982	₱14,459	₱199,101	₱35,646,756

In 2021, the Group acquired license with indefinite useful life amounting to ₱34.6 million. This pertains to acquisition of know-how and other intellectual property from a third party. In 2022, the Parent Company assessed that it would take 10 years to apply the systems from its license across all its sites. As a result, the useful life of this asset has changed from indefinite to 10 years.

Goodwill and brand were acquired through business combinations.

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

	2022				2021			
	Goodwill	**Brand**	**Trademark**	**License**	Goodwill	Brand	Trademark	License
MNUKL	**₱–**	**₱13,785,736**	**₱–**	**₱–**	₱16,810,906	₱18,128,913	₱–	₱–
MNC	**–**	**–**	**11,978**	**–**	–	–	14,459	34,639
Total	**₱–**	**₱13,785,736**	**₱11,978**	**₱–**	₱16,810,906	₱18,128,913	₱14,459	₱34,639

The Group performed its annual impairment test in December 2022 and 2021 (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

	2022	2021
Advances to suppliers and contractors	**₱619,658**	₱705,290
Deferred input VAT for amortization	**244,869**	360,263
Refundable and other deposits	**29,782**	74,586
Advances to employees	**69,777**	68,911
Others	**14,394**	12,774
	978,480	1,221,824
Less allowance for advances to suppliers and contractors	**–**	55,787
	₱978,480	₱1,166,037

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

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

Refundable and other deposits are deposits for office and warehouse spaces which are refundable upon the termination of the lease contract.

Advances to employees are long-term advances granted to employees. In 2021, movement in allowance pertains to write-off of advances to suppliers and contractors.

15. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	2022	2021
Trade payables		
Non-related parties	**₱6,197,721**	₱4,962,761
Related parties (Note 23)	**14,578**	21,888
Nontrade payables	**2,559,920**	2,450,725
Accruals for:		
Advertising and promotions	**769,960**	1,196,211
Trade spend	**454,941**	382,207
Selling, general and administrative expenses	**321,695**	368,792
Personnel costs	**266,978**	319,150
Other accruals	**171,196**	153,116
Provisions	**92,666**	118,891
Statutory payables	**384,559**	1,053,318
Others	**88,386**	129,360
	₱11,322,600	₱11,156,419

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.

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

Provisions include claims by third parties in the ordinary course of business. As allowed by PAS 37, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Group's position and negotiation strategies with respect to these matters.

Statutory payables comprise mainly of the Group's liabilities to the tax authorities such as withholding taxes payable, final taxes payable, etc.

Trade and other payables from related parties that were eliminated upon consolidation amounted to ₱2,484.0 million in 2022 and ₱2,556.1 million in 2021.

Refund Liabilities

As at December 31, 2022 and 2021, the Group's refund liabilities consist of the following:

	2022	2021
Refund liabilities:		
Arising from rights of return	**₱200,440**	₱181,697
Arising from volume discount	**–**	122,181
	₱200,440	₱303,878

16. Acceptance and Trust Receipts Payable

This account represents the Group's peso and US dollar-denominated liabilities incurred in connection with the importations and acquisitions of raw materials from foreign suppliers. These raw materials are insured in compliance with the requirements of the bank. These liabilities are for a period of 1 year with an average annual interest rate of 2.82% in 2022 and 2.5% in 2021.

The Group has outstanding acceptance and trust receipts payable amounting to ₱2,362.3 million, ₱3,714.7 million as at December 31, 2022 and 2021, respectively.

The Group recognized interest expense amounting to ₱68.0 million in 2022, ₱37.1 million in 2021 and ₱32.8 million in 2020 (see Note 21).

17. Loans Payable and Convertible Note

Loans Payable

Description	Maturities	Interest Rates	2022	2021
MFL				
£105.0 million term loan	June 2025 subject to extension of 2 years	Margin and SONIA	**₱7,081,137**	₱–
£4.0 million drawdown loan	November 2022	Margin and SONIA	**269,758**	
£113.0 million term loan	March 2024	Margin and SONIA	**–**	7,059,040
Parent				
₱18,700.0 million Floating Rate Corporate Notes (FRCNs)	December 2022	Effective after December 31, 2021 - Higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate. Effective April 5, 2021 - Higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the BSP overnight borrowing rate + 30 bps per annum	**–**	5,000
			7,350,895	7,064,040
Unamortized debt issue costs			**(97,881)**	(65,235)
			₱7,253,014	₱6,998,805
Current portion			**₱269,758**	₱6,998,805
Non-current portion			**6,983,256**	–
			₱7,253,014	₱6,998,805

a. MFL Loan

As at December 31, 2021, MFL, a wholly owned UK-based indirect subsidiary, has outstanding unsecured loans payable amounting to ₱7,059.0 million (£103.0 million). Interest rate is based on Margin and LIBOR as at December 31, 2021. MFL transitioned its interest rate from LIBOR to SONIA such that the interest rate is based on Margin and SONIA in 2022. The change is a direct consequence of IBOR reform, and the new basis for determining cash flows is economically equivalent to the previous one. This does not affect the overall fixed interest payable on the hedged portion of the loan of ₱7,059.0 million (£103.0 million) as at December 31, 2021 (Note 26).

The outstanding loan of MFL as at December 31, 2021 has the following financial covenants:

i. MFL is required to maintain a Gross Leverage of less than 3.5x from March 31, 2019 and each quarter thereafter up to and including September 30, 2020. Afterwards, MNUKL is required to maintain a Gross Leverage of less than 3.0x from December 31, 2020 and each quarter thereafter.

ii. The Group is required to maintain a Gross Leverage of less than 6.0x from March 31, 2019 onwards.

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

As at December 31, 2021, MFL exceeded the gross leverage covenant threshold of 3.0x. In June 2022, MFL entered into a sterling term loan facility amounting to ₱7,081.1 million (£105.0 million) to settle the outstanding loan of ₱7,059.0 million (£103.0 million).

As at December 31, 2022, MFL has outstanding unsecured loans payable amounting to ₱7,350.9 million (£109.0 million). The sterling term loan facility amounting to ₱7,081.1 million (£105.0 million) with maturity on June 2025 subject to extension of 2 years and interest rate based on Margin and SONIA has the following financial covenants:

- The Group is required to maintain Gross Leverage of less than 3.5x from June 30, 2022 and each quarter thereafter
- The Group is required to maintain an interest cover of greater than 3.0 from June 30, 2022 and each quarter thereafter.

As at December 31, 2022, the Group is in compliance with these covenants.

b. Parent Company

As at December 31, 2021, the Parent Company has outstanding unsecured loans payable with a financial institution. This loan bears interest at the higher of (a) 3-day average of the 3-month BVAL + 75 bps per annum or (b) the overnight deposit facility rate. This loan has the following financial covenants and shall be computed on a consolidated basis:

a. The Group is required to maintain a debt to equity ratio of not greater than 4.00x.
b. The Group is required to maintain a Gross Leverage of less than 6.0x from January 1, 2019 onwards.
c. The Group is required to maintain a debt service cover ratio greater than 1.20x.

Financial testing shall be done every 6 months and reported the following month of such period.

In addition and as stated in the loan agreements, the Group may declare or pay dividends to its stockholders or make any other capital or other asset distribution to its stockholders as long as it is in compliance with the above financial covenants and no event of default has occurred.

As at December 31, 2021, the Group is in compliance with the financial covenants.

In 2021, the Parent Company prepaid its loan amounting to ₱22,041.0 million as part of the change in use of IPO approved by BOD in August 2021. This loan was fully settled in December 2022 by the Parent Company.

Interest expense related to the loans amounted to ₱53.3 million in 2022, ₱442.1 million in 2021 and ₱1,163.6 million in 2020 (see Note 21).

Convertible Note

On February 5, 2019, the Parent Company and Arran Investment Pte. Ltd. (Arran or Investor), a company incorporated in the Republic of Singapore, entered into a Subscription Agreement wherein the Parent Company agreed to issue a Convertible Note with a face amount of ₱9,122.7 million and convertible at the option of the holder upon the occurrence of a contingent event into 494,516,100 shares as adjusted for the stock split in September 2019 representing 7.00% of the issued and outstanding shares of the Parent Company on a fully-diluted basis. In 2021, the equivalent ownership interest of the Convertible Note has decreased from 7.00% to 6.44% of the Parent Company's issued and outstanding shares as a result of the issuance of Parent Company's common shares to MCI) (see Note 18). On April 12, 2019, the Parent Company issued to Arran the Convertible Note subject to certain terms and conditions, including the redemption features which result in the treatment of the Convertible Note as a USD-denominated instrument with a principal amount of $174.8 million. The Convertible Note is mandatorily redeemable at the Philippine peso equivalent of the redemption amount computed based on a formula after five years from its issue date. In addition, the Convertible Note has an optional redemption feature exercisable by the holder upon the happening of the same contingent event for the conversion feature. The Parent Company also entered into an Investor Rights Agreement on April 12, 2019 that gave certain rights to the Investor pending redemption of the Convertible Note.

When establishing the accounting treatment for the Convertible Note, the Group classified such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with PAS 32, *Financial Instrument: Presentation*. The Convertible Note was assessed to be a hybrid instrument containing a host financial liability component and derivative components for the equity conversion and redemption options. 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 in 2021:

Host liability:	
Beginning balance	₱7,027,163
Accretion of interest (Note 21)	746,999
Foreign exchange loss (gain)	(73,445)
Amortization of debt issue cost	20,988
Payments of cash variable interest	(113,739)
Redemption	(7,607,966)
	₱–

Cash variable interest is an amount equal to the amount of the dividends received by the Parent Company's shareholder that the Investor would have received if the Convertible Note was converted into shares prior to the declaration of such dividend. Accretion of interest on Convertible Note amounted to ₱490.0 million in 2021 (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 18.

On June 3, 2021, the Parent Company redeemed the Convertible Note. The Parent Company paid the listing redemption of ₱13,351.9 million. This resulted to loss on redemption of convertible note amounting to ₱1,579.3 million in 2021 (i.e. difference between the listing redemption amount and the carrying value of the Convertible Note and the related derivative liability).

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

	2022	2021
Loans Payable		
Balance at January 1	**₱65,235**	₱191,374
Additions during the period	**120,806**	–
Amortization during the period (Note 21)	**(86,624)**	(133,534)
Foreign currency translation adjustments	**(1,536)**	7,395
Total	**97,881**	65,235
Convertible Note		
Balance at January 1	–	173,929
Redemption of convertible note	–	(152,941)
Amortization during the period (Note 21)	–	(20,988)
	–	–
	₱97,881	₱65,235

18. Equity

Capital Stock and Additional Paid-in Capital (APIC)

The details of the Parent Company's common stock as at December 31, 2022 and 2021 follows:

	2022	2021
Authorized number of shares	**20,400,000,000**	20,400,000,000
Par value per share	**₱0.50**	₱0.50
Issued and outstanding common shares:		
Balance at January 1	**17,968,611,496**	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**	17,968,611,496

The details of the Parent Company's additional paid-in capital as at December 31, 2022 and 2021 follows:

	2022	2021
Balance at January 1	**₱46,515,847**	₱–
Additions		
Issuance of common shares during IPO	–	46,800,000
Issuance of common shares to MCI	–	1,204,039
Share issuance costs		
Issuance of common shares during IPO	–	(1,484,817)
Issuance of common shares to MCI	–	(3,375)
Balance at end of period	**₱46,515,847**	₱46,515,847

On January 11, 2021, the Parent Company entered into an agreement with MCI for the subscription of the Parent Company's 614,305,748 common shares at a subscription price of ₱2.96 per share or a total subscription price of ₱1,818.3 million which was fully settled on January 29, 2021.

On April 20, 2021, the SEC favorably considered, subject to certain conditions, the amended registration statement filed by the Parent Company covering the registration of 17,968,611,496 common shares to be listed and traded on the Main Board of the PSE with a par value of ₱0.50 per shares in relation to the Parent Company's initial public offering.

On April 21, 2021, the BOD of the PSE approved, subject to certain conditions, the application of the Parent Company for the listing of up to 17,968,611,496 common shares on the Main Board of the PSE.

On June 1, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol "Monde". The Parent Company issued 3,600,000,000 common shares for a total consideration of ₱48,600.0 million.

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

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

The total number of stockholders was 16 as at December 31, 2022 and 2021. With respect to the Parent Company's stockholders as at December 31, 2022 and 2021, the shares were either held (a) in a certificated form or (b) in scripless form held under the account of PCD Nominee Corp. (PCD Nominee) through 136 trading participants (*i.e.*, brokers and custodians) of the Philippine Depository & Trust Corp. (PDTC). The shares lodged under PCD Nominee are further broken down into PCD Nominee (Filipino) and PCD Nominee (Non-Filipino).

<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 amending the authorized capital stock of the Parent Company (without increasing or decreasing the same) such that the authorized number of shares, as amended, shall be:

a. 20,400,000,000 common shares with a par value of ₱0.50 per share, from the current par value of ₱1.00 per share; and

b. 3,600,000,000 Preferred Shares classified into:

Class of Preferred Shares	No. of shares	Par value	Amount
Non-voting "A"	400,000,000	₱1.00	₱400,000
Non-voting "B"	800,000,000	1.00	800,000
Voting "C"	2,400,000,000	0.25	600,000
Total	3,600,000,000		₱1,800,000

Said preferred shares' issue value, dividend rate and the terms and conditions of their redemption shall be determined by the BOD at the time of their respective issuances. Furthermore, they shall be cumulative and non-participating as to dividends and non-convertible into common shares. Said preferred shares shall also enjoy preference in assets in the event of liquidation of the Parent Company and in the payment of dividends as against common shares; however, they shall not enjoy any pre-emptive rights to any issue of shares (whether common or preferred).

These amendments on the Parent Company's AOI was approved by the SEC on April 7, 2021.

There have been no issuances of preferred stock as at December 31, 2022 and 2021.

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.

Retained Earnings
Parent Company
On the following dates, the BOD approved the following cash dividends, all of which have been previously appropriated except for 2022:

Dividend declaration and stockholders of record date	Dividend per share	Amount
August 9, 2022	₱0.14	₱2,515,606
January 22, 2021	0.23	1,511,100
March 1, 2021	1.19	8,549,324
October 1, 2020	0.15	985,500
November 5, 2020	₱0.23	1,511,100

The BOD approved the following:

- On November 5, 2020, reversal of the 2019 appropriation for ₱6,200.0 million for dividends, expansions, and other capital requirements.

- On December 16, 2020, additional reversal of the 2019 appropriation for ₱2,000.0 million for dividends, expansions, and other capital requirements.

- On December 16, 2020, appropriation of ₱10,700.0 million from the Parent Company's retained earnings for dividends, expansions, and other capital requirements, and to comply with the financial covenants in 2021.

- On March 1, 2021, reversal of the 2020 appropriation for ₱6,800.0 million for dividends, expansions, and other capital requirements.

- On August 9, 2022, reversal of the 2021 appropriation for ₱3,900.0 million for expansions, and other capital requirements.
- On December 19, 2022, appropriation of ₱5,000.0 million for plant expansions and other capital expenditure requirements.
- On March 22, 2023, the Parent Company's BOD approved the reversal of the 2022 appropriation amounting to ₱5,000.0 million for expansions and other capital requirements.

MMYSC
The BOD approved the following:

- On December 28, 2020, release of 2019 appropriation of ₱717.0 million for plant capacity expansion.
- On December 28, 2020, appropriation of ₱410.9 million for expansion and other capital requirements which are expected to be completed in 2021-2022.
- On December 1, 2021, release of 2020 appropriation of ₱410.9 million for plant capacity expansion.
- On December 1, 2021, appropriation of ₱150.8 million for expansion and other capital requirements which are expected to be completed in 2022.
- On December 6, 2022, release of 2021 appropriation of ₱150.8 million for plant capacity expansion.
- On December 6, 2022, appropriation of ₱167.0 million for expansion and other capital requirements which are expected to be completed in 2023.

MIL
Under Section 1202 of the Thai Civil and Commercial Code, MIL is required to set aside to a statutory reserve of at least 5% of its income each time MIL pays dividend, until the reserve reaches 10% of the registered capital. The statutory reserve can neither be offset against deficit nor used for dividend payment. The statutory reserve of MIL amounted to ₱44.5 million as at December 31, 2022, 2021 and 2020.

The Group's appropriated retained earnings follows:

	2022		2021		2020	
	Expected Completion	**Amount**	Expected Completion	Amount	Expected Completion	Amount
Expansions and capital expenditures	**2023-2024**	**₱5,167,000**	2022-2023	₱4,050,805	2021-2022	₱4,410,884
Appropriation to comply with financial covenants (Note 17)				–		4,200,000
Dividends				–	2021	2,500,000
MIL statutory reserve	**Indefinite**	**44,452**	Indefinite	44,452	Indefinite	44,452
		₱5,211,452		₱4,095,257		₱11,155,336

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, 2022 and 2021, undistributed retained earnings of subsidiaries amounting to ₱4,530.2 million and ₱11,766.9 million, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries. Further, the undistributed retained earnings (losses) include appropriated retained earnings of MMYSC and MIL amounting to ₱211.5 million and ₱2,195.3 million as at December 31, 2022 and 2021, respectively.

Equity Reserve (see Note 4)

	2022	2021
MMYSC	**(₱532,573)**	(₱532,573)
MNTH	**(115,390)**	(115,390)
MNAC	**(7,733)**	(7,733)
KBT	**33,361**	33,361
	(₱622,335)	(₱622,335)

Cumulative Translation Adjustments
Cumulative translation adjustments attributable to equity holders of the Parent Company are as follows:

	2022	2021
Foreign investments:		
MNSPL	**(₱2,845,103)**	(₱2,326,573)
MNIIL	**(185,219)**	(186,001)
MNTH	**(8,433)**	(176,761)
MIL	**(49,693)**	(93,918)
Cross currency swap:		
MNC (Note 26)	**(386,532)**	–
	(₱3,474,980)	(₱2,783,253)

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

Basic EPS

	2022	2021	2020
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income (loss) attributable to equity holders of the parent:	**(₱13,020,512)**	₱3,115,032	₱7,340,901
Number of shares:			
Common shares outstanding at January 1	**17,968,611,496**	6,570,000,000	6,570,000,000
Effect of common share issuance to MCI	–	563,113,602	–
Effect of reduction in par	–	7,133,113,602	6,570,000,000
Effect of common share issuance during IPO	–	2,100,000,000	–
Weighted average number of common shares	**17,968,611,496**	16,366,227,204	13,140,000,000
Basic EPS	**(₱0.72)**	₱0.19	₱0.56

Diluted EPS

	2022	2021	2020
	(In Thousands, Except Numbers of Shares and Per Share Data)		
Net income (loss) attributable to equity holders of the parent:	**(₱13,020,512)**	₱3,115,032	₱7,340,901
Adjustments, net of tax:			
Unrealized foreign exchange gain	**–**	–	(406,305)
Accretion of interest	**–**	–	284,896
Derivative loss	**–**	–	134,645
Cash variable interest	**–**	–	58,041
Accretion of debt issue cost	**–**	–	33,337
	(13,020,512)	3,115,032	7,445,515
Number of shares:			
Common shares outstanding at January 1	**17,968,611,496**	6,570,000,000	6,570,000,000
Effect of common share issuance to MCI	**–**	563,113,602	–
Effect of reduction in par	**–**	7,133,113,602	6,570,000,000
Effect of common share issuance during IPO	**–**	2,100,000,000	–
Weighted average number of common shares	**17,968,611,496**	16,366,227,204	13,140,000,000
Effects of dilution from Convertible Note (Note 17)	**–**	–	989,032,200
Weighted average number of shares adjusted for the effects of dilution	**17,968,611,496**	16,366,227,204	14,129,032,200
Diluted EPS	**(₱0.72)**	₱0.19	₱0.53

Potentially dilutive shares were redeemed in June 2021, hence, basic EPS equals diluted EPS in 2022 and 2021.

The number of common shares in 2020 have been retroactively adjusted for the effect of the reduction in par value approved by the SEC on April 7, 2021 as discussed above.

19. Net Sales and Cost of Goods Sold

Net Sales by Geography and Operating Segment

	2022	2021	2020
APAC BFB			
Philippines	**₱55,017,990**	₱50,356,983	₱49,880,008
Other Countries	**3,473,079**	3,682,032	3,030,565
	58,491,069	54,039,015	52,910,573
Meat Alternative			
United Kingdom	**11,870,824**	11,801,245	11,460,790
United States	**1,318,628**	1,328,113	1,438,432
Other Countries	**2,200,188**	2,115,815	2,135,716
	15,389,640	15,245,173	15,034,938
	₱73,880,709	₱69,284,188	₱67,945,511

All revenues are recognized at a point in time.

Cost of Goods Sold

	2022	2021	2020
Direct materials	**₱39,364,367**	₱32,718,491	₱31,119,205
Direct labor (Note 21)	**2,844,961**	3,499,788	3,264,155
Manufacturing overhead:			
Depreciation and amortization (Notes 12 and 13)	**2,206,038**	2,012,608	1,898,518
Repairs and maintenance	**1,533,256**	1,714,730	1,416,468
Light and water	**1,831,431**	1,505,609	704,279
Indirect labor (Note 21)	**1,048,336**	1,110,354	977,496
Plant utilities and other consumption	**1,149,296**	828,235	1,057,545
Steam	**787,575**	716,696	489,335
Rent (Notes 23 and 25)	**23,416**	22,043	50,063
Others	**1,661,564**	1,057,905	1,185,961
Total manufacturing costs	**52,450,240**	45,186,459	42,163,025
Inventory movements (Note 7):			
Finished goods	**(1,241,491)**	(885,698)	(371,622)
Work in-process	**(287,994)**	(607,992)	(351,887)
	₱50,920,755	₱43,692,769	₱41,439,516

20. Sales, General and Administrative Expenses

General and Administrative Expenses

	2022	2021	2020
Salaries, wages and employee benefits (Note 21)	**₱4,388,113**	₱3,771,921	₱3,805,016
Outside services	**767,777**	1,338,168	561,864
Depreciation and amortization (Notes 12 and 13)	**507,624**	458,264	404,801
Insurance	**255,793**	247,730	168,488
Repairs and maintenance	**255,190**	270,376	216,555
Taxes and licenses	**253,293**	296,926	348,937
Research and development	**226,759**	562,823	159,599
Inventory loss	**192,012**	36,504	115,599
Fringe benefit tax	**125,673**	222,123	219,937
Warehouse and office supplies	**118,383**	69,558	114,354
Entertainment, amusement and recreation	**93,194**	157,689	17,611
Light, water, and telecommunication	**46,505**	93,653	61,513
Rent (Notes 23 and 25)	**37,833**	37,951	7,438
Donations	**26,839**	12,070	70,944
Recruitment and training expenses	**23,055**	20,849	21,743

(Forward)

	2022	2021	2020
Provision for ECL and write-off (Notes 6 and 9)	**₱13,308**	₱–	₱114,343
Project costs	–	–	102,682
Others	**256,396**	22,755	328,607
	₱7,587,747	₱7,619,360	₱6,840,031

Selling and Distribution Expenses

	2022	2021	2020
Advertising and promotions	**₱3,853,757**	₱5,183,418	₱3,530,073
Transportation and delivery	**3,017,221**	2,631,676	2,518,207
Merchandising expense	**625,376**	528,901	521,018
	₱7,496,354	₱8,343,995	₱6,569,298

Impairment Loss

	2022	2021	2020
Intangible assets (Notes 3 and 13)	**₱20,546,597**	₱–	₱–
Property, plant and equipment (Notes 3 and 12)	**825,900**	223,061	1,013,838
Investments in associates and joint venture (Notes 3 and 11)	**1,141**	–	–
	₱21,373,638	₱223,061	₱1,013,838

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

Finance Income

	2022	2021	2020
Cash and cash equivalents (Note 5)	**₱132,808**	₱72,212	₱81,599
Noncurrent receivables (Note 9)	**15,788**	10,759	15,865
Gain on loan modification (Note 17)	–	–	165,066
	₱148,596	₱82,971	₱262,530

Finance Costs

	2022	2021	2020
Interest expense on lease liabilities (Note 25)	**₱182,919**	₱188,058	₱153,705
Interest on loans payable (Note 17)	**53,274**	442,102	1,163,562
Amortization of debt issue costs (Note 17):			
Loans payable	**86,624**	133,534	(122,614)
Convertible note	–	20,988	47,624

Forward

	2022	2021	2020
Acceptance and trust receipts payable (Note 16)	**₱68,008**	₱37,140	₱32,770
Accretion of interest on convertible note (Note 17)	–	746,999	489,911
Others	**25,700**	–	21,185
	₱416,525	₱1,568,821	₱1,786,143

Personnel Costs

	2022	2021	2020
Cost of goods sold:			
Direct labor (Note 19)	**₱2,806,038**	₱3,423,818	₱3,228,043
Indirect labor (Note 19)	**1,048,336**	1,110,354	977,496
Retirement expense (Notes 19 and 22)	**38,923**	75,970	36,112
Sales, general and administrative expenses:			
Salaries and wages (Note 20)	**3,536,226**	2,822,864	2,815,487
Employee benefits (Note 20)	**779,465**	845,256	969,612
Retirement expense (Notes 20 and 22)	**72,422**	103,801	19,917
	₱8,281,410	₱8,382,063	₱8,046,667

Depreciation and Amortization Expense

	2022	2021	2020
Property, plant and equipment (Note 12)	**₱2,627,760**	₱2,396,607	₱2,237,001
Intangible assets (Note 13)	**85,902**	74,265	66,318
	₱2,713,662	₱2,470,872	₱2,303,319

	2022	2021	2020
Cost of goods sold (Note 19)	**₱2,206,038**	₱2,012,608	₱1,898,518
Sales, general and administrative expense (Note 20)	**507,624**	458,264	404,801
	₱2,713,662	₱2,470,872	₱2,303,319

Miscellaneous Income

Miscellaneous income mainly comprises of service fees charged by the Parent Company primarily for reimbursement of share of principals in common expenses, bargain purchase, gain/loss on sale of property, plant and equipment, reversal of ECL (see Notes 6 and 9) and other miscellaneous items which are recorded under the “Miscellaneous income” account in the consolidated statements of comprehensive income.

22. **Pension Plan**

The Parent Company and certain subsidiaries maintain noncontributory and defined benefit retirement plans covering substantially all their regular employees. The benefit plan is paid in a lump sum upon retirement or separation. These benefits are funded by the Group. Contributions and costs are determined in accordance with the actuarial study made for the plan. The latest actuarial valuation report is December 31, 2022.

The Group's plan assets are managed and maintained by a local bank. The Group appointed a local trustee bank as the retirement plan trustee. The trustee bank is responsible for the general administration of the retirement plan and the management of the retirement fund. As the administrator of the retirement plan, the trustee bank is responsible for the ultimate control, disposition, or management of the money received or contributed.

Changes in the net defined benefit liability in 2022 and 2021 follow:

	2022													
	Recognized in profit or loss						**Remeasurements in OCI**							
	January 1, 2022	**Current Service Cost**	**Net Interest Cost**	**Past Service Cost**	**Subtotal**	**Benefits Paid**	**Actuarial Changes Arising from Financial Assumptions**	**Actuarial Changes Arising from Demographic Assumptions**	**Actuarial Changes Arising from Changes in Experience Adjustments**	**Remeasurement Gain on Plan Asset**	**Subtotal**	**Contributions by Employer**	**Foreign Currency Translation Adjustments**	**December 31, 2022**
Present value of defined benefit obligation	**(₱1,167,502)**	**(₱80,715)**	**(₱58,002)**	**₱–**	**(₱138,717)**	**₱89,161**	**₱203,457**	**₱6,385**	**(₱53,262)**	**₱–**	**₱156,580**	**₱–**	**(₱1,763)**	**(₱1,062,241)**
Fair value of plan asset	**518,810**	**–**	**27,372**	**–**	**27,372**	**(70,475)**	**–**	**–**	**–**	**(29,791)**	**(29,791)**	**109,895**	**–**	**555,811**
Net pension liability	**(₱648,692)**	**(₱80,715)**	**(₱30,630)**	**₱–**	**(₱111,345)**	**₱18,686**	**₱203,457**	**₱6,385**	**(₱53,262)**	**(₱29,791)**	**₱126,789**	**₱109,895**	**(₱1,763)**	**(₱506,430)**

	2021													
	Recognized in profit or loss						Remeasurements in OCI							
	January 1, 2021	Current Service Cost	Net Interest Cost	Past Service Cost	Subtotal	Benefits Paid	Actuarial Changes Arising from Financial Assumptions	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Changes in Experience Adjustments	Remeasurement Gain on Plan Asset	Subtotal	Contributions by Employer	Foreign Currency Translation Adjustments	December 31, 2021
Present value of defined benefit obligation	(₱1,050,669)	(₱78,823)	(₱47,499)	(₱75,139)	(₱201,461)	₱67,290	₱2,983	₱105,518	(₱92,415)	₱–	₱16,086	₱–	₱1,252	(₱1,167,502)
Fair value of plan asset	569,188	–	21,690	–	21,690	(56,397)	–	–	–	(16,423)	(16,423)	752	–	518,810
Net pension liability	(₱481,481)	(₱78,823)	(₱25,809)	(₱75,139)	(₱179,771)	₱10,893	₱2,983	₱105,518	(₱92,415)	(₱16,423)	(₱337)	₱752	₱1,252	(₱648,692)

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:

	2022	2021
Debt instruments:		
Fixed rate treasury notes and retail treasury bonds	**₱446,683**	₱439,155
Corporate bond and fixed-rate notes	**94,034**	63,672
Investments in UITF	**11,223**	14,558
Cash and cash equivalents	**20**	560
Others	**4,585**	4,538
Liabilities	**(734)**	(3,673)
	₱555,811	₱518,810

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

On May 1, 2021, the Parent Company amended its retirement plan as follows:

- Change in disability benefit from 60 days to 75 days
- Change in death benefit from ₱0.2 million plus gratuity pay or ₱1.0 million, to 75 days per year of service or ₱2.0 million, whichever is higher, with the exemption of self-inflicted cause of death

The Parent Company recognized ₱75.1 million past service cost as a result of the amendment in 2021.

The costs of defined benefit pension plans as well as the present value of the pension obligation are actuarially determined using projected unit credit method. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	2022	2021
Discount rate	**2.76-3.38%**	1.80-5.15%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2022 and 2021, assuming if all other assumptions were held constant:

		2022	2021
	Increase(decrease)	**Effect on Defined Benefit Obligation**	
Discount rates	**1.00%**	**(₱74,721)**	(₱91,661)
	(1.00%)	**86,342**	108,958
Future salary increases	**1.00%**	**87,429**	106,896
	(1.00%)	**(76,883)**	(91,783)

The average duration of the defined benefit obligation at the end of the reporting period is 7.5– 17.10 years in 2022 and 9.40 – 11.10 years in 2021.

Shown below is the expected future benefit payment:

Financial Year	2022	2021
Year 1	**₱178,656**	₱145,319
Years 2–5	**404,695**	314,480
Years 6–10	**677,290**	425,807

23. **Related Party Transactions**

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

The Parent Company has Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The following are the significant transactions with related parties:

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
Associates and joint ventures					
MLI					
Rent expense	**2022**	**₱64,603**	**₱–**	15 days;	Unsecured
	2021	62,987	–	noninterest-bearing	
	2020	62,655	–		
MMBC					
Miscellaneous income	**2022**	**–**	**33,751**	30 days;	Unsecured;
	2021	5,125	33,777	noninterest-bearing	no impairment
	2020	52,165	58,397		
Trade purchases, net	**2022**	**17,748**	**–**	30 days;	Unsecured
	2021	57,131	(3,799)	noninterest-bearing	
	2020	83,353	(12,562)		
YCE					
Advances and interest income	**2022**	**–**	**–**	Interest-bearing	Unsecured
(Note 9)	2021	5,412	–		
Honey Droplet Ltd.					
Advances and interest income	**2022**	**–**	**–**	4-6 years;	Unsecured;
(Note 9)	2021	–	–	interest-bearing	fully impaired
	2020	–	–		
CHTI					
Transportation and delivery	**2022**	**300,339**	**(14,578)**	15 days;	Unsecured
expense and wheat handling fees	2021	258,902	(18,089)	noninterest-bearing	
	2020	205,919	(23,146)		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**2022**	**62,564**	**–**	45 days;	Unsecured
	2021	27,063	–	noninterest-bearing	
	2020	57,993	–		

(Forward)

Nature	Year	Volume of Transactions	Outstanding Balance	Terms	Conditions
MNSG Holdings Pte. Ltd.					
Loans receivable	**2022**	**₱–**	**₱162,300**	2 years;	Unsecured
	2021	–	164,936	interest-bearing	
	2020	155,521	155,521		
Trade and other receivables (Note 6)	**2022**		**₱33,751**		
	2021		33,777		
	2020		58,397		
Loans receivable (Note 9)	**2022**		**162,300**		
	2021		164,936		
	2020		155,521		
Trade payables (Note 15)	**2022**		**(14,578)**		
	2021		(21,888)		
	2020		(35,708)		

These transactions with related parties will be settled through cash.

Trade and other receivables and payables to related parties that were eliminated upon consolidation amounted to ₱2,484.0 million in 2022 and ₱2,556.1 million in 2021.

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

Wide Faith Foods Co. Ltd.
On November 17, 2015, the Parent Company entered into a Guarantee Agreement with The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch, to guarantee the ₱141.4 million ($3.0 million) loan of Wide Faith Foods Co. Ltd.

MNSG Holdings Pte. Ltd.
On July 3, 2020, MNSPL and MNSG Holdings Pte. Ltd. entered into a loan agreement wherein MNSPL agreed to lend ₱155.5 million ($3.0 million) to MNSG Holdings Pte. Ltd. with an interest rate of 3.65% per annum. The loan will mature on July 3, 2022. On July 3, 2022, MNSPL and MNSG Holdings Pte. Ltd. agreed to extend the maturity of the loan to July 3, 2024, with an interest rate of 4.83% per annum.

YCE
In 2021, the Parent Company partially reversed provision for ECL amounting to ₱77.4 million as a result of settlement of advances to YCE impaired in the previous periods. The remaining provision of ₱0.9 million is subsequently written off. The Parent Company recognized provision for ECL amounting to ₱8.9 million in 2020 (see Note 9).

Compensation of Key Management Personnel

	2022	2021	2020
Short-term employee benefits	**₱1,319,181**	₱1,208,756	₱1,207,259
Post-employment benefits	**57,494**	56,526	103,990
	₱1,376,675	₱1,265,282	₱1,311,249

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:

	2022	2021	2020
Provision for income tax computed at applicable statutory tax rate (17% to 25% in 2022 and 2021 and 18% to 30% in 2020)	**(₱7,701,800)**	₱1,499,172	₱3,566,774
Income tax effects of:			
Nondeductible expenses	**9,782,829**	224,072	256,973
Change in unrecognized DTA*	**93,028**	(211,986)	70,294
Nontaxable income	**(553,752)**	(504,609)	(460,217)
Expired and applied NOLCO	**104,510**	63,772	22,747
Net deferred tax on unremitted interest income	**48,542**	(239,026)	–
Interest income already subjected to final tax and not subject to tax	**(35,281)**	(243,718)	(17,122)
Benefit from OSD	**(59,160)**	(162,957)	(147,407)
Nondeductible interest expense	**7,287**	4,030	4,522
Difference in tax rate of temporary differences	**(311,170)**	1,405,963	329,616
Impact of CREATE Act	–	(212,977)	–
Others	**(60,024)**	(41,975)	32,842
	₱1,315,009	₱1,579,761	₱3,659,022

** Includes unrecognized DTA from acquisition of SFC in 2020 amounting to ₱355.5 million*

Deferred Income Tax

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

	2022	2021
Deferred tax assets - net		
Allowance for impairment loss	**₱375,806**	₱330,506
Pension liability	**118,311**	144,859
Accrued expenses	**86,103**	84,838
NOLCO	**82,795**	192,577
Allowance for inventory obsolescence	**53,537**	45,784
Refund liabilities	**50,110**	75,970
Right-of-use assets and lease liabilities	**39,706**	27,864
Unrealized profits from intercompany sales	**24,979**	34,858

(Forward)

	2022	2021
Advances from customers	**₱14,649**	₱24,338
Unamortized past service cost	**10,034**	5,770
Excess of the tax base over the carrying amounts of non-monetary assets	**8,856**	2,498
Allowance for ECL	**2,220**	1,264
Unrealized foreign exchange (gain) loss	**1,472**	(26,326)
Unearned interest income	–	(59,315)
Others	**(666)**	–
	867,912	885,485
Deferred tax liabilities – net		
Brand	**(3,446,451)**	(4,532,229)
Property, plant and equipment	**(1,265,009)**	(1,335,703)
NOLCO	**428,178**	166,137
Interest income	**(48,664)**	–
Unrealized foreign exchange gain	**(10,459)**	(6,085)
Others	**22,672**	5,444
	(4,319,733)	(5,702,436)
	(₱3,451,821)	(₱4,816,951)

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

	2022	2021
Beginning balance	**(₱4,816,951)**	(₱3,356,843)
Provision for (benefit from) deferred income tax during the period recognized in profit or loss	**1,299,539**	(1,187,173)
Provision for (benefit from) deferred income tax during the period recognized in OCI	**(48,321)**	963
Change in tax rate	–	(58,441)
Currency translation adjustments	**113,912**	(215,457)
Deferred tax liabilities, ending	**(₱3,451,821)**	(₱4,816,951)

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:

	2022	2021
Interest expense	**₱282,155**	₱212,458
Unused NOLCO	**255,124**	196,114
Allowance for impairment loss	**29,437**	132,651
Inventory obsolescence	**7,982**	19,252
Right-of-use assets and lease liabilities	**6,605**	11,342
Asset retirement obligation	**4,683**	4,436
MCIT	**3,219**	1,958
Allowance for ECL	**5,195**	–
	₱594,400	₱578,211

As at December 31, 2022 and 2021, deferred tax liability on undistributed earnings of subsidiaries amounting to ₱365.9 million and ₱2,240.4 million, respectively, was not recognized since the Parent Company controls the dividend policy of its subsidiaries, hence, it is able to control the timing of the reversal of the temporary difference with these subsidiaries and such temporary difference is not seen to reverse in the foreseeable future. Deferred tax assets on cumulative translation adjustments amounted to ₱772.1 million, and ₱695.8 million as at December 31, 2022 and 2021, respectively, were not recognized since it is not probable that taxable profit will be available against which the temporary difference can be utilized.

The balances of unused NOLCO with their corresponding years of expiration, are as follows:

Year Incurred	Expiry Year	NOLCO	MCIT
Philippine Entities			
2019	2022	₱495,776	₱–
2020	2025	287,542	–
2020	2023	–	583
2021	2026	1,123	–
2021	2024		1,521
2022	2025	731	1,115
		785,172	3,219
Expired during the year		(418,141)	–
Applied during the year		(77,635)	–
		289,396	3,219
Thailand Entities			
2020	2025	155,338	–
2021	2026	123,442	–
2022	2027	135,196	–
		413,976	–
		₱703,372	₱3,219
MNSPL			
2018	N/A	602,252	–
2019	N/A	130,022	–
2020	N/A	109,610	–
2021	N/A	188,543	–
2022	N/A	45,058	–
		1,075,485	–
		₱1,778,857	₱3,219

As at December 31, 2021, MNSPL has unutilized NOLCO amounting to ₱477.6 million for which deferred tax assets were recognized. In 2022, the recognized deferred tax asset on unutilized NOLCO of MNSPL is derecognized due to uncertainty of its recoverability. Subject to qualifying conditions, the unutilized tax losses can be carried forward indefinitely.

MMYSC

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

The OSD results in an effective tax rate of 15% in 2022 and 2021 for the years in which OSD is projected to be utilized. The availment of OSD affected the recognition of deferred tax assets and liabilities on income and expenses that are not considered in the determination of gross income for income tax purposes. MMYSC forecasts that it will continue to avail of the OSD, such that the manner by which it will recover or settle the underlying assets and liabilities, for which the deferred tax assets and liabilities were initially recognized, would not result in any future tax consequence under OSD.

MNUKL
The 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.

MNUKL recognized deferred tax liabilities at 25% due to the increase in corporate tax rate reflecting the expected timing of reversal of the related timing differences as at December 31, 2022 and 2021.

MNTH
Under the Investment Promotion Act B.E. 2520, the Thailand BOI granted MNTH promotional privileges subject to certain imposed conditions. Significant tax privileges include the following:

Certificate No.	64-0754-1-00-1-0	2470(2)/2557
Grant date	June 2021	November 2014
Nature	For manufacturing of dehydrated foods	For manufacturing of instant foods
Significant privileges:		
Exemption from corporate income tax for profit from promoted operations	6 years, capped at THB 469.2 million	8 years, capped at THB 596.0 million
Exemption from import duty on approved machinery	Granted	Granted
Exemption from import duty on raw materials and significant supplies used in production for export	Granted	Granted
Date of first earning operating income	Not yet utilized	November 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 ₱94.5 million. The extension options not included are exercisable in 2030.

MMYSC

MMYSC leases real estate properties for a period of 50 years from Monde Rizal, an associate through KBT, renewable for another 25 years. In 2017, MMYSC entered into another lease agreement for the lease of real property for a period of 10 years (see Note 12).

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, 2022.

MNUKL

In 2022, new leases entered into by MNUKL included an office in the Netherlands and several replacement motor cars most of which are electric for fossil fuel substitutions.

In 2021, MNUKL has entered into various lease agreements. The most significant agreements pertain to a 6-year lease contract of an office building in United States amounting to ₱58.3 million (£0.9 million) and a 5-year lease contract of a fleet of forklift trucks at three United Kingdom sites amounting to ₱40.8 million (£0.6 million) (Note 12).

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

	2022	2021	2020
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 12)	**₱187,508**	₱183,783	₱164,372
Interest expense on lease liabilities (Note 20)	**182,919**	188,058	153,705
Expenses relating to short-term leases (Note 19)	**37,833**	22,043	50,063
Expenses relating to leases of low-value assets (see Note 20)	**23,416**	37,951	7,438
	₱431,676	₱431,835	₱375,578

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

	2022	2021
Balance at beginning of year	**₱2,758,861**	₱2,763,032
Payment of principal portion of lease liabilities	**(255,410)**	(276,715)
Accretion of interest (Note 21)	**182,919**	188,058
Additions (Note 12)	**123,797**	132,488
Disposals	**–**	(48,002)
	2,810,167	2,758,861
Less current portion	**386,671**	97,280
	₱2,423,496	₱2,661,581

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

26. Financial Risk Management Objectives and Policies

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

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

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

The sensitivity analyses in the following sections relate to the position as at December 31, 2022 and 2021. 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, 2022 and 2021.

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
2022	**+100**	**(₱70,640)**
	-100	**70,640**
2021	+100	(76,919)
	-100	76,919

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

Foreign Currency Risk

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

The table below summarizes the Group's significant foreign currency-denominated financial assets and liabilities (impact of other currencies is not material) as at December 31:

	2022				
	Original Currency				
	USD	**EUR**	**JPY**	**THB**	**Peso Equivalent**
Financial Assets					
Cash and cash equivalents	**$85,334**	**€256**	**¥–**	**฿840,857**	**₱6,129,599**
Financial assets at FVTPL*	**31,360**				**1,748,478**
Trade and other receivables	**8,245**	**2,025**	**–**	**153,444**	**827,849**
	124,939	**2,281**	**–**	**994,301**	**8,705,926**
Financial Liabilities					
Accounts payable and other current liabilities	**24,598**	**3,346**	**76,953**	**265,322**	**2,030,895**
	24,598	**3,346**	**76,953**	**265,322**	**2,030,895**
Net Financial Assets (Liabilities)	**$100,341**	**(€1,065)**	**(¥76,953)**	**฿728,979**	**₱6,675,031**

**Presented under current financial assets*

	2021				
	Original Currency				
	USD	EUR	JPY	THB	Peso Equivalent
Financial Assets					
Cash and cash equivalents	$108,382	€148	¥–	฿755,663	₱6,753,305
Trade and other receivables	16,257	1,701	43	150,292	1,180,683
	124,639	1,849	43	905,955	7,933,988
Financial Liabilities					
Accounts payable and other current liabilities	22,185	5,950	526,473	292,753	2,210,336
	22,185	5,950	526,473	292,753	2,210,336
Net Financial Assets (Liabilities)	$102,454	(€4,101)	(¥526,430)	฿613,202	₱5,723,652

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

Year	Currency USD ($)	EUR (€)	JPY (¥)	THB (฿)
2022	**₱55.76**	**₱59.55**	**₱0.42**	**₱1.61**
2021	51.00	57.51	0.44	1.52

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar, European euro, Japanese yen, and Thai Baht for the next period, with all other variables held constant, of the Group's income before tax. The reasonably possible change in exchange rate was based on forecasted exchange rate changes within the next two months after the reporting period. The methods and assumptions used remained unchanged over the reporting periods being presented.

	2022		2021	
	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	**9.32%**	**₱521,409**	6.17%	₱322,386
	(9.32%)	**(521,409)**	(6.17%)	(322,386)
European euro	**3.56%**	**(2,258)**	2.01%	(4,741)
	(3.56%)	**2,258**	(2.01%)	4,741
Japanese yen	**5.14%**	**(1,651)**	4.67%	(10,849)
	(5.14%)	**1,651**	(4.67%)	10,849
Thailand baht	**6.14%**	**72,210**	4.53%	42,239
	(6.14%)	**(72,210)**	(4.53%)	(42,239)

The Group's exposure to foreign currency changes for all other currencies is not material.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

Maximum exposure to credit risk. The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account any collateral and other credit enhancements:

	2022	2021
Cash and cash equivalents*	**₱11,627,119**	₱13,855,341
Trade and other receivables	**6,800,309**	6,248,732
Current financial assets	**1,756,101**	165,937
Noncurrent receivables	**662,300**	500,000
Advances to employees**	**69,777**	68,911
Withholding tax receivables***	**4,655**	12,038
Total credit risk exposure	**₱20,920,261**	₱20,850,959

** Excluding cash on hand amounting to ₱1.5 million in 2022 and 2021.*
***Recorded under "other noncurrent assets".*
****Recorded under "prepayments and other current assets".*

Aging analysis. The aging analysis of financial assets follows:

2022

	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
		Days Past Due					
Cash and cash equivalents*	**₱11,627,119**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱11,627,119**
Trade and other receivables	**5,823,877**	**849,128**	**46,089**	**21,571**	**59,644**	**37,546**	**6,837,855**
Current financial assets	**1,756,101**	**–**	**–**	**–**	**–**	**–**	**1,756,101**
Noncurrent receivables	**662,300**	**–**	**–**	**–**	**–**	**115,266**	**777,566**
Advances to employees**	**69,777**	**–**	**–**	**–**	**–**	**–**	**69,777**
Withholding tax receivables***	**4,655**	**–**	**–**	**–**	**–**	**–**	**4,655**
	₱19,943,829	**₱849,128**	**₱46,089**	**₱21,571**	**₱59,644**	**₱152,812**	**₱21,073,073**

** Excluding cash on hand amounting to ₱1.5 million.*
***Recorded under "other noncurrent assets"*
****Recorded under "prepayments and other current assets".*

2021

	Current	1–30 Days	31–60 Days	61–90 Days	More than 90 Days	ECL	Total
		Days Past Due					
Cash and cash equivalents*	₱13,855,341	₱–	₱–	₱–	₱–	₱–	₱13,855,341
Trade and other receivables	5,486,733	641,859	48,324	26,766	45,050	31,372	6,280,104
Noncurrent receivables	500,000	–	–	–	–	115,266	615,266
Current financial assets	165,937	–	–	–	–	–	165,937
Advances to employees**	68,911	–	–	–	–	–	68,911
Withholding tax receivables***	12,038	–	–	–	–	–	12,038
	₱20,088,960	₱641,859	₱48,324	₱26,766	₱45,050	₱146,638	₱20,997,597

** Excluding cash on hand amounting to ₱1.5 million.*
***Recorded under "other noncurrent assets"*
****Recorded under "prepayments and other current assets"*

Credit risk under general and simplified approach

2022

	General Approach			Simplified Approach	Total
	Stage 1	**Stage 2**	**Stage 3**		
Cash and cash equivalents*	**₱11,627,119**	**₱–**	**₱–**	**₱–**	**₱11,627,119**
Trade and other receivables	**103,073**	**–**	**–**	**6,734,782**	**6,837,855**
Current financial assets	**1,756,101**	**–**	**–**	**–**	**1,756,101**
Noncurrent receivables	**662,300**	**–**	**115,266**	**–**	**777,566**
Advances to employees**	**69,777**	**–**	**–**	**–**	**69,777**
Withholding tax receivables**	**4,655**	**–**	**–**	**–**	**4,655**
	₱14,223,025	**₱–**	**₱115,266**	**₱6,734,782**	**₱21,073,073**

** Excluding cash on hand amounting to ₱1.5 million.*
*** Recorded under "other noncurrent assets".*

2021

	General Approach			Simplified Approach	Total
	Stage 1	Stage 2	Stage 3		
Cash and cash equivalents*	₱13,855,341	₱–	₱–	₱–	₱13,855,341
Trade and other receivables	81,330	–	–	6,198,774	6,280,104
Noncurrent receivables	500,000	–	115,266	–	615,266
Current financial assets	165,937	–	–	–	165,937
Advances to employees**	68,911	–	–	–	68,911
Withholding tax receivables**	12,038	–	–	–	12,038
	₱14,683,557	₱–	₱115,266	₱6,198,774	₱20,997,597

** Excluding cash on hand amounting to ₱1.5 million.*
*** Recorded under "other noncurrent assets".*

Simplified Approach. Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2022							
		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	**0.03%**	**0.10%**	**0.88%**	**2.02%**	**3.25%**	**33.60%**	**100.00%**	
Estimated total gross carrying amount at default	**₱5,721,241**	**₱849,060**	**₱45,720**	**₱21,571**	**₱6,592**	**₱84,961**	**₱5,637**	**₱6,734,782**
Expected credit loss	**₱1,508**	**₱807**	**₱400**	**₱435**	**₱214**	**₱28,545**	**₱5,637**	**₱37,546**

	2021							
		Days Past Due						
	Current	<30 days	30-60 days	61-90 days	91-120 days	121-365 days	>365 days	Total
Expected credit loss rate	0.01%	0.05%	0.27%	0.64%	0.47%	25.49%	100.00%	
Estimated total gross carrying amount at default	₱5,409,112	₱641,732	₱48,252	₱26,712	₱41,595	₱2,173	₱29,198	₱6,198,774
Expected credit loss	₱802	₱321	₱131	₱171	₱195	₱554	₱29,198	₱31,372

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 7% and 73% of the Group's long-term debt will mature in less than one year at December 31, 2022 and, 2021, respectively, based on the carrying value of debt reflected in the financial statements. The Group assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of source of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

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

Maturity profile. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments are as follows:

	2022					
	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	₱3,647,852	₱7,980,775	₱–	₱–	₱–	₱11,628,627
Trade and other receivables	1,013,978	5,823,877	–	–	–	6,837,855
Current financial assets	1,756,101	–	–	–	–	1,756,101
Noncurrent receivables	115,266	–	–	662,300	–	777,566
Advances to employees	–	–	–	69,777	–	69,777
Withholding tax receivables	–	–	4,655	–	–	4,655
	6,533,197	13,804,652	4,655	732,077	–	21,074,581
Financial Liabilities						
Accounts payable and other current liabilities*	2,663,694	8,185,721	88,626	–	–	10,938,041
Loans payable	–	–	274,827	7,081,137	–	7,355,964
Acceptance and trust receipts payable	–	–	2,362,301	–	–	2,362,301
Lease liabilities	–	70,553	251,709	984,984	7,044,155	8,351,401
	2,663,694	8,256,274	2,977,463	8,066,121	7,044,155	29,007,707
	₱3,869,503	₱5,548,378	(₱2,972,808)	(₱7,334,044)	(₱7,044,155)	(₱7,933,126)

** Excluding statutory payables.*

	2021					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Financial Assets						
Cash and cash equivalents	₱4,773,728	₱9,083,086	₱–	₱–	₱–	₱13,856,814
Trade and other receivables	793,371	5,486,733	–	–	–	6,280,104
Noncurrent receivables	115,266	–	–	500,000	–	615,266
Current financial assets	1,001	–	164,936	–	–	165,937
Advances to employees	–	–	–	68,911	–	68,911
Withholding tax receivables	–	–	12,038	–	–	12,038
	5,683,366	14,569,819	176,974	568,911	–	20,999,070
Financial Liabilities						
Accounts payable and other current liabilities*	3,096,780	6,942,309	64,012	–	–	10,103,101
Loans payable	–	31	7,064,161	–	–	7,064,192
Acceptance and trust receipts payable	–	–	3,714,690	–	–	3,714,690
Lease liabilities	–	65,324	240,554	1,011,071	7,155,601	8,472,550
	3,096,780	7,007,664	11,083,417	1,011,071	7,155,601	29,354,533
	₱2,586,586	₱7,562,155	(₱10,906,443)	(₱442,160)	(₱7,155,601)	(₱8,355,463)

** Excluding statutory payables.*

Changes in Liabilities Arising from Financing Activities

	January 1, 2022	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2022
Loans payable	₱6,998,805	₱278,834	(₱111,249)	₱–	₱–	₱86,624	₱7,253,014
Accrued interest payable	1,081	(127,045)	–	–	–	146,982	21,018
Derivative liability	–	919,859	386,532	–	(1,306,391)	–	–
Lease liabilities	2,758,861	(255,410)	–	–	–	306,716	2,810,167
Dividends payable	–	(2,516,621)	–	–	–	2,516,621	–
Other noncurrent liabilities	20,425	16,248	–	–	–	–	36,673
Total liabilities from financing activities	₱9,779,172	(₱1,684,135)	₱275,283	–	(₱1,306,391)	₱3,056,943	₱10,120,872

**"Others" primarily include gain on modification of loans, amortization of debt issue costs, interest expenses and additions from new leases.*

	January 1, 2021	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2021
Loans payable	₱29,546,002	(₱23,115,381)	₱434,650	₱	₱	₱133,534	₱6,998,805
Accrued interest payable	166,288	(1,437,102)	–	–	–	1,271,895	1,081
Derivative liability	2,513,886	–	–	–	2,258,075	(4,771,961)	–
Lease liabilities	2,763,032	(276,715)	–	–	–	272,544	2,758,861
Convertible note	7,027,163	(13,351,935)	(73,445)	–	–	6,398,217	–
Dividends payable	–	(10,061,392)	–	–	–	10,061,392	–
Other noncurrent liabilities	22,226	(1,801)	–	–	–	–	20,425
Total liabilities from financing activities	₱42,038,597	(₱48,244,326)	₱361,205	₱–	₱2,258,075	₱13,365,621	₱9,779,172

**"Others" primarily include gain on modification of loans, amortization of debt issue costs, interest expenses and additions from new leases.*

	January 1, 2020	Cash Flows	Foreign Exchange Movement	Acquisition of a subsidiary	Fair Value changes	Others*	December 31, 2020
Loans payable	₱34,022,193	(₱4,335,786)	(₱152,725)	₱390,000	₱–	(₱377,680)	₱29,546,002
Accrued interest payable	237,886	(1,477,031)	–	–	–	1,405,433	166,288
Derivative liability	2,713,807	(72,985)	–	–	(99,409)	(27,527)	2,513,886
Lease liabilities	2,044,586	(846,389)	–	157,901	–	1,406,934	2,763,032
Convertible note	7,257,980	–	(580,436)	–	–	349,619	7,027,163
Dividends payable	–	(3,509,790)	–		–	3,509,790	–
Other noncurrent liabilities	5,531	771	–	15,924	–	–	22,226
Total liabilities from financing activities	₱46,281,983	(₱10,241,210)	(₱733,161)	₱563,825	(₱99,409)	₱6,266,569	₱42,038,597

"Others" primarily include gain on modification of loans, amortization of debt issue costs, interest expenses and additions from new leases.

Derivative Financial Instruments

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

Structured Deposit

The Group invested in a principal protected structure with a potential enhanced return greater than the prevailing money market rate. The structured deposit will be redeemed at 100% of the principal amount, together with an interest amount based on the guaranteed rate plus the relevant enhanced rate depending on the applicable scenario at maturity date.

Pertinent details of the structured deposit are as follows:

Principal amount	Effective Date	Maturity Date	Guaranteed Rate	Lower Enhanced Rate	Higher Enhanced Rate
$10,000	09/07/22	03/07/23	0.00% p.a.	2.0% p.a.	4.4% p.a.
$5,200	12/07/22	09/07/23	0.00% p.a.	3.5% p.a.	8.0% p.a.

Dual Currency Investment

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

Pertinent details of the dual currency investment are as follows:

Notional amount	Effective Date	Maturity Date	Conversion Rate	Interest Rate of Investment Currency
$10,000	09/09/22	12/08/23	1.1	6.05% p.a.
$10,000	12/08/22	03/08/23	1.1	6.35% p.a.

The Group recognized market valuation gain of ₱14.0 million from fair value changes of structured deposit and dual currency investment in 2022.

CCS and EKO are used to manage 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.

The Group recognized market valuation gain of ₱14.0 million from fair value changes of structured deposit and dual currency investment in 2022 under the "Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)" account in the consolidated statement of comprehensive income.

Cross Currency Swap (CCS) Contract
On March 4, 2022, the Group entered into a non-deliverable CCS Agreement with a notional amount of ₱5,839.5 million (£85.0 million). Under the CCS agreement, the Group will receive Philippine Peso interest at 9% p.a. and will pay fixed Pound Sterling interest at 6% p.a. The Group will also pay the notional Pound Sterling amount in exchange for the Philippines Peso amount at the end of the swap period. The CCS, which will be designated as a hedge of a portion of the net investment in MNSPL, is used to hedge the Parent Company's exposure to the GBP foreign exchange risk on its investment in MNSPL.

Pertinent details of the cross-currency swap are as follows:

Notional amount	Trade Date	Effective Date	Maturity Date	Swap rate	Fixed rate (Pay leg)	Fixed rate (Receive leg)
£85,000	03/03/22	03/07/22	03/07/32	₱68.70	6.0%	9.0%

On September 28, 2022, the BOD approved to fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling. As a result of the CCS unwinding, the Group received ₱920.5 million from the CCS agreement and recognized the following in 2022:

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

European Knockout Option (EKO)
On March 12, 2019, the Group entered into a non-deliverable European Knockout Option (EKO) with a notional amount of ₱3,550.0 million (£56.9 million). Under the EKO, the Group receives fixed Philippine Peso interest and pays fixed Pound Sterling interest. Settlement of the principal will happen if the Spot rate has fixed below the EKO and at or above the Strike on the relevant expiration date. The intrinsic value of the EKO, which has been designated as a hedge of a portion of the net investment in MNSPL, is used to hedge the Group's exposure to the GBP foreign exchange risk on its investment in MNSPL. Gains or losses on the intrinsic component of the fair value of the EKO are transferred to OCI to offset any gains or losses on translation of the net investment in MNSPL.

Notional amount	Trade Date	Effective Date	Maturity Date	Strike	EKO	Fixed rate (Pay leg)	Fixed rate (Receive leg)
£56,891	03/12/19	01/22/19	10/27/20	₱62.40	₱75.00	3.44%	0.00%

The Group recognized derivative gain of ₱392.3 million from fair value changes of derivative liability account in 2020.

The Group recognized derivative gain of nil, ₱24.8 million and ₱57.8 million from the maturity of CCS and EKO in 2022, 2021 and 2020, respectively.

Interest rate swap
MFL entered into an interest rate swap agreement in March 2019 which commenced in March 2020 to eliminate the cash flow risk around the interest on its loan. The swap matches the ₱7,742.4 million (£113.0 million) term loan in all particulars. Under the swap agreement, MFL receives interest quarterly equivalent to three-months LIBOR on the loans as at December 31, 2021. MFL transitioned its interest rate from LIBOR to SONIA such that the interest rate is based on Margin and SONIA as at December 31, 2022. MFL pays interest at the fixed rate of 0.826% per annum. The quarterly payment starts on June 25, 2020 and ends on March 25, 2024, subject to adjustment in accordance with the Modified Following Business Day Convention.

The Group recognized gain (loss) from interest rate swap netted to "Interest on loans payable", amounting to ₱143.4 million, ₱140.5 million, and (₱22.7 million) and in 2022, 2021, and 2020, respectively (Note 17).

Embedded Derivatives
As discussed in Note 17, the Convertible Note issued by the Group in 2019 has embedded equity conversion and redemption options which separated from the host contract.

Shown below are the movements in the value of the embedded derivatives (shown as part of derivative liability) as at December 31:

	2021
Embedded derivatives:	
Beginning balance	₱2,513,886
Mark-to-market valuation	2,239,232
Redemption of convertible note (Note 17)	(4,753,118)
	₱–

In 2022, 2021 and 2020, the Group recognized the loss on fair value changes on the embedded derivatives amounting to nil, ₱2,239.2 million and ₱192.4 million, respectively, under the "Derivative gain (loss)" account in the consolidated statement of comprehensive income.

The total derivative gain (loss) presented in the consolidated statement of comprehensive income consists of derivative gain (loss) from CCS, EKO, equity conversion and redemption options, and swaps. The derivative loss from swaps entered and settled during the same year, amounted to ₱0.6 million in 2022, ₱43.7 million in 2021, and ₱158.3 million in 2020.

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, 2022 and 2021. The Group was able to raise funds through an IPO last June 1, 2021.

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

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

	2022	2021
Total debt	**₱29,021,189**	₱31,442,048
Total equity attributable to equity holders of the Parent Company	**52,128,686**	68,278,073
Debt-to-Equity Ratio	**0.55:1.00**	0.46:1.00

The Group is obligated to perform certain covenants with respect to maintaining specified debt-to-equity, gross leverage and minimum debt service cover ratios, as set in the agreements with creditors (see Note 17).

As at December 31, 2021, MFL exceeded the gross leverage covenant threshold of 3.0x. In June 2022, MFL entered into a sterling term loan facility amounting to ₱7,081.1 million (£105.0 million) to settle the outstanding loan of ₱7,059.0 million (£103.0 million).

As at December 31, 2022, the Group is in compliance with the financial covenants.

Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade and Other Receivables, Withholding Tax Receivables, Accounts Payable and Other Current Liabilities, and Acceptance and Trust Receipts Payable. The carrying value of these financial assets and liabilities approximate their fair values as at December 31, 2022 and 2021 due to the short-term nature of these financial instruments.

Financial assets at FVTPL. The financial assets at FVTPL account consists of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. As at December 31, 2022, the fair values of these financial assets are based on their published net asset value per share. These are presented under "current financial assets" in the consolidated statement of financial position.

Noncurrent Receivables and Advances to Employees and Loans Payable. As at December 31, 2022 and 2021, the fair value of noncurrent receivables and loans payable with variable interest rates approximates the carrying amount due to frequent repricing of interest. Fair value of loans with fixed interest rate are determined using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Financial Assets at FVOCI. The fair values of financial assets at FVOCI are derived from the cash flow projection of the investee (income approach), which is nil as at December 31, 2022 and 2021.

Interest rate swap. The fair value of the derivative financial instrument is measured using discounted cash flows. The future cash flows are estimated based on observable forward interest rates and discounted at a rate that reflects the credit risk of the Group and counterparties.

As at December 31, 2022 and 2021, the following table presents the level of hierarchy of the Group's financial instruments as follows:

	2022			2021		
	Quoted prices in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial instruments measured at fair value						
Financial assets at FVTPL	**₱–**	**₱–**	**₱1,750,531**	₱–	₱–	₱1,001
Equity securities measured at FVOCI	**–**	**–**	**–**	–	–	–
Financial assets - interest rate swap	**–**	**145,044**	**–**	–	19,464	–

27. Commitments

SSCC

On July 25, 2014 and August 4, 2014, the Parent Company and SSCC entered into a Distribution, and Marketing and Sales Development Agreement wherein SSCC appoints the Parent Company as its exclusive distributor of all its products in the Philippines for a period of 20 years (until July 25, 2034). Under the Agreement, the Parent Company shall pay SSCC a non-reimbursable and non-recoupable sum of ₱727.6 million payable in 5 equal annual installments starting on August 4, 2014 (see Note 13). The amount is recognized as Distribution Rights and subject to amortization for a period of 20 years up to 2034. The related payable was fully settled in 2018.

On August 4, 2014, the Parent Company and SSCC entered into a Loan Agreement wherein the Parent Company agreed to extend a loan to SSCC in the principal amount of ₱500.0 million with interest rate of 2% per annum. The loan is for a period of 10 years and will mature on August 4, 2024.

As stipulated in Section 6 of Loan Agreement, the Parent Company has the right to set-off and apply any credit balance of or any amount payable by the Group to SSCC. As a result, the Group presented its receivable from SSCC net of its outstanding payable in its consolidated statement of financial position in accordance with PAS 32. As at December 31, 2022 and 2021, the Group's net receivable from SSCC amounted to ₱500.0 million (see Note 9).

Interest income from advances to SSCC amounted to ₱10.0 million in 2022 and 2021 and ₱10.5 million in 2020 (see Note 9).

Capital Commitments

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,447.5 million, ₱1,423.5 million, and ₱1,624.8 million as at 2022, 2021 and 2020, respectively (see Note 12).

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

The Group's material noncash activities are as follows:

	2022	2021	2020
Cumulative translation adjustments	**₱691,727**	(₱1,583,397)	₱1,100,427
Additions to ROU assets and lease liabilities	**123,797**	132,488	1,261,730
Unpaid capital expenditures	**–**	(90,918)	–

29. **Other Matters and Subsequent Events**

European Union (EU) Product Recall
Subsequent to June 30, 2022, there was a news concerning a selective recall in a few EU jurisdictions for some products. This attracted media attention in the Philippines and a Food and Drug Administration (FDA) inquiry which concluded that all tested products in the Philippines comply with the Philippine FDA regulations. Unfortunately, this had a temporary effect on sale of Noodles. Sales and marketing efforts have largely corrected the impact as evidenced by strong recovery in Q4 2022 which continues in Q1 2023. Additionally, as part of global strategic alignment initiatives, the Group enhanced the sourcing, testing and overall processes to ensure products adhere to all food quality compliance standards, regardless of what jurisdiction they are sold in.

Commodity Prices
The Parent Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices is expected to be partly reflected in Q1 2023 for wheat and Q2 2023 for palm oil. If the market trend continues, it may have a favorable effect on the margin on longer term. To secure supply and in the context of the volatile environment, the Group already secured partial tranches of wheat until Q2 2023 and palm oil requirements until Q3 2023.

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

Acquisition of Figaro Coffee Group, Inc's (FCG's) Common Shares
On January 25, 2023, the Parent Company's BOD authorized the Parent Company to subscribe for 820,268,295 common shares of FCG ("FCG Shares") out of FCG's unissued authorized capital stock. FCG is a diversified food conglomerate with retail restaurants and branches in the Philippines and abroad, that serve a variety of food offerings and services.

On February 02, 2023, the Parent Company paid an aggregate subscription price of ₱820.3 million for the FCG Shares. As a result, the Parent Company currently holds 15% of FCG's issued and outstanding capital stock.

Acquisition of Terramino Inc.'s Preferred Shares
On March 22, 2023, the Parent Company's BOD approved the Parent Company's subscription for 665,845 Series B Preferred Stock of Terramino, Inc., a Delaware, U.S.-incorporated company engaged in research, development and commercialization of food products made from koji. Said 665,845 preferred shares represents 1.89% of Terramino, Inc.'s outstanding capital stock (including outstanding options to purchase such stock), at a subscription price of up to ₱108.7 million ($2.0 million).

Change in use of IPO Proceeds
On March 22, 2023, the Parent Company's BOD approved the change in use of IPO proceeds: capital expenditure for the Meat Alternative Business as at December 31, 2022 amounting to ₱1.1 million to be re-allocated to capital expenditure for the APAC-BFB in 2023, and ₱2,135.8 million allocated to the Meat Alternative Business's operating expenditures as at December 31, 2022 to be re-allocated to capital expenditure of APAC BFB in 2023.

Equity Restructuring
On March 29, 2023, subject to the approval of SEC, the Parent Company's BOD approved the equity restructuring of the Parent Company consisting of offsetting the Deficit amount as at December 31, 2022 against available Additional Paid in Capital In Excess of Par Value (APIC) so that the Deficit amount is zeroed out. As at December 31, 2022, the Parent Company's Deficit amounted to ₱7,153.9 million while the Parent Company's APIC amounted to ₱46,515.8 million. Upon the approval of the SEC of said equity restructuring, the Parent Company's Deficit amount will become zero while the APIC will become ₱39,361.9 million.

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Monde Nissin Corporation and Subsidiaries, as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 29, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 91269-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 9564617, January 3, 2023, Makati City

March 29, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Monde Nissin Corporation and Subsidiaries (the Group), as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 29, 2023. 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, 2022, 2021 and 2020 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 91269-SEC (Group A)
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BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023
PTR No. 9564617, January 3, 2023, Makati City

March 29, 2023

MONDE NISSIN CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2022
(Amounts in Thousands, Except Number of Shares, Par Value per Share and Unless Otherwise Specified)

MONDE NISSIN CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

Unappropriated Retained Earnings (RE) as at December 31, 2021	₱2,651,865
Net actual loss during the year -	
Net loss during the period closed to RE	(11,902,134)
Less non-actual income/Add non-actual losses:	
Movement in deferred tax asset	(55,859)
Unrealized foreign exchange gain	35,150
Net actual loss during the year	(11,922,843)
Add (less):	
Dividend declared during the period	(2,515,606)
Appropriations of retained earnings during the period	(5,000,000)
Reversal of appropriations	3,900,000
	(3,615,606)
RE available for dividend declaration as at December 31, 2022	(₱12,886,584)

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

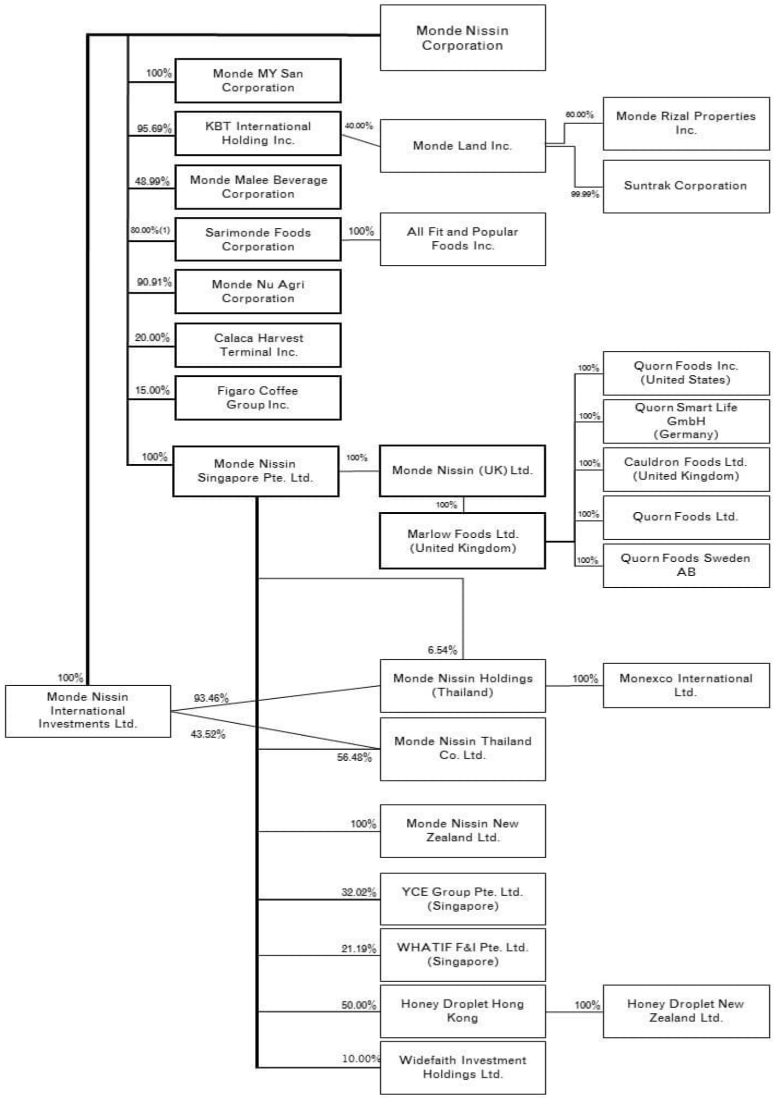
MONDE NISSIN CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2022, 2021 and 2020

Financial Ratios	**Formula**	**2022**	**2021**	**2020**
Current ratio	Current assets / Current liabilities	2.19	1.37	0.98
Acid test ratio	Cash and cash equivalents + Current receivables + Current financial assets / Current liabilities	1.37	0.90	0.65
Solvency ratio	Net income attributable to Equity Holders of the Parent Company + Depreciation and Amortization+ Impairment Loss / Total Liabilities	38.1%	18.5%	18.4%
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	0.56	0.46	2.29
Asset-to-equity ratio	Total assets (current + noncurrent) / Equity attributable to Equity Holders of the Parent Company	1.56	1.46	3.34
Interest rate coverage ratio*	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) / Finance Costs	21.75	4.02**	7.42**
Return on equity	Net income attributable to Equity Holders of the Parent Company / Equity attributable to Equity Holders of the Parent Company (average)	(21.6%)	6.7%	31.3%
Return on assets	Net income attributable to Equity Holders of the Parent Company / Total assets (average)	(14.4%)	3.4%	8.6%
Net Sales growth	Current Period Net Sales – Prior Period Net Sales / Prior Period Net Sales	6.6%	2.0%	3.8%
Gross margin	Gross Profit / Net Sales	31.1%	36.9%	39.0%
Net profit margin	Net income / Net sales	(17.6%)	4.7%	11.9%
Net profit after tax (NPAT) growth	Current Period NPAT – Prior Period NPAT / Prior Period NPAT	(501.0%)	(59.8%)	21.3%
EBITDA Growth	Current Period EBITDA – Prior Period EBITDA / Prior Period EBITDA	(15.9%)	(16.9%)	9.7%
EBITDA Margin	EBITDA / Net Sales	15.1%	19.2%	22.9%
Return on Invested Capital	EBIT – Income Tax Expense / Working Capital + Property Plant and Equipment	(36.6%)	15.8%	33.7%

**Based on loan covenant's formula applicable for the period*
***2021 and 2020 were calculated using EBIT/Interest Expense*

MONDE NISSIN CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2022



(1)Pending BIR issuance of CAR relating to transfer by MNC to MNSG of 20% of SMFC shares and pending BIR issuance of CAR relating to transfer by NIC to MNC of 55% of SMFC shares; The remaining 20% are held by MNSG Holdings Pte. Ltd.

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2022
(Amounts in thousands)

Financial Assets	Name of Issuing Entity and Description of Each Issue	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial Assets at FVTPL*				
Derivative	HSBC	₱851,108	₱851,108	₱3,633
Derivative	Rabobank	559,488	559,488	10,324
UITF	Sun Life Investment Management	343,473	343,473	8,392
UITF	Banco de Oro Universal Bank	1,018	1,018	17
UITF	Bank of the Philippine Islands Asset Management and Trust Corporation	1,014	1,014	14
Financial Assets at Amortized Cost				
Cash in banks and cash equivalents	N/A	11,627,119	N/A	132,808
Trade and other receivables	N/A	6,800,309	N/A	–
Noncurrent receivables	N/A	662,300	N/A	15,788
Withholding tax receivables	N/A	4,655	N/A	–
Advances to employees	N/A	69,777	N/A	–
Financial Assets at FVOCI				
Unquoted equity securities	Wide Faith Foods and Co. Ltd	Nil	Nil	Nil
		₱20,920,261	₱1,756,101	₱170,976

**Presented under current financial assets*

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
Various employees	₱68,911	₱48,980	(₱48,114)	₱–	₱–	₱69,777	₱69,777

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Amounts in thousands)

Receivable to Name of Subsidiary / Counterparty	Balance at Beginning of Period	Additions	Collections	Write-off	Balance at End of Period		
					Current	Noncurrent	Total
MNC	₱2,053,078	₱14,831,362	(₱14,713,634)	₱–	₱2,170,806	₱–	₱2,170,806
MNTH	169,033	283,294	(384,078)	–	68,249	–	68,249
MIL	162,802	91,353	(247,790)	–	6,365	–	6,365
MMYSC	131,955	1,094,940	(1,038,263)	–	188,632	–	188,632
MNSPL	36,082	84,617	(87,048)	–	33,651	–	33,651
SMFC	3,196	220,761	(207,654)	–	16,303	–	16,303
	₱2,556,146	₱16,606,327	(₱16,678,467)	₱–	₱2,484,006	₱–	₱2,484,006

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2022
(Amounts in thousands)

Name of Issuer and Type of Obligation	Amount Shown as Current	Amount Shown as Long-term	Total
MFL			
£105.0 million term loan	₱–	₱6,983,256	₱6,983,256
£4.0 million drawdown loan	269,758	–	269,758
	₱269,758	₱6,983,256	₱7,253,014

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022

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, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for Which This Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for Which this Statement is Filed	Nature of Guarantee

- NONE TO REPORT -

MONDE NISSIN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Affiliates	Directors, Officers and Employees	Others
Common Shares at ₱0.50 par value	20,400,000,000	17,968,611,496	–	–	10,755,512,998	–
Preferred "A" Shares at ₱1.00 par value	400,000,000	–	–	–	–	–
Preferred "B" Shares at ₱1.00 par value	800,000,000	–	–	–	–	–
Preferred "C" Shares at ₱0.25 par value	2,400,000,000	–	–	–	–	–

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱11,539,966**	₱11,628,627
Trade and other receivables (Notes 6 and 18)	**6,876,971**	6,800,309
Inventories (Note 7)	**10,457,058**	10,878,570
Current financial assets at fair value through profit or loss (FVTPL) (Notes 18 and 20)	**1,979,465**	1,756,101
Prepayments and other current assets (Note 8)	**1,131,357**	1,269,209
Total Current Assets	**31,984,817**	32,332,816
Noncurrent Assets		
Property, plant and equipment (Note 9)	**30,829,685**	30,863,507
Intangible assets (Note 10)	**14,504,444**	14,482,905
Investments in associates and joint ventures	**1,109,223**	1,104,453
Noncurrent financial assets at FVTPL (Notes 18 and 20)	**887,795**	–
Deferred tax assets - net (Note 19)	**812,412**	867,912
Noncurrent receivables (Notes 17, 18 and 20)	**662,309**	662,300
Other noncurrent assets (Note 11)	**1,038,462**	978,480
Total Noncurrent Assets	**49,844,330**	48,959,557
	₱81,829,147	₱81,292,373
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12 and 18)	**₱11,018,428**	₱11,322,600
Acceptances and trust receipts payable (Notes 7 and 20)	**1,140,808**	2,362,301
Income tax payable	**589,437**	209,831
Current portion of lease liabilities	**313,005**	386,671
Refund liabilities (Note 12)	**275,348**	200,440
Current portion of loans payable (Note 13)	**269,772**	269,758
Total Current Liabilities	**13,606,798**	14,751,601
Noncurrent Liabilities		
Loans payable (Note 13)	**6,993,569**	6,983,256
Deferred tax liabilities - net (Note 19)	**4,160,218**	4,319,733
Lease liabilities	**2,382,305**	2,423,496
Pension liability	**529,750**	506,430
Derivative liability	**139,002**	–
Other noncurrent liabilities	**36,674**	36,673
Total Noncurrent Liabilities	**14,241,518**	14,269,588
Total Liabilities	**27,848,316**	29,021,189
Equity		
Capital stock (Note 14)	**8,984,306**	8,984,306
Additional paid-in capital	**46,515,847**	46,515,847
Retained earnings (Deficit) (Note 14):		
Appropriated	**211,452**	5,211,452
Unappropriated	**2,895,995**	(4,039,669)
Fair value reserve of financial assets at FVOCI	**(235,130)**	(235,130)
Remeasurement losses on pension liability	**(210,805)**	(210,805)
Equity reserve (Note 14)	**(622,335)**	(622,335)
Cumulative translation adjustments (Note 14)	**(3,703,269)**	(3,474,980)
Equity Attributable to Equity Holders of the Parent Company	**53,836,061**	52,128,686
Non-controlling Interests (Note 4)	**144,770**	142,498
Total Equity	**53,980,831**	52,271,184
	₱81,829,147	₱81,292,373

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Value)

	Quarters Ended March 31	
	2023	2022
NET SALES (Note 15)	**₱20,049,668**	₱18,297,537
COST OF GOODS SOLD (Note 15)	**13,951,154**	11,875,855
GROSS PROFIT	**6,098,514**	6,421,682
SALES, GENERAL AND ADMINISTRATIVE EXPENSES		
General and administrative expenses (Note 16)	**1,945,818**	1,657,672
Selling and distribution expenses (Note 16)	**1,586,205**	1,858,852
Impairment loss on property, plant and equipment (Note 9)	**–**	1,247
	3,532,023	3,517,771
	2,566,491	2,903,911
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss) - net (Note 4)	**(49,873)**	32,804
Market valuation loss on financial instruments at fair value through profit or loss (FVTPL)	**(28,149)**	–
Share in net earnings from associates and joint ventures	**4,770**	9,049
Miscellaneous income - net (Notes 6 and 17)	**50,655**	30,424
	(22,597)	72,277
INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,543,894**	2,976,188
FINANCE INCOME (EXPENSES)		
Finance costs (Notes 13 and 17)	**(161,284)**	(126,125)
Derivative gain (loss) (Note 20)	**(1,258)**	75,477
Finance income (Note 17)	**80,301**	8,777
	(82,241)	(41,871)
INCOME (LOSS) BEFORE INCOME TAX	**2,461,653**	2,934,317
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**627,363**	726,634
Deferred	**(103,646)**	(127,244)
	523,717	599,390
NET INCOME	**₱1,937,936**	₱2,334,927
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**₱1,935,664**	₱2,331,747
Non-controlling interests	**2,272**	3,180
	₱1,937,936	₱2,334,927
Earnings per Share (EPS) (Note 14)		
Basic/diluted, income attributable to equity holders of the parent	**₱0.11**	₱0.13
	0.11	0.13

(Forward)

	Quarters Ended March 31	
	2023	2022
NET INCOME	**₱1,937,936**	₱2,334,927
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:		
Exchange gains (losses) on foreign currency translation (including effective portion of the net investment hedge) (Note 14)	**(228,289)**	34,300
TOTAL COMPREHENSIVE INCOME	**₱1,709,647**	₱2,369,227
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**₱1,707,375**	₱2,366,047
Non-controlling interests	**2,272**	3,180
	₱1,709,647	₱2,369,227

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, For the three months ended March 31, 2023 and 2022)

	Equity Attributable to Equity Holders of the Parent Company										
			Retained Earnings (Note 14)								
	Capital Stock (Note 14)	**Additional Paid-in Capital**	**Appropriated**	**Unappropriated**	**Fair Value Reserve of Financial Assets at FVOCI**	**Remeasurement Losses on Pension Liability**	**Equity Reserve** (Note 14)	**Cumulative Translation Adjustments** (Note 14)	**Total**	**Non-controlling Interests** (Note 4)	**Total Equity**
Balance as at January 1, 2023	**₱8,984,306**	**₱46,515,847**	**₱5,211,452**	**(₱4,039,669)**	**(₱235,130)**	**(₱210,805)**	**(₱622,335)**	**(₱3,474,980)**	**₱52,128,686**	**₱142,498**	**₱52,271,184**
Net income	**–**	**–**	**–**	**1,935,664**	**–**	**–**	**–**	**–**	**1,935,664**	**2,272**	**1,937,936**
Other comprehensive loss, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(228,289)**	**(228,289)**	**–**	**(228,289)**
Total comprehensive income (loss)	**–**	**–**	**–**	**1,935,664**	**–**	**–**	**–**	**(228,289)**	**1,707,375**	**2,272**	**1,709,647**
Release of appropriation	**–**	**–**	**(5,000,000)**	**5,000,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at March 31, 2023	**₱8,984,306**	**₱46,515,847**	**₱211,452**	**₱2,895,995**	**(₱235,130)**	**(₱210,805)**	**(₱622,335)**	**(₱3,703,269)**	**₱53,836,061**	**₱144,770**	**₱53,980,831**
Balance as at January 1, 2022	₱8,984,306	₱46,515,847	₱4,095,257	₱12,612,644	(₱235,130)	(₱289,263)	(₱622,335)	(₱2,783,253)	₱68,278,073	₱137,507	₱68,415,580
Net income	–	–	–	2,331,747	–	–	–	–	2,331,747	3,180	2,334,927
Other comprehensive income (loss), net of tax	–	–	–	–	–	–	–	34,300	34,300	–	34,300
Total comprehensive income (loss)	–	–	–	2,331,747	–	–	–	34,300	2,366,047	3,180	2,369,227
Balance as at March 31, 2022	₱8,984,306	₱46,515,847	₱4,095,257	₱ 14,944,391	(₱235,130)	(₱289,263)	(₱622,335)	(₱2,748,953)	₱70,644,120	₱140,687	₱70,784,807

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands, For the three months ended March 31, 2023 and 2022)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,461,653**	₱2,934,317
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	**663,114**	655,269
Finance costs (Notes 13, 17 and 20)	**161,284**	126,125
Finance income (Note 17)	**(80,301)**	(8,777)
Unrealized foreign exchange gain (loss) – net	**(73,885)**	2,948
Market valuation loss on financial instruments at FVTPL	**28,149**	–
Movement in pension liability	**23,658**	11,717
Share in net earnings from associates and joint venture	**(4,770)**	(9,049)
Derivative loss (gain) (Note 20)	**1,258**	(75,477)
Gain on sale of property, plant and equipment	**(474)**	(1,080)
Impairment loss on property, plant and equipment (Note 9)	**–**	1,247
Working capital adjustments:		
Decrease (increase) in:		
Inventories	**421,512**	(312,243)
Prepayments and other current assets	**137,852**	282,918
Trade and other receivables	**(92,250)**	(641,339)
Increase (decrease) in:		
Acceptance and trust receipts payable	**(1,139,669)**	(1,473,540)
Accounts payable and other current liabilities	**(338,356)**	(80,958)
Refund liabilities	**74,908**	979
Net cash generated from operations	**2,243,683**	1,413,057
Income tax paid	**(247,757)**	(613,610)
Interest received	**95,871**	9,682
Net cash flows from operating activities	**2,091,797**	809,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Noncurrent financial assets at FVTPL	**(928,808)**	–
Current financial assets at FVTPL	**(809,190)**	(1,002)
Property, plant and equipment (Notes 9 and 21)	**(635,693)**	(1,105,829)
Intangible assets (Note 10)	**(44,007)**	(27,613)
Decrease (increase) in other noncurrent assets	**(62,446)**	45,061
Proceeds from:		
Sale of property, plant and equipment (Note 9)	**686**	1,576
Termination of current financial assets at FVTPL	**574,010**	–
Net cash used in investing activities	**(1,905,448)**	(1,087,807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments for):		
Principal portion of lease liabilities	**(141,575)**	(82,362)
Interest	**(115,656)**	(65,158)
Derivatives (Note 20)	**(1,258)**	75,477
Payment of loans (Note 13)	**–**	(1,706,455)
Availment of loans (Note 13)	**–**	1,706,755
Increase (decrease) in other noncurrent liabilities	**1**	(11)
Net cash flows from financing activities	**(258,488)**	(71,754)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(72,139)**	(350,432)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(16,522)**	(24,961)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,628,627**	13,856,814
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱11,539,966**	₱13,481,421

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

MONDE NISSIN CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

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

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

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

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

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

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

Basis of Preparation

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

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

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

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2023. 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 unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of amendments effective beginning January 1, 2023, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

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

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

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

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

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

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

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

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

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

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

Impairment of Non-Financial Assets

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

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

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

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

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

For the three months ended March 31, 2022, the Parent Company determined that the actual performance of certain property, plant and equipment in MNC below the estimated or planned outputs is an indicator of impairment resulting to additional impairment loss of ₱1.2 million.

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

There are no impairment indicators identified on other property, plant and equipment of the Group in 2023 and 2022. Impairment loss on property, plant and equipment amounted to nil and ₱1.2 million for the three months ended March 2023 and 2022, respectively. Information on the Group's property, plant and equipment is disclosed in Note 9.

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

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

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

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

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

			Percentage of Ownership			
			2023		2022	
Subsidiaries	Principal Activity	Country of Incorporation	**Direct**	**Indirect**	Direct	Indirect
MNSPL	Investment/sales	Singapore	**100.00**	**–**	100.00	–
MNUKL	Investment holding	United Kingdom	**–**	**100.00**	–	100.00
Marlow Foods Limited	Manufacturing, Sales, and Marketing	United Kingdom	**–**	**100.00**	–	100.00
Quorn Smart Life GmbH	Sales, and Marketing	Germany	**–**	**100.00**	–	100.00
Quorn Foods Inc	Sales, and Marketing	United States (US) of America	**–**	**100.00**	–	100.00
Cauldron Foods Ltd*	Sales, and Marketing	United Kingdom (UK)	**–**	**100.00**	–	100.00
Quorn Foods Sweden	Sales, and Marketing	Sweden	**–**	**100.00**	–	100.00
MNNZ	Distribution of food related goods	New Zealand	**–**	**100.00**	–	100.00
MNHTL**	Investment company	Thailand	**–**	**6.50**	–	6.50
MIL	Manufacture of seasonings	Thailand	**–**	**100.00**	–	100.00
MNTH**	Manufacture and distribution of bread and cookies	Thailand	**–**	**56.43**	–	56.43
MNIIL	Investment company	British Virgin Islands	**100.00**	**–**	100.00	–
MNHTL**	Investment company	Thailand	**–**	**93.50**	–	93.50
MNTH**	Manufacture and distribution of bread and cookies	Thailand	**–**	**43.57**	–	43.57
KBT International Holdings, Inc. (KBT)	Investment company	Philippines	**95.69**	**–**	95.69	–
MNAC*	Manufacture, process, and distribution of industrial coconut and agricultural products	Philippines	**90.91**	**–**	90.91	–
SFC	Manufacture and process of bread	Philippines	**80.00**	**–**	80.00	**–**

Subsidiaries	Principal Activity	Country of Incorporation	Percentage of Ownership 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect
All Fit & Popular Foods Inc. (AFPFI)	Manufacturing, importing, exporting, selling and distribution of breads; Purchasing or registering intellectual properties	Philippines	**–**	**80.00**	–	80.00
Monde M.Y. San Corporation (MMYSC)	Manufacture, process, and export of biscuits	Philippines	**100.00**	**–**	60.00	–

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

Segment Information

For management purposes, the Group is organized into business units based on its products and has 2 reportable segments, as follows:
- Asia-Pacific Branded Food & Beverage (APAC BFB) manufactures and distributes a diverse mix of biscuits, bakery products, beverages, instant noodles and pasta.
- Meat Alternative manufactures and distributes a variety of meat alternative brands and products to the retail trade and food service customers in the UK, US, Europe (EU) and Asia-Pacific.

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

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

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

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

	March 31, 2023 (Unaudited)			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Net sales - third parties	**₱16,525,243**	**₱3,527,614**	**(₱3,189)**	**₱20,049,668**
Costs and expenses	**(13,001,995)**	**(3,821,257)**	**3,189**	**(16,820,063)**
Depreciation and amortization	**(486,915)**	**(176,199)**	**–**	**(663,114)**
Finance income	**220,158**	**8,050**	**(147,907)**	**80,301**
Finance expense	**(69,281)**	**(241,168)**	**147,907**	**(162,542)**
Foreign exchange gain (loss) – net	**(45,819)**	**(4,054)**	**–**	**(49,873)**
Impairment loss	**–**	**–**	**–**	**–**
Share in net earnings from associates and joint venture	**4,770**	**–**	**–**	**4,770**
Other income	**22,524**	**(18)**	**–**	**22,506**
Income before income tax	**3,168,685**	**(707,032)**	**–**	**2,461,653**
Provision for (benefit from) income tax	**669,717**	**(146,000)**	**–**	**523,717**
Net income	**₱2,498,968**	**(₱561,032)**	**₱–**	**₱1,937,936**

	March 31, 2023 (Unaudited)			
	APAC BFB	**Meat Alternative**	**Eliminations**	**Consolidated**
Other information				
Total assets	**₱90,694,191**	**₱34,618,219**	**(₱43,483,263)**	**₱81,829,147**
Total liabilities	**₱12,667,957**	**₱24,157,145**	**(₱8,976,786)**	**₱27,848,316**
Investment in associates and joint venture	**₱1,109,223**	**₱–**	**₱–**	**₱1,109,223**
Capital expenditures	**₱408,456**	**₱227,237**	**₱–**	**₱635,693**

	March 31, 2022 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Net sales - third parties	₱14,538,684	₱3,758,853	₱–	₱18,297,537
Costs and expenses	(11,195,322)	(3,541,788)	–	(14,737,110)
Depreciation and amortization	(483,725)	(171,544)	–	(655,269)
Finance income	373,268	76,115	(365,129)	84,254
Finance expense	(64,654)	(426,600)	365,129	(126,125)
Foreign exchange gain (loss) - net	26,998	5,806	–	32,804
Impairment loss	(1,247)	–	–	(1,247)
Share in net earnings from associates and joint venture	9,049	–	–	9,049
Other income	30,424	–	–	30,424
Income before income tax	3,233,475	(299,158)	–	2,934,317
Provision for (benefit from) income tax	607,932	(8,542)	–	599,390
Net income	₱2,625,543	(₱290,616)	₱–	₱2,334,927

Other information

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

	March 31, 2022 (Unaudited)			
	APAC BFB	Meat Alternative	Eliminations	Consolidated
Capital expenditures	₱638,844	₱466,985	₱–	₱1,105,829

Geographic Information

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

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Domestic	**₱15,513,437**	₱13,685,087
Foreign	**4,536,231**	4,612,450
	₱20,049,668	₱18,297,537

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

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Domestic:		
Property, plant and equipment (see Note 9)	**₱16,398,606**	₱16,475,570
Investments in associates and joint ventures	**1,109,223**	1,104,453
Intangible assets (see Note 10)	**652,713**	629,633
Other noncurrent assets (see Note 11)	**883,051**	783,299
Total	**19,043,593**	18,992,955
Foreign:		
Property, plant and equipment (see Note 9)	**14,431,079**	14,387,937
Intangible assets (see Note 10)	**13,851,731**	13,853,272
Other noncurrent assets (see Note 11)	**88,928**	125,404
	28,371,738	28,366,613
	₱47,415,331	₱47,359,568

5. Cash and Cash Equivalents

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**₱4,210,372**	₱3,647,852
Cash equivalents	**7,329,594**	7,980,775
	₱11,539,966	₱11,628,627

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

6. Trade and Other Receivables

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables:		
Non-related parties	**₱6,793,671**	₱6,701,031
Related parties (see Note 18)	**44,753**	33,751
Other receivables	**75,866**	103,073
	6,914,290	6,837,855
Allowance for ECL	**37,319**	37,546
	₱6,876,971	₱6,800,309

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

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

Movements in the allowance for ECL follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at January 1	**₱37,546**	₱31,372
Provision for ECL (Notes 16 and 17)	**250**	13,308
Write-off	**(475)**	(6,886)
Currency translation adjustments	**(2)**	(248)
Balance at end of period	**₱37,319**	₱37,546

7. **Inventories**

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Finished goods	**₱216,101**	₱180,689
In-transit	**215,452**	125,952
Packaging and other materials	**21,079**	19,548
Work in-process	**13,428**	8,285
	466,060	334,474
At NRV:		
Finished goods	**4,097,528**	4,151,719
Raw materials	**2,903,511**	3,788,967
Work in-process	**1,982,111**	1,637,029
Packaging and other materials	**1,007,848**	966,381
	9,990,998	10,544,096
	₱10,457,058	₱10,878,570

The cost of inventories carried at NRV are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Finished goods	**₱4,436,800**	₱4,490,304
Raw materials	**3,016,601**	3,877,924
Work in-process	**2,090,098**	1,745,283
Packaging and other materials	**1,031,706**	1,011,459
	₱10,575,205	₱11,124,970

Provision for inventory obsolescence amounted to ₱16.3 million and ₱46.0 million for the three months ended March 31, 2023 and 2022, respectively (shown as part of "Cost of goods sold" account). The Group wrote off inventories amounting to ₱13.1 million and ₱65.3 million for the three months ended March 31, 2023 and 2022, respectively.

The cost of inventories recognized under "Cost of goods sold" account amounted to ₱13,951.2 million and ₱11,875.9 million for the three months ended March 31, 2023 and 2022, respectively (see Note 15).

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

Under the terms of the agreements covering liabilities under trust receipts totaling ₱1,140.8 million and ₱2,362.3 million as at March 31, 2023 and December 31, 2022, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks. The Group is accountable to these banks for the trusteed merchandise or their sales proceeds.

8. Prepayments and Other Current Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepayments	**₱514,542**	₱470,623
Input VAT	**259,842**	189,139
Deferred input VAT	**199,181**	274,977
Creditable withholding tax (CWT) and other credits	**140,462**	314,489
Other current assets	**20,281**	20,035
	1,134,308	1,269,263
Allowance for non-recoverability of other current assets	**(2,951)**	(54)
	₱1,131,357	₱1,269,209

9. Property, Plant and Equipment

March 31, 2023

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-ications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at January 1, 2023	₱460,209	₱5,608	₱13,507,086	₱167,284	₱36,371,881	₱501,778	₱158,924	₱373,776	₱2,080,960	₱3,926,908	₱2,898,464	₱834,320	₱61,287,198
Additions	–	855	227,576	2,126	55,726	1,246	15,167	671	149,432	182,894	–	–	635,693
Disposals and retirement	–	–	–	–	(3,928)	(449)	(4,756)	(159)	–	–	–	(18,035)	(27,327)
Reclassifications	–	–	8,306	–	96,371	3,129	–	5,999	(70,902)	(42,909)	–	–	(6)
Foreign currency translation adjustments	(2,658)	(59)	(17,899)	(19)	(23,213)	(606)	(12)	(239)	7,956	186	–	–	(36,563)
Balance at March 31, 2023	457,551	6,404	13,725,069	169,391	36,496,837	505,098	169,323	380,048	2,167,446	4,067,079	2,898,464	816,285	61,858,995
Accumulated Depreciation													
Balance at January 1, 2023	–	4,315	5,673,089	97,206	19,240,702	371,298	75,949	268,718	–	–	298,791	341,314	26,371,382
Depreciation (see Notes 15 and 16)	–	75	142,531	1,701	413,651	13,977	5,185	20,047	–	–	21,727	21,691	640,585
Disposals and retirement	–	–	–	–	(3,928)	(449)	(4,544)	(159)	–	–	–	–	(9,080)
Foreign currency translation adjustments	–	(46)	(9,468)	5,733	(13,566)	(198)	(11)	(98)	–	–	–	–	(17,654)
Balance at March 31, 2023	–	4,344	5,806,152	104,640	19,636,859	384,628	76,579	288,508	–	–	320,518	363,005	26,985,233
Accumulated Impairment Loss													
Balance at January 1, 2023	–	–	984,052	955	2,267,384	–	–	36	571,765	228,117	–	–	4,052,309
Foreign currency translation adjustments	–	–	(2,979)	–	(5,256)	–	–	–	–	3	–	–	(8,232)
Balance at March 31, 2023	–	–	981,073	955	2,262,128	–	–	36	571,765	228,120	–	–	4,044,077
Net Book Value	₱457,551	₱2,060	₱6,937,844	₱63,796	₱14,597,850	₱120,470	₱92,744	₱91,504	₱1,595,681	₱3,838,959	₱2,577,946	₱453,280	₱30,829,685

December 31, 2022

	Land	Land Improvements	Buildings and Improvements	Leasehold Improvements	Plant Machinery and Fixtures	Office Furniture and Equipment	Transportation Equipment	Computer and Commu-nications Equipment	Machineries Under Installation	Construction In-progress	ROU Land	ROU Others	Total
Cost													
Balance at January 1, 2022	₱441,083	₱5,283	₱12,753,979	₱149,289	₱32,500,137	₱357,281	₱155,538	₱264,147	₱1,374,644	₱5,085,405	₱2,906,919	₱721,869	₱56,715,574
Additions	–	–	18,002	32,557	113,471	43,006	26,771	5,801	1,236,043	2,865,661	–	123,797	4,465,109
Disposals and retirement	–	–	(67,444)	(15,188)	(50,430)	(3,488)	(24,209)	(19,496)	–	–	(8,455)	(11,346)	(200,056)
Reclassifications	–	–	958,058	–	3,368,689	88,202	1,679	121,963	(564,161)	(3,974,430)	–	–	–
Foreign currency translation adjustments	19,126	325	(155,509)	626	440,014	16,777	(855)	1,361	34,434	(49,728)	–	–	306,571
Balance at December 31, 2022	460,209	5,608	13,507,086	167,284	36,371,881	501,778	158,924	373,776	2,080,960	3,926,908	2,898,464	834,320	61,287,198
Accumulated Depreciation													
Balance at January 1, 2022	–	3,802	5,065,912	98,071	17,379,819	296,563	78,348	195,772	–	–	220,879	251,519	23,590,685
Depreciation (Notes 19 and 20)	–	272	578,665	13,040	1,679,286	58,725	19,560	90,704	–	–	86,367	101,141	2,627,760
Disposals and retirement	–	–	(38,084)	(10,122)	(49,675)	(3,406)	(22,027)	(19,496)	–	–	(8,455)	(11,346)	(162,611)
Foreign currency translation adjustments	–	241	66,596	(3,783)	231,272	19,416	68	1,738	–	–	–	–	315,548
Balance at December 31, 2022	–	4,315	5,673,089	97,206	19,240,702	371,298	75,949	268,718	–	–	298,791	341,314	26,371,382

(Forward)

	December 31, 2022												
	Land	**Land Improvements**	**Buildings and Improvements**	**Leasehold Improvements**	**Plant Machinery and Fixtures**	**Office Furniture and Equipment**	**Transportation Equipment**	**Computer and Commu-nications Equipment**	**Machineries Under Installation**	**Construction In-progress**	**ROU Land**	**ROU Others**	**Total**
Accumulated Impairment Loss													
Balance at January 1, 2022	−	−	932,587	967	1,491,884	−	−	36	571,765	175,390	−	−	3,172,629
Impairment loss (Notes 3 and 20)	−	−	45,484	−	725,964	−	−	−	−	54,452	−	−	825,900
Disposals and retirement	−	−	(24,667)	(12)	−	−	−	−	−	−	−	−	(24,679)
Foreign currency translation adjustments	−	−	30,648	−	49,536	−	−	−	−	(1,725)	−	−	78,459
Balance at December 31, 2022	−	−	984,052	955	2,267,384	−	−	36	571,765	228,117	−	−	4,052,309
Net Book Value	₱460,209	₱1,293	₱6,849,945	₱69,123	₱14,863,795	₱130,480	₱82,975	₱105,022	₱1,509,195	₱3,698,791	₱2,599,673	₱493,006	₱30,863,507

The Group recognized additional impairment loss of nil and ₱1.2 million for the three months ended March 31, 2023 and 2022, respectively.

For the three months ended March 31, 2022, the Group acquired property, plant and equipment and recognized depreciation expense amounting to ₱1,105.8 million and ₱636.2 million (see Note 17).

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

The Group has capital commitments for acquisitions of machineries and building expansions amounting to ₱1,479.7 million and ₱1,447.5 million as at March 31, 2023 and December 31, 2022, respectively.

10. Intangible Assets

	March 31, 2023							
	Goodwill	**Brand**	**Distribution Rights**	**License**	**Trademarks with definite useful life**	**Trademarks with indefinite useful life**	**Software**	**Total**
Cost								
Balance at January 1, 2023	₱16,542,239	₱17,971,697	₱727,560	₱34,639	₱2,599	₱14,459	₱442,650	₱35,735,843
Additions	–	–	–	31,502	–	–	12,505	44,007
Disposals and retirement	–	–	–	–	–	–	873	873
Foreign currency translation adjustments	883	956	–	–	(29)	–	(1,259)	551
Balance at March 31, 2023	16,543,122	17,972,653	727,560	66,141	2,570	14,459	454,769	35,781,274
Accumulated Amortization								
Balance at January 1, 2023	–	42,374	306,182	700	1,739	–	213,636	564,631
Amortization	–	–	9,095	1,582	42	–	11,810	22,529
Disposals and retirement	–	–	–	–	–	–	873	873
Foreign currency translation adjustments	–	2	–	–	(19)	–	(593)	(610)
Balance at March 31, 2023	–	42,376	315,277	2,282	1,762	–	225,726	587,423
Accumulated Impairment Loss								
Balance at January 1, 2023	16,542,239	4,143,587	–	–	–	2,481	–	20,688,307
Foreign currency translation adjustments	883	217	–	–	–	–	–	1,100
Balance at March 31, 2023	16,543,122	4,143,804	–	–	–	2,481	–	20,689,407
Net Book Value	₱–	₱13,786,473	₱412,283	₱63,859	₱808	₱11,978	₱229,043	₱14,504,444

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

Amortization of the intangible assets for the three months ended March 31, 2023 and 2022 amounted to ₱22.5 million and ₱19.1 million, respectively (see Note 17).

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

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Goodwill	**Brand**	**Trademark**	Goodwill	Brand	Trademark
MNUKL	**₱–**	**₱13,786,473**	**₱–**	₱–	₱13,785,736	₱–
MNC	**–**	**–**	**11,978**	–	–	11,978
Total	**₱–**	**₱13,786,473**	**₱11,978**	₱–	₱13,785,736	₱11,978

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

11. Other Noncurrent Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers and contractors	**₱712,329**	₱619,658
Deferred input VAT for amortization	**219,130**	244,869
Advances to employees	**66,483**	69,777
Refundable and other deposits	**29,765**	29,782
Others	**10,755**	14,394
	₱1,038,462	₱978,480

12. Accounts Payable and Other Current Liabilities and Refund Liabilities

Accounts Payable and Other Current Liabilities

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables		
Non-related parties	**₱6,255,013**	₱6,197,721
Related parties (see Note 18)	**14,892**	14,578
Nontrade payables	**1,676,333**	2,559,920
Accruals for:		
Advertising and promotions	**703,328**	769,960
Trade spend	**549,212**	454,941
Selling, general and administrative expenses	**459,660**	321,695
Personnel costs	**274,077**	266,978
Other accruals	**170,130**	171,196
Provisions	**103,557**	92,666
Statutory payables	**760,738**	384,559
Others	**51,488**	88,386
	₱11,018,428	₱11,322,600

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

Refund Liabilities
As at March 31, 2023 and December 31, 2022, the Group's refund liabilities consist of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Refund liabilities:		
Arising from rights of return	**₱268,488**	₱200,440
Arising from retrospective volume discounts	**6,860**	–
	₱275,348	₱200,440

13. Loans Payable

Description	Maturities	Interest Rates	**March 31, 2023** (Unaudited)	December 31, 2022 (Audited)
MFL				
£105.0 million term loan	June 2025 subject to extension of 2 years	Margin and SONIA	**₱7,081,515**	₱7,081,137
£4.0 million drawdown loan	November 2022	Margin and SONIA	**269,772**	269,758
			7,351,287	7,350,895
Unamortized debt issue costs			**(87,946)**	(97,881)
			₱7,263,341	₱7,253,014
Current portion			**₱269,772**	₱269,758
Non-current portion			**6,993,569**	–
			₱7,263,341	₱269,758

MFL Loan

As at March 31, 2023 and December 31, 2022, MFL has outstanding unsecured loans payable amounting to ₱7,351.3 million (£109.0 million) and ₱7,350.9 million (£109.0 million), respectively. The sterling term loan facility amounting to ₱7,081.2 million (£105.0 million) with maturity on June 2025 subject to extension of 2 years and interest rate based on Margin and SONIA has the following financial covenants:

- The Group is required to maintain Gross Leverage of less than 3.5x from June 30, 2022 and each quarter thereafter
- The Group is required to maintain an interest cover of greater than 3.0 from June 30, 2022 and each quarter thereafter.

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

For the three months ended March 31, 2023 and 2022, interest expense related to the loans amounted to ₱80.7 million and ₱48.8 million, respectively (see Note 17).

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Loans Payable		
Balance at January 1	**₱97,881**	₱65,235
Additions during the period	**–**	120,806
Amortization during the period (see Note 17)	**(9,829)**	(86,624)
Foreign currency translation adjustments	**(106)**	(1,536)
Total	**₱87,946**	₱97,881

For the three months ended March 31, 2022, amortization of debt issue costs amounted to ₱9.0 million (see Note 17).

14. Equity

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

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

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

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

The total number of stockholders was 24 and 23 as at March 31, 2023 and December 31, 2022, respectively. With respect to the Parent Company's stockholders as at December 31, 2022, the shares were either held (a) in a certificated form or (b) in scripless form held under the account of PCD Nominee Corp. (PCD Nominee) through 137 trading participants (*i.e.*, brokers and custodians) of the Philippine Depository & Trust Corp. (PDTC). The shares lodged under PCD Nominee are further broken down into PCD Nominee (Filipino) and PCD Nominee (Non-Filipino).

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

Restriction on Retained Earnings
As at March 31, 2023 and December 31, 2022, undistributed retained earnings of subsidiaries amounting to ₱4,134.4 million and ₱4,530.2 million, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries. Further, the undistributed retained earnings include appropriated retained earnings of MMYSC and MIL amounting to ₱211.5 million as at March 31, 2023 and December 31, 2022.

Equity Reserve

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

Cumulative Translation Adjustments

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Foreign investments:		
MNSPL	**(₱2,890,366)**	(₱2,845,103)
MNIIL	**(185,400)**	(185,219)
MNTH	**(43,116)**	(8,433)
MIL	**(58,853)**	(49,693)
Cross currency swap:		
MNC	**(525,534)**	(386,532)
	(₱3,703,269)	(₱3,474,980)

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

Earnings per Share

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

	Quarters Ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Net income attributable to equity holders of the parent	**₱1,935,664**	₱2,331,747
Weighted average number of common shares	**17,968,611,496**	17,968,611,496
Basic/diluted EPS	**₱0.11**	₱0.13

15. **Net Sales and Cost of Goods Sold**

Net Sales by Geography and Operating Segment

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
APAC BFB		
Philippines	**₱15,513,437**	₱13,685,087
Other countries	**1,011,806**	853,597
	16,525,243	14,538,684
Meat Alternative		
United Kingdom	**2,740,170**	2,897,795
United States	**244,490**	345,191
Other countries	**539,765**	515,867
	3,524,425	3,758,853
	₱20,049,668	₱18,297,537

All revenues are recognized at a point in time.

Cost of Goods Sold

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Direct materials	**₱11,128,238**	₱9,350,696
Direct labor	**719,546**	783,784
Manufacturing overhead (see Notes 9, 10 and 17)	**2,440,787**	2,484,612
Total manufacturing costs	**14,288,571**	12,619,092
Inventory movements (see Note 7):		
Finished goods	**(349,958)**	(406,331)
Work in-process	**12,541**	(336,906)
	₱13,951,154	₱11,875,855

16. Sales, General and Administrative Expenses

General and Administrative Expenses

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Salaries, wages and employee benefits	**₱1,032,521**	₱1,031,176
Outside services	**308,776**	105,115
Depreciation and amortization (see Notes 9 and 10)	**123,564**	113,743
Insurance	**61,251**	62,728
Taxes and licenses	**54,089**	46,657
Repairs and maintenance	**46,553**	76,884
Research and development	**46,087**	15,037
Fringe benefit tax	**35,907**	4,126
Entertainment, amusement and recreation	**22,497**	22,923
Rent (Notes 23 and 25)	**20,229**	8,353
Warehouse and office supplies	**19,046**	24,121
Inventory loss	**15,153**	50,532
Light and water	**13,406**	12,570
Recruitment and training expenses	**7,692**	3,975
Donations	**5,387**	1,246
Provision for ECL (Note 6)	**250**	–
Others	**133,410**	78,486
	₱1,945,818	₱1,657,672

Selling and Distribution Expenses

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Transportation and delivery	**₱805,440**	₱708,094
Advertising and promotions	**653,130**	1,069,026
Merchandising expense	**127,635**	81,732
	₱1,586,205	₱1,858,852

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

Finance Income

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cash and cash equivalents	**₱78,312**	₱8,777
Noncurrent receivables	**1,989**	–
	₱80,301	₱8,777

Finance Costs

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Interest on loans payable (see Notes 13 and 20)	**₱80,711**	₱48,832
Interest expense on lease liabilities	**44,753**	52,520
Acceptance and trust receipts payable	**25,991**	15,817
Amortization of debt issue costs (see Note 13)	**9,829**	8,956
	₱161,284	₱126,125

Depreciation and Amortization Expense

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Property, plant and equipment (see Note 9)	**₱640,585**	₱636,207
Intangible assets (see Note 10)	**22,529**	19,062
	₱663,114	₱655,269

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cost of goods sold (see Note 15)	**₱539,550**	₱541,526
Sales, general and administrative expense (see Note 16)	**123,564**	113,743
	₱663,114	₱655,269

Miscellaneous Income

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

18. Related Party Transactions

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

The following are the significant transactions with related parties:

Nature	Period ended	Volume of Transactions	Outstanding Balance	Terms	Conditions
Associates and joint ventures					
Monde Land, Inc. (MLI)					
Rent expense	**March 31, 2023**	**₱16,202**	**₱–**	15 days;	Unsecured
	December 31, 2022	64,603	–	noninterest-bearing	
	March 31, 2022	16,134	–		
Monde Malee Beverages Corporation (MMBC)					
Miscellaneous income	**March 31, 2023**	**–**	**33,751**	30 days;	Unsecured;
	December 31, 2022	–	33,751	noninterest-bearing	no ECL
	March 31, 2022	–	33,777		
Trade purchases, net	**March 31, 2023**	**–**	**–**	30 days;	Unsecured
	December 31, 2022	17,748	–	noninterest-bearing	
	March 31, 2022	16,847	(5,056)		
Calaca Harvest Terminal Inc. (CHTI)					
Transportation and delivery expense and wheat handling fees	**March 31, 2023**	**76,928**	**(11,297)**	15 days;	Unsecured
	December 31, 2022	300,339	(14,578)	noninterest-bearing	
	March 31, 2022	59,977	(17,704)		
Advances	**March 31, 2023**	**11,002**	**11,002**	On demand;	Unsecured
	December 31, 2022	–	–	noninterest-bearing	
	March 31, 2022	–	–		
Common shareholders					
PT. Nissin Biscuit Indonesia					
Trade purchases, net	**March 31, 2023**	**12,712**	**(3,595)**	45 days;	Unsecured
	December 31, 2022	62,564	–	noninterest-bearing	
	March 31, 2022	5,452	(2,753)		
MNSG Holdings Pte. Ltd.					
Loans receivable*	**March 31, 2023**	**–**	**162,309**	2 years;	Unsecured
	December 31, 2022	–	162,300	interest-bearing	
	March 31, 2022	–	164,299		
Trade and other receivables (see Note 6)	**March 31, 2023**		**₱44,753**		
	December 31, 2022		33,751		
	March 31, 2022		33,777		
Loans receivable*	**March 31, 2023**		**162,309**		
	December 31, 2022		162,300		
	March 31, 2022		164,299		
Trade payables (see Note 12)	**March 31, 2023**		**(14,892)**		
	December 31, 2022		(14,578)		
	March 31, 2022		(25,513)		

**Presented under "noncurrent receivables"*

MNSG Holdings Pte. Ltd.

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

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

19. **Income Tax**

<u>Deferred Income Tax</u>

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Allowance for impairment loss	**₱375,806**	₱375,806
Pension liability	**123,174**	118,311
NOLCO	**81,928**	82,795
Refund liabilities	**68,837**	50,110
Allowance for inventory obsolescence	**53,509**	53,537
Right-of-use assets and lease liabilities	**41,884**	39,706
Derivative liability	**35,227**	–
Unrealized foreign exchange (gain) loss	**(21,807)**	1,472
Unrealized profits from intercompany sales	**20,908**	24,979
Unamortized past service cost	**9,592**	10,034
Excess of the tax base over the carrying amounts of non-monetary assets	**8,763**	8,856
Advances from customers	**5,430**	14,649
Allowance for ECL	**2,163**	2,220
Accrued expenses	**–**	86,103
Others	**6,998**	(666)
	812,412	867,912
Deferred tax liabilities – net		
Brand	**(3,446,635)**	(3,446,451)
Property, plant and equipment	**(1,305,385)**	(1,265,009)
NOLCO	**617,600**	428,178
Interest income	**(48,666)**	(48,664)
Unrealized foreign exchange gain	**192**	(10,459)
Others	**22,676**	22,672
	(4,160,218)	(4,319,733)
	(₱3,347,806)	(₱3,451,821)

20. Financial Risk Management Objectives and Policies

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

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial Assets		
Cash and cash equivalents	**₱11,539,966**	₱11,628,627
Trade and other receivables	**6,876,971**	6,800,309
Financial assets at FVTPL	**2,867,260**	1,756,101
Noncurrent receivables	**662,309**	662,300
Advances to employees**	**66,483**	69,777
Withholding tax receivables*	**4,606**	4,655
	22,017,595	20,921,769
Financial Liabilities		
Accounts payable and other current liabilities***	**10,257,690**	10,938,041
Loans payable****	**7,356,356**	7,355,964
Acceptance and trust receipts payable	**1,140,808**	2,362,301
Lease liabilities****	**8,181,707**	8,351,401
	26,936,561	29,007,707
	(₱4,918,966)	(₱8,085,938)

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

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

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

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

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

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

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

	March 31, 2023						
		Days Past Due					
	Current	**1–30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**ECL**	**Total**
Trade and other receivables:							
Non-related parties	**₱6,315,282**	**₱365,212**	**₱55,041**	**₱13,787**	**₱18,032**	**₱37,319**	**₱6,804,673**
Related parties	**–**	**–**	**–**	**–**	**33,751**	**–**	**33,751**
Other receivables	**75,788**	**74**	**4**	**–**	**–**	**–**	**75,866**
Noncurrent receivables	**662,309**	**–**	**–**	**–**	**–**	**115,266**	**777,575**
	₱7,053,379	**₱365,286**	**₱55,045**	**₱13,787**	**₱51,783**	**₱152,585**	**₱7,691,865**

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

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

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease contracts. The Group’s policy is that not more than 50% of long-term debt should mature in the next 12-month period. Approximately 6% and 7% of the Group’s long-term debt will mature in less than one year at March 31, 2023 and December 31, 2022, respectively, based on the carrying value of debt reflected in the financial statements. The Group assessed the concentration risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of source of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

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

Derivative Financial Instruments

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

Structured Deposit

The Group invested in a principal protected structure with a potential enhanced return greater than the prevailing money market rate. The structured deposit will be redeemed at 100% of the principal amount, together with an interest amount based on the guaranteed rate plus the relevant enhanced rate depending on the applicable scenario at maturity date.

Pertinent details of the structured deposit are as follows:

Principal amount	Effective Date	Maturity Date	Guaranteed Rate	Lower Enhanced Rate	Higher Enhanced Rate
$10,000	09/07/22	03/07/23	0.00% p.a.	2.0% p.a.	4.4% p.a.
$5,200	12/07/22	09/07/23	0.00% p.a.	3.5% p.a.	8.0% p.a.

Dual Currency Investment

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

Pertinent details of the dual currency investment are as follows:

Notional amount	Effective Date	Maturity Date	Investment Currency	Alternative Currency	Conversion Rate	Interest Rate of Investment Currency
$10,000	09/09/22	12/08/22	USD	GBP	1.10	6.05% p.a.
$10,000	12/08/22	03/08/23	USD	GBP	1.10	6.35% p.a.
$3,000	03/07/23	06/05/23	USD	EUR	1.04	6.77% p.a.
$10,000	03/08/23	06/08/23	USD	EUR	1.04	6.50% p.a.

Structured Note

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

Pertinent details of the structured note are as follows:

Issue Size	Effective Date	Maturity Date	Redemption at Maturity
$5,000	02/14/23	08/03/23	100% + 100% * Max
$5,000	02/14/23	02/05/24	100% + 160% * Max

The Group recognized market valuation gain of ₱9.4 million from fair value changes of structured deposit, dual currency investment and structured note for the three months ended March 31, 2023 under the "Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)" account in the consolidated statement of comprehensive income.

CCS contract
On March 4, 2022, the Group entered into a non-deliverable CCS Agreement with a notional amount of ₱5,839.5 million (£85.0 million). On September 28, 2022, the Group fully unwind the CCS agreement to take advantage of the weakening of Pound Sterling. For the three months ended March 31, 2022, the Group recognized ₱45.1 million cumulative translation gain adjustment under other comprehensive income.

On January 31, 2023, the Parent Company entered into a non-deliverable CCS Agreement with a notional amount of ₱1,891.4 million (THB 1,151.5 million). Under the CCS agreement, the Company will receive Philippine Peso interest at 11.50% p.a. and will pay fixed Thailand Baht interest at 9% p.a. The Company will also pay the notional Thailand Baht amount in exchange for the Philippines Peso amount at the end of the swap period. The CCS, which will be designated as a hedge of a portion of the net investment in MIL and MNTH, is used to hedge the Parent Company's exposure to the THB foreign exchange risk on its investment in MIL and MNTH. For the three months ended March 31, 2023, the Group recognized ₱139.0 million cumulative translation loss adjustment under other comprehensive income.

The Group recognized ₱1.3 million derivative loss from swaps entered and settled during the same period for the three months ended March 31, 2023.

The derivative gain recognized for the three months ended March 31, 2022 amounting to ₱75.5 million pertains to fair value changes of the interest rate swap agreement.

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 March 31, 2023 and December 31, 2022.

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

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Total debt	**₱27,848,316**	₱29,021,189
Total equity attributable to equity holders of the Parent Company	**53,836,061**	52,128,686
Debt-to-Equity Ratio	**0.52:1.00**	0.55:1.00

Fair Value of Financial Instruments

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

Current financial assets at FVTPL. The current financial assets at FVTPL account consists of unit investment trust funds (UITFs) and derivatives, including separated embedded derivatives, unless designated as effective hedging instruments. As at March 31, 2023, the fair values of these financial assets are based on their published net asset value per share.

Noncurrent financial assets at FVTPL. The noncurrent financial assets at FVTPL account consist of quoted and unquoted equity securities from Figaro Coffee Group, Inc. and Terramino Inc. As at March 31, 2023, the fair value of these financial assets are based on quoted prices. Unquoted equity securities with no reliable measure of fair value are carried at its last transaction price.

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

21. Supplemental Disclosure to Cash Flow Statements

The Group’s material noncash activities are as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Cumulative translation adjustments (Note 20)	**₱228,289**	(₱34,300)
Additions to ROU assets (Note 9)	−	31,413

22. Other Matter and Subsequent Event

Commodity Prices

The Parent Company continues to see a gradual easing of commodity prices in the global markets. The impact of easing commodity prices was partly reflected in Q1 2023 for wheat and is expected for Q2 2023 for palm oil. The Parent Company already secured wheat prices until Q3 2023 and has diversified lock-in and spot positions on palm oil requirements until Q4 2023.

Additional Subscription to MNSPL and Equity Infusion to MNUKL

On May 10, 2023, the Parent Company’s BOD authorized the Parent Company to subscribe to an additional 40.0 million ordinary shares in MNSPL at 1 British Sterling Pound (£1.00) per share, or total subscription price of £40.0 million, payable in several tranches, on or before December 31, 2023. The proceeds will be infused by MNSPL to MNUKL. MNUKL will in turn infuse said funds into MFL to partially pay down MFL’s existing debt.

The partial pre-payment of MFL’s external loan obligations using the Group’s surplus cash will reduce the negative carry arising from increasing interest rates in connection with the external loan, and is aligned with the Group’s efforts to better weather the current market conditions of the meat alternative category in the U.K and U.S while keeping the Group agile and ready to maximize opportunities when the market recovers.

ANNEX E

Minutes of the Annual Stockholders' Meeting dated June 24, 2022

Draft – Subject to approval in the 2023 annual stockholders' meeting

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
June 24, 2022, 10 A. M.
Held at Felix Reyes St., Brgy. Balibago, Sta. Rosa, Laguna
Conducted virtually via https://conveneagm.com/ph/MONDE2022ASM

The Annual Stockholders' Meeting ("ASM") of Monde Nissin Corporation (the "Company" or "MNC") was held at its principal place of business located at Felix Reyes St., Brgy. Balibago, City of Sta. Rosa, Laguna and conducted virtually via https://conveneagm.com/ph/MONDE2022ASM (the "MNC ASM Platform") on June 24, 2022 at 10 A.M. with the Chairperson of the Executive Committee and Chief Executive Officer ("CEO") as the Presiding Officer or Acting Chairperson of the Stockholders' Meeting in accordance with Section 8.4, Article IV of MNC's By-laws.

Directors Present

Hartono Kweefanus	-	Chairperson Emeritus
Kataline Darmono	-	Chairperson of the Board Member, Executive Committee
Henry Soesanto	-	Acting Chairperson for the Stockholders' Meeting Chairperson, Executive Committee CEO/Executive Vice President
Hoediono Kweefanus	-	Vice-Chairperson of the Board
Betty T. Ang	-	President Member, Executive Committee
Romeo L. Bernardo	-	Lead Independent Director Chairperson, Risk and Related Party Transactions Committee Member, Executive Committee Member, Audit Committee Member, Corporate Governance, Nomination, and Remuneration Committee
Nina Perpetua D. Aguas	-	Independent Director Chairperson, Audit Committee Member, Risk and Related Party Transactions Committee Member, Corporate Governance, Nomination, and Remuneration Committee
Marie Elaine Teo	-	Independent Director Chairperson, Corporate Governance, Nomination, and Remuneration Committee Member, Risk and Related Party Transactions Committee Member, Audit Committee

<u>Other Officers and Management Present</u>

Atty. Helen G. Tiu	-	*Corporate Secretary and Chief Legal Officer*
Mr. Jesse C. Teo	-	*Chief Financial Officer ("CFO")*
Mr. Samuel C. Sih	-	*Chief Commercial Officer*
Mr. Michael Stanley D. Tan	-	*Chief Operations Officer*
Ms. Marivic N. Cajucom-Uy	-	*Chief Sustainability Officer*
Mr. Daniel Teichert	-	*Chief Risk Officer*
Mr. Michael J. Paska	-	*Corporate Business Development & Investor Relations Officer*
Atty. Jon Edmarc R. Castillo	-	*Chief Compliance Officer and Company Information Officer*
Atty. Katherine C. Lee-Bacus	-	*Assistant Corporate Secretary*
Atty. Anne Katherine N. Santos	-	*Assistant Corporate Secretary*
Mr. Mark Tiangco	-	*Corporate Communications Head*

<u>Shareholders Present</u> (*see **Annex A***)	No. of Outstanding & Voting Shares Present or Represented	Percentage of Total Outstanding Capital Stock (*i.e.*, 17,968,611,496 shares)
	15,971,873,412	**88.89%**
<u>Shareholders Absent</u>	No. of Outstanding & Voting Shares Absent	
	1,996,738,084	**11.11%**

I. <u>CALL TO ORDER</u>.

After the Philippine national anthem was played, Corporate Business Development & Investor Relations Officer Mr. Michael J. Paska stated at the outset that the Company is holding the meeting in virtual format.

Mr. Paska introduced each of the members of the Board of Directors present, *i.e.,* Chairperson Emeritus **Mr. Hartono Kweefanus**; Chairperson of the Board and ExCom Member **Ms. Kataline Darmono**; Vice Chairperson of the Board **Mr. Hoediono Kweefanus**; Director, President & Executive Committee ("ExCom") Member **Ms. Betty T. Ang**; Director, ExCom Chairperson, and CEO **Mr. Henry Soesanto**; Lead Independent Director, Chairperson of the Risk and Related Party Transactions Committee, and ExCom Member **Mr. Romeo L. Bernardo**; Independent Director and Chairperson of the Audit Committee **Ms. Nina Perpetua D. Aguas**; and Independent Director & Chairperson of the Corporate Governance, Nomination, and Remuneration Committee **Ms. Marie Elaine Teo**.

Mr. Paska also introduced some of the officers of the Company who joined the meeting, *i.e.,* CFO Mr. Jesse C. Teo, Corporate Secretary & Chief Legal Officer Atty. Helen Tiu, Chief Commercial Officer Samuel C. Sih, Chief Sustainability Officer Ms. Marivic N. Cajucom-Uy, Chief Operations Officer Mr. Michael Stanley D. Tan, Chief Compliance Officer Atty. Jon Edmarc R. Castillo, and Chief Risk Officer Mr. Daniel Teichert.

Thereafter, Mr. Paska acknowledged the presence of the representatives of SyCip Gorres Velayo & Co. ("SGV"), the Company's external auditor and validator of the voting results, led by the Engagement Partner Ms. Editha Estacio.

In light of the physical absence of the Chairperson of the Board in the Philippines and in compliance with the requirements of Section 15 of the Securities and Exchange Commission's ("SEC's") Memorandum Circular No. 06, series of 2020, that the presiding officer shall call and preside over the stockholders' meeting at the principal office of the corporation, pursuant to Section 8.4, Article IV of the Company's By-laws, the Chairperson of the Executive Committee, Mr. Henry Soesanto was requested to call, and he called, the meeting to order. Thereafter, Acting Chairperson of the Stockholders' Meeting Mr. Henry Soesanto presided over the ASM. The Corporate Secretary Atty. Helen G. Tiu recorded the minutes of the ASM.

II. <u>NOTICE OF MEETING AND DETERMINATION OF QUORUM</u>.

The Acting Chairperson 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 ASM.

The Corporate Secretary certified that in accordance with SEC Notice dated February 16, 2022 ("SEC 2/16/22 Notice"), notice of the ASM ("ASM Notice"), the Definitive Information Statement ("DIS") and other documents related to the holding of the ASM were distributed to stockholders of record as of May 27, 2022 through the following methods:

(a) by publication in both online and print formats on June 2 and 3, 2022 on The Philippine Star and the Manila Bulletin (the last publication being made 21 days prior to the ASM);

(b) by posting on the Company's website; and

(c) by disclosure through the Philippine Stock Exchange's EDGE portal ("PSE Edge").

In addition, the electronic copies of the Company's DIS, the audited consolidated financial statements, the minutes of the previous November 23, 2021 stockholders' meeting and other meeting materials were made available on the Company's website, on the MNC ASM Platform, and on PSE Edge. Accordingly, the stockholders have been duly notified in accordance with the Company's By-Laws, SEC Memorandum Circular No. 6, series of 2020, SEC 2/16/22 Notice, and the Company's I Rules and Procedures for Voting and Participation in the Stockholders' Meeting.

The Corporate Secretary also certified that there was a quorum for the meeting in as much as there were present or represented at the ASM (by proxy, voting in absentia through the MNC ASM Platform, and participating through remote communication) stockholders owning 15,971,873,412 common shares out of the Company's 17,968,611,496 (or 88.89%) of the total outstanding shares. The mode of attendance of the stockholders present and their respective percentages of the outstanding shares are set forth below:

Mode of Attendance	% of Total Outstanding Capital Stock	Number of Shares
Appointment of the Chief Executive Officer as proxy	80.27%	14,423,191,516
Voting in absentia	0%	-
Remote Communication	8.62%	1,548,681,896

Additionally, there were 53 viewers of the live webcast of the meeting.

There being a quorum, the Acting Chairperson declared the meeting duly convened and opened for business.

III. INSTRUCTIONS ON RULES OF CONDUCT AND VOTING PROCEDURES.

The Acting Chairperson requested the Corporate Secretary to share the rules of conduct and voting procedures for the meeting, including the measures adopted by the Company to provide the stockholders the opportunity to participate in the meeting to the same extent possible as an in-person meeting.

The Corporate Secretary first stated that the rules of conduct and the voting procedures are set forth in the DIS and in the Explanation of Agenda Items which formed part of the ASM Notice Thereafter, she highlighted the following rules:

1. The ASM agenda covered a range of matters requiring stockholders' vote and was included in the ASM Notice distributed to stockholders of record (record date being May 27, 2022). Stockholders were also given the opportunity to propose matters for inclusion in the agenda, pursuant to applicable SEC rules and regulations, and the Company's internal guidelines.

2. Stockholders were notified that questions received through the MNC ASM Platform or through email to investor.relations@mondenissin.com or corporate.secretary@mondenissin.com by 5 p.m. of June 15, 2022 will be given priority. Questions received from stockholders by June 15 have been collated and will be answered during the Q&A portion to be taken up under "Other Business". For questions and comments which are not responded to during the Q&A, the Company will endeavor to answer them by email.

3. There are six agenda items to be voted on or acted upon by the stockholders, each of which will be shown on the screen as the same is being taken up.

4. Through the MNC ASM Platform, stockholders have been able to cast their votes on these agenda items starting June 3, 2022. Stockholders participating via live feed or through the MNC ASM Platform may cast their votes in real time using the platform. The polls will remain open until the end of the meeting for stockholders who have successfully registered on the platform.

5. Alternatively, stockholders were also provided with the option of appointing the CEO as their proxy.

6. A preliminary tabulation was made of votes cast as of close of business on June 23, 2022. The Corporate Secretary will be referring to this preliminary tabulation when reporting the voting results for each agenda item during the meeting. However, the results of the final tabulation of votes, with full details of the relevant affirmative and negative votes as well as abstentions, will be independently validated by SGV and reflected in the minutes of the ASM.

IV. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING HELD ON NOVEMBER 23, 2021.

The Acting Chairperson then proceeded with the approval of the minutes of the annual stockholders' meeting held on November 23, 2021, an electronic copy of which was posted on the Company's website and was part of the DIS.

The Corporate Secretary presented Resolution No. S-1-2022 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-1-2022

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the minutes of the annual stockholders' meeting held on November 23, 2021."

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-1-2022 providing for the approval of the minutes of the previous stockholders' meeting held on November 23, 2021 were as follows:

	For	Against	Abstain
Number of Votes (One Share – One Vote)	15,971,555,012	-	318,400
% of Total Outstanding Capital Stock	88.89%	0.00%	0.00%

V. MANAGEMENT REPORT

A. MESSAGE OF THE CHAIRPERSON OF THE BOARD

The Chairperson of the Board began her presentation by reporting on the positive growth experienced by the Company due to short- and long-term responses despite the numerous headwinds in 2021. The Company's balanced portfolio had equipped it to better respond to potential risks and stay resilient moving forward. The Chairperson highlighted that the Company made headlines as the Philippines' largest initial public offering ("IPO") to date by raising ₱48.6 billion on its public listing on June 1, 2021. She also reported that being a publicly-listed company opened new expansion opportunities for the Company and has served as a reminder of the Company's corporate responsibility. She also emphasized that the Company continues to be guided by its corporate aspiration and its continued commitment to all of its stakeholders. She also reported that the Company acknowledges that its business has an impact on the health of both the people and the planet and accordingly, will stay true to this aspiration, which is the heart of the Company's business. The Company remains committed to becoming better and to Making Better Possible.

B. REPORT OF THE CHIEF EXECUTIVE OFFICER

CEO Henry Soesanto emphasized that the Company's aspiration to improve the well-being of the people and the planet and to create sustainable solutions for food security continues to be relevant. He acknowledged the following macro-environmental factors:

1. the COVID-19 pandemic continued to affect lives and businesses on a global scale in 2021;
2. while the World Bank reported positive global gross domestic product ("GDP") growth in 2021 versus the GDP decline in 2020, widespread supply chain shortages and other logistical issues continued to surface throughout the year;
3. the Philippines was met with a 9.6% economic contraction in 2020 and has only begun to recover economically; and
4. the public health crisis is just tapering down aided by the widespread vaccination programs beginning 2021.

He was pleased to report that within this challenging environment, the Company managed positive growth. Motivated by the Company's corporate aspiration, MNC continued to invest and innovate in better food. The Company saw a 2.0% growth to ₱69.3 billion in terms of revenue as a result of everyone's efforts within MNC and the support of consumers. He explained that the Company will leverage on this strong start and retain its focus on the Company's long-term growth plans to work towards Making Better Possible.

He discussed the long-term strategies of the Company and its subsidiaries (the "Group"). He elucidated that the Company sees a long runway for each of its businesses. For Noodles, the Philippines' per capita consumption still has room to grow compared to other Asian countries. With this, the Company aims to capture growth through its strong brand equity and innovations. Further, the Company believes that there is a healthier segment to be built and is installing additional high-speed airflow lines to produce healthier noodles with substantially reduced oil content. The Company believes that this would increase consumption moments in the Philippines, and open opportunities for launching in other markets. For Biscuits though is still a challenged category as the pandemic continues, the Group expects stable long-term growth as it saw a recovery in the 4th quarter of 2021 as a result of in-home usage campaigns and the easing of mobility restrictions. For Others, MNC will continue to work with its business partners for Culinary and Beverages to address consumer needs for in-home cooking as well as health and wellness. For Meat Alternative, the Group will continue with its focus areas. In the United Kingdom ("UK"), the Group will stay on course with its many new product developments that address increasing demand for healthier and more sustainable food. The Group believes that while there are short-term macroeconomic headwinds, the long-term consumer awareness on health and sustainability will be sustained. The Group will also ensure that its products continue to be accessible, and that its capacity remains sufficient to accommodate long-term growth. In the US, the Group is currently evaluating its growth plans given the current market conditions. The Group plans to provide an update to the market later in the year regarding any changes to its current strategy.

For Foodservice and Quick Service Restaurants ("QSR"), the Group will continue to work with restaurant partners in developing products catered to their needs as the Group further deepens its relationship with existing QSR partners and expand its connections around the world.

The CEO highlighted that the Group will do all of these while it continues to adhere to the Company's aspiration. He explained that the Group was built through continuous innovation and investment ahead of changing consumer tastes. With this comes the Group's plans for continuous improvement and action, which are laid out in its sustainability strategy and focus areas. He added that the Group is now in the process of embedding into its ways of doing business a sustainability framework along the themes of (a) making better food accessibility possible, (b) making eco-efficiency possible, (c) making inclusivity possible, and (d) making collective action possible. He reported that MNC set its "North Star" targets in 2021, creating clearer and ambitious goals as the Company works to become better. He emphasized that each of the Company's sustainability strategic pillars supports certain United Nations' Sustainable Development Goals, and it is through these that the Company believes it will be able to progress in Making Better Possible. He acknowledged that while the Company has a long way to go with regard to sustainability, the pandemic has allowed it to take a closer look at the needs of its stakeholders which enabled it to ensure the short-term sustainability and business continuity of the Company.

He also discussed the Company's performance during the 1st quarter of 2022 with consolidated revenue increasing by 7.2% to ₱18.3 billion caused by pricing actions across businesses and volume growth in the Asia Pacific Branded Food and Beverage ("APAC BFB") domestic business. APAC BFB's net sales increased by 8.6% to ₱14.5 billion as a result of the improving performance of the domestic business, which grew by 10.5% to ₱13.7 billion on price increases and continued volume growth for the noodles, culinary, and packaged cake categories. Biscuits also posted volume growth to pre-pandemic level. Meat Alternative's revenue decreased by 1.3% year-on-year on an organic basis as the UK grocery market remains in decline and as the UK continues to experience challenging macroeconomic conditions. On a reported basis, revenue increased by 2.1% to ₱3.8 billion due to foreign exchange gains. Retail sales posted a decline year-on-year as the market rebalances to out-of-home consumption. Meanwhile, foodservice delivered a record quarter and grew by 124%.

He pointed out that by taking care of the Company's employees, MNC was able to continue and even expand operations, and ensure that the Company's products are fully stocked in supermarkets, sari-sari stores, and the like. High and reliable service levels in the communities the Company serves are critical while the pandemic persists, especially as a significant portion of its product portfolio consists of essential and in-home food items.

He emphasized that all of these are possible with the collaboration and care of the Company's people – those working on the ground in its facilities and on the field, as well as those from its offices. He thanked the efforts they have made to ensure the Company's business continuity amidst the pandemic. He stated that as stewards of stakeholders' trust, the entire MNC team will continue to work hard and exemplify excellence as it pursues its aspirations.

C. <u>REPORT OF THE CHIEF FINANCIAL OFFICER</u>

CFO Jesse Teo began his report noting the increase in the consolidated revenue for the year 2021 by 2.0% to ₱69.3 billion is attributable to pricing actions, favorable forex, and the balanced portfolios. Further, APAC BFB full year net sales increased by 2.1% to ₱54.0 billion. Meanwhile, revenues from the Meat Alternative business grew by 1.4% to ₱15.2 billion, reflecting macroeconomic conditions and favorable forex effect.

He further noted that the APAC BFB business makes up 78% of total sales as of full year 2021. The domestic business, which accounted for 93% of the APAC BFB revenues, posted a 1.0% growth to ₱50.4 billion despite the negative impacts of Typhoon Odette. This is the result of sustained volumes for noodles given programs to maintain pandemic gains, and recovery in the biscuits segment in the 4th quarter of 2021 with 3.2% growth due to in-home usage campaigns and easing mobility restrictions.

The CFO also disclosed that the Company sustained its market leadership positions as its shares remained stable or increased for the full year 2021. This was mainly driven by sustained volumes for in-home offerings and recovery of out-of-home segments. He continued to report that the noodles category experienced a surge in demand given its nature as a staple product and as consumers prioritized essentials during the country's lockdown. The Company was able to grow with the category through its Lucky Me! flagship brand and sustained performance, gaining market share, and solidifying its market leading position in the overall Noodles space. The new product launches and relaunches were key in driving its performance in this category, *i.e.,* the launch of the Pancit Canton Kasalo Pack to address competition in key areas; the relaunch of Pancit Canton Thinner Noodles as a result of consumer demand, as well as Go Cup Batchoy and Bulalo that incorporate an improved taste and look; and the launch of the Milky Me variants to offer better product value proposition to address competition.

The Company also launched communication efforts to promote consumption occasions and different ways to consume noodles. The relaunch of its Thinner Noodles gained it the YouTube Works Awards for Best Collaboration last July. The award is in partnership with Kantar, a reputable global market measurements company, and recognizes innovative and effective campaigns on the online platform. Efforts such as these are why its flagship noodle brand Lucky Me! remains one of the most chosen consumer brands in the country, earning this title for seven consecutive years from Kantar.

The Biscuits category saw a decline as a result of the reduction in usage occasion, given that it is typically consumed out-of-home. However, this recovered in the 4th quarter of 2021 as a result of in-home usage campaigns and the easing of mobility restrictions. The Company was able to maintain its market leadership in this challenged space. A nostalgic campaign was launched to revive excitement for Fita, one of the flagship biscuits brands, as well as a campaign to further build usage occasions, such as eating the flagship SkyFlakes biscuits at home with comfort food like noodles.

As regards the strategic partnerships with strong brands, first, Culinary experienced a surge in demand as consumers prioritized in-home cooking during the country's lockdown. As such, the Oyster Sauce business grew and gained significant market share with the Mama Sita's brand. Consumers either switched from other culinary aids or experimented with more dishes at home to enhance or try different flavor combinations. This reflects the versatility of Mama Sita's Oyster Sauce. Second, the Beverage category saw a decline due to reduction in usage occasion, given its out-of-home nature. Despite this, the Company gained market share in Yogurt Drinks as it introduced DutchMill Proyo!, a probiotic yogurt drink aimed at teens containing live lactobacillus that helps with better digestion and staying fit. For Cultured Milk, the Company is able to maintain its #2 challenger position despite market share decline due to logistical challenges as the products were imported from Thailand.

He added that the Meat Alterative business comprised 22% of total sales for the full year 2021 with its Quorn and Cauldron brands. While revenue declined by 3.9% year-on-year on an organic basis as challenging macroeconomic environment persists in the UK and the US, foodservice showed continued strong momentum throughout the year and grew by 36% year-on-year. Retail sales, which make up the majority of the Meat Alternative's business, continue to be challenged.

He also highlighted that the Group produces a unique micro-organism-based protein called mycoprotein, using its proprietary air lift fermentation technology. Through decades of research and production know-how, the Company has a product that (a) delivers superior nutrition, with increasing scientific research on its health benefits, (b) is better for the planet, using less carbon, water, and land in our value chain, and (c) mimics meat in terms of texture and is versatile, allowing the Company to come up with alternative meat products across all meat types. The versatility of mycoprotein allowed the Company to come up with a wide range of stock keeping units for all meat types, for various meal occasions, and recipes. Its recent product launches have been received amazingly well by the consumer, with seven of the top 11 rate of sale performers being Quorn's new product launches. He also reported the successful new product launches in the US as the new Meatless ChiQin Wings earned the Kantar Product of the Year Award based on the Consumer Survey of Product Innovation.

He was also pleased to report that the Group was able to maintain its #1 position with the highest brand awareness and repeat purchase in the UK despite the ongoing macroeconomic challenges. The Group continues to work on rebuilding its relationships with retailers to increase its distribution points and have made good progress strengthening its customer relationships. The Group is particularly pleased with the strengthening relationship with Tesco, the UK's largest retailer. The Group is proud to announce that Tesco has asked that Quorn Foods be the category captain to help Tesco achieve their stated ambition of tripling their meat alternative business over the next five years. The Group will continue to build on its loyal consumer base through various initiatives. To support new product developments and increased distribution, the 4th fermenter in the UK was commissioned on time in July; and the 4th harvester together with the complementary infrastructure, are scheduled for completion in 2022.

He also communicated that foodservice is progressing well with a strong 2021 performance and there were ongoing discussions with key players. Collaborations with QSRs are made in creating products specifically for their brands and the Company is honored and proud when KFC UK recognized Quorn as their New Product Development ("NPD") supplier of the Year for the work done in developing the Quorn Fillet Vegan Burger. There are a number of new launches planned with KFC. There were also launches in the UK, limited time offers in Europe, and samples sent to select countries in Asia. The Group is pleased with the growth of its foodservice in the UK as it continues to work with the education, health, and public sectors. Also, Quorn has a strong NPD capability, whether for retail or foodservice/QSR. The Group will continue to invest in the QSR/foodservice area. The Group acknowledges that there is a lot to do but it is making progress despite the external market headwinds, and it remains optimistic for the category as well as its leading brand in the long term.

The CFO announced that in terms of profitability, core net income attributable to shareholders, declined by 5.4% to ₱8.2 billion as a result of the continuing inflationary environment and increased advertising and promotions investments in the Meat Alternative business. Despite the decline, he was pleased to report that margins remained resilient notwithstanding the inflated commodity costs, and continued investments in strategic priorities. The resulting reported net income declined to ₱3.2 billion primarily due to one-off items related to the Arran convertible note and the IPO. Despite the short-term headwinds, the Company has a strong balance sheet and the ratios continue to be healthy, allowing the Company to pursue innovations in new products and processes and invest in its brands. With the strength of the Group's balance sheet and the confidence of its banks, the Group was able to refinance Marlow Foods' loan at more favorable terms with an estimated savings of GBP 5 million over the term of the loan. This gives the Group greater flexibility in executing its strategic plans.

Thereafter, the Acting Chairperson requested the Corporate Secretary to present the next resolution for the noting of the Management Report, which consisted of the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer.

The Corporate Secretary presented Resolution No. S-2-2022 as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-2-2022

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") note, as we hereby note, the Corporation's Management Report comprising the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer."

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-2-2022 providing for the noting of the Management Report, which consisted of the Message of the Chairperson of the Board, the Report of the Chief Executive Officer, and the Report of the Chief Financial Officer, were as follows:

	Noted	Abstain
Number of Votes (One Share – One Vote)	15,970,803,412	1,070,000
% of Total Outstanding Capital Stock	88.88%	0.01%

VI. RATIFICATION OF THE 2021 ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Acting Chairperson proceeded to the next item in the agenda, which was the ratification of the 2021 Annual Audited Consolidated Financial Statements.

The Corporate Secretary explained that stockholders' ratification was sought for the Company's 2021 Annual Audited Consolidated Financial Statements, an electronic copy of which was attached to the DIS as part of Annex D (Management Report) and made available on the Company's website, the PSE EDGE, and the MNC ASM Platform. She presented Resolution No. S-3-2022 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-3-2022

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") ratify, as we hereby ratify, the annual consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 2021 as audited by its external auditor SyCip Gorres Velayo & Company."

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-3-2022 providing for the ratification of the 2021 annual audited consolidated financial statements of the Company and its subsidiaries, were as follows:

	For	Against	Abstain
Number of Votes (One Share – One Vote)	15,970,803,412	-	1,070,000
% of Total Outstanding Capital Stock	88.88%	0.00%	0.01%

VII. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE AND OTHER BOARD COMMITTEES, OFFICERS, AND MANAGEMENT FOR THE PERIOD OF NOVEMBER 23, 2021 TO JUNE 24, 2022

The Acting Chairperson proceeded to the next item in the agenda, which was the ratification of all acts of the Board of Directors, the Executive Committee and other Board Committees, of the Officers and Management for the period November 23, 2021 to June 24, 2022. The Corporate Secretary explained that stockholders' ratification was sought for all the acts and resolutions of the Board of Directors, the Executive Committee, and other Board Committees exercising powers delegated by the Board adopted from November 23, 2021 to June 24, 2022 as well as for all the acts of the Company's officers and Management performed to implement the resolutions of the Board of Directors, the Executive Committee and other Board 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 summarized in the Explanation and Rational of Agenda Items portion of the DIS. They included the election of the members of the various Board Committees, the appointment of the lead independent director and of officers, the approval of amendments to the Company's By-Laws, the appointment of attorneys-in-fact and authorized signatories, capital allocation and disbursements of funds to subsidiaries, treasury-related matters, approval of agreements needed by the Company in the normal course of business, and matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

On the Acting Chairperson's request, the Corporate Secretary presented Resolution No. S-4-2022 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-4-2022

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") ratify, as we hereby ratify, each and every act and/or resolution from November 23, 2021 to June 24, 2022 of the Board of Directors, the Executive Committee and other Board Committees exercising powers delegated by the Board, of officers and management of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and the Board Committees, or pursuant to the By-laws of the Corporation."

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-4-2022 providing for the ratification of all acts and/or resolutions for the period November 23, 2021 to June 24, 2022 of the Board of Directors, the Executive Committee and other Board Committees, of Officers, and Management of the Company, were as follows:

	For	**Against**	**Abstain**
Number of Votes (One Share – One Vote)	15,970,500,212	303,200	1,070,000
% of Total Outstanding Capital Stock	88.88%	0.00%	0.01%

VIII. ELECTION OF DIRECTORS (INCLUDING 3 INDEPENDENT DIRECTORS) FOR THE ENSUING YEAR

The next item in the Agenda was the election of the nine (9) members of the Board of Directors for the ensuing year or until their respective successors shall have qualified. The Corporate Secretary elucidated on the importance of diversity in the membership of the Company's Board of Directors to avoid groupthink and to promote long-term shareholder value. She reported that the Company's incumbent Board membership comprises individuals of diverse ages, nationalities, religious affiliations, and genders, and spans a broad range of business and educational backgrounds. She highlighted that the Company recognizes that diversity enables the Board to be agile and creative when addressing challenges, and affords it wider breadth and greater depth in seeking opportunities and addressing business risks. Finally, the diversity of the Company's Board puts it in the best position to provide meaningful value to the Company and its stockholders consistent with the Company's core aspiration to improve the wellbeing of the people and the planet, and create sustainable solutions for food security.

The Corporate Secretary informed the stockholders that in accordance with the requirements of the Company's By-Laws, the Manual on Corporate Governance, the Board Charter, and the Corporate Governance, Nomination, and Remuneration Committee's Rules Governing Nomination and Election of Directors, the following nominees were duly nominated to the Board of Directors of the Company for the ensuing term and each of the nominees have consented to his/her nomination:

1. Hartono Kweefanus
2. Kataline Darmono
3. Hoediono Kweefanus
4. Betty T. Ang
5. Henry Soesanto
6. Monica Darmono
7. Romeo L. Bernardo (for independent director)
8. Nina Perpetua D. Aguas (for independent director)
9. Marie Elaine Teo (for independent director)

The Corporate Secretary reported that based on the partial tabulation of votes, each of the nine nominees has garnered at least 15,415,195,307 votes or at least 85.79% of the total outstanding capital stock. Given this, she certified that each nominee has received enough votes for election to the Board and that, consequently, Resolution No. S-5-2022 for the election of the nine nominees to the Board had been approved:

RESOLUTION NO. S-5-2022

"RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") elect, as we hereby elect, the following as directors of the Corporation to serve as such beginning June 24, 2022 until their successors are elected and have duly qualified:

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

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes received by the nominees based on the total cumulative votes received were as follows:

	Vote	Number of Votes	Percentage of Outstanding Capital Stock
Henry Soesanto	In Favor	15,955,966,054	88.80%
	Abstain	23,907,358	0.13%
Betty T. Ang	In Favor	15,941,786,354	88.72%
	Abstain	26,087,058	0.15%
Monica Darmono	In Favor	15,941,786,354	88.72%
	Abstain	26,087,058	0.15%
Marie Elaine Teo	In Favor	15,781,499,512	87.83%
	Abstain	186,373,900	1.04%

	Vote	Number of Votes	Percentage of Outstanding Capital Stock
Hartono Kweefanus	In Favor	15,750,825,629	87.66%
	Abstain	217,047,783	1.21%
Hoediono Kweefanus	In Favor	15,750,825,629	87.66%
	Abstain	217,047,783	1.21%
Kataline Darmono	In Favor	15,748,576,752	87.64%
	Abstain	219,296,660	1.22%
Nina Perpetua D. Aguas	In Favor	15,735,838,938	87.57%
	Abstain	244,034,474	1.36%
Romeo L. Bernardo	In Favor	15,415,195,807	85.79%
	Abstain	564,677,605	3.14%

IX. APPOINTMENT OF EXTERNAL AUDITOR

At the request of the Acting Chairperson, Ms. Nina Perpetua D. Aguas, Chairperson of the Audit Committee, presented to the stockholders the role of the Audit Committee over the external auditor, which is to assess the latter's integrity and independence, and the effectiveness of its audit process and the critical nature of such function. She then informed the stockholders that in exercising such oversight function, the Audit Committee has evaluated and has been satisfied with the performance of the Company's external auditor, SGV, for the past year. Thus, the Audit Committee and the Board agreed to endorse the appointment of SGV as the Company's external auditor for the calendar year 2022 for an audit fee of ₱13,970,000, exclusive of value-added taxes, for year-end audit services.

As requested by the Acting Chairperson, the Corporate Secretary presented Resolution No. S-6-2022 as proposed by Management and based on the votes received, reported the approval by the stockholders of the following resolution:

RESOLUTION NO. S-6-2022

> "RESOLVED, That we, the stockholders of MONDE NISSIN CORPORATION (the "Corporation") approve, as we hereby approve, the appointment of accounting firm SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2022 for an audit fee of ₱13,970,000, exclusive of value-added taxes, for its year-end audit services."

As tabulated by the Corporate Secretary and independently validated by SGV, the final votes for the adoption of Resolution No. S-6-2022 providing for the appointment of the Company's external auditor and the fixing of its remuneration, were as follows:

	For	Against	Abstain
Number of Votes (One Share – One Vote)	15,657,603,600	128,634,832	185,634,980
% of Total Outstanding Capital Stock	87.14%	0.72%	1.03%

X. **OTHER MATTERS**.

After the Corporate Secretary confirmed that there were no other matters that require consideration by the stockholders, there being no submission from the stockholders of additional proposed agenda items, the Acting Chairperson requested Mr. Paska to read aloud the questions and comments together with the names of the stockholders who sent them.

Mr. Jesse C. Teo addressed the first query sent by Mr. Aaron Legaspi who asked about the Company's action on the commodity cost situation. The CFO was pleased to report that the Company has locked in prices for its key commodities - wheat until November and palm oil until the whole of the 3rd quarter of 2021 and part of the 4th quarter of 2021. He also explained that the Company divides its requirements in tranches so that the Company does not go "all-in" on a particular position over an extended period of time. He also reported that the Company implemented two rounds of price increases this year, *i.e.*, January and April, to recover costs, and further price increases will be evaluated in the coming periods.

The next question was from Mr. Pierre Santos who has inquired if the price increases would be enough to recover margins and how should the stockholders look at margins moving forward. CFO Jesse Teo reported that maintaining margin during this difficult time is not the Company's immediate priority and pricing to preserve margin will be much higher and might disappoint the Company's loyal consumers. He also explained that the Company needs to be mindful of its loyal consumers and do responsible pricing. He elucidated that the Company's priority is to support its consumers and long-term growth amidst this extremely volatile environment.

With respect to the query of Ms. Marion Kho, on the adequacy of Quorn's capacity for the Company's growth plans, CEO Henry Soesanto responded that the Company has more than enough capacity to support its strategic priorities and, at present, the Company is not utilizing all of its capacity due to the weakness in the category.

The last question is from Ms. Jennifer Lee who asked about the Company's target contribution for foodservice revenue as a percentage of overall Meat Alternative revenues. CEO Henry Soesanto replied that while the Company cannot mention a specific target, what the Company has seen so far is that there is sizeable growth in the foodservice sector, and it has gained good traction in the UK Health and Education sectors. He was pleased to report the presence of the Company in a number of schools and hospitals and the good progress it made with KFC, Sodexo, and Compass. He also reported that while retail remains challenged, the share of foodservice will easily increase with foodservice's contribution now at 15% of the Company's Meat Alternative revenues from 7% last year.

XI. **ADJOURNMENT**

The Acting Chairperson inquired if there were other matters to discuss. The Corporate Secretary stated that there were none. There being no other matters to be discussed, the stockholders' meeting was adjourned. The Acting Chairperson informed the stockholders that the link to the ASM's recorded webcast will be posted on the Company's website, and stockholders may raise clarifications and concerns regarding the ASM within two weeks from the posting of the link, by sending an email to corporate.secretary@mondenissin.com and investor.relations@mondenissin.com.

A T T E S T:

HENRY SOESANTO
Acting Chairperson of Stockholders' Meeting

HELEN G. TIU
Corporate Secretary

Annex A

MONDE NISSIN CORPORATION
Annual Stockholders' Meeting
June 24, 2022

Record of Attendance

Stockholders of Record	No. of Shares Held	% Ownership	Appointee/ Beneficial Owner
A. Proxy			
1. Hartono Kweefanus	4,214,244,600	23.45%	CEO
2. Betty T. Ang	3,265,920,000	18.18%	CEO
3. Hoediono Kweefanus	948,324,600	5.28%	CEO
4. My Crackers, Inc.	1,228,611,496	6.84%	CEO
5. Monica Darmono	765,897,596	4.26%	CEO
6. BDO Securities Corporation	765,897,600	4.26%	CEO/Anna Roosdiana Darmono
7. BDO Securities Corporation	765,897,600	4.26%	CEO/Eveline Darmono
8. BDO Securities Corporation	109,062,000	0.61%	CEO/Daniel Teng Ang or Madeline Dy Ang
9. Tansengco & Co., Inc.	800,000		
10. Standard Chartered Bank	10,839,000	0.06%	CEO/Sun Life Grepa Financial, Inc.
11. Standard Chartered Bank	80,964,300	0.45%	CEO/SCB OBO PLU-PRULink Equity Fund
12. Standard Chartered Bank	914,808,709	5.09%	CEO/SCB Various Non-Resident Foreign Corporation
13. Standard Chartered Bank	315,100	0.00%	CEO/SCB OBO SSBTC FUND ACXU
14. Standard Chartered Bank	1,400	0.00%	CEO/SCB OBO SSBTC FUND AHJM
15. Standard Chartered Bank	116,200	0.00%	CEO/SCB OBO SSBTC FUND ACZF
16. BPI Securities Corporation	4,000,000	0.02%	CEO/Helen Go Tiu
17. The HongKong and Shanghai Banking Corp. Ltd. -Clients' Acct.	1,054,252,748	5.87%	CEO/HSBC10
18. BPI Securities Corporation	171,900	0.00%	CEO/Aaron Jeric M. Legaspi
19. BPI Securities Corporation	1,020,000	0.01%	CEO/Tomasito Dycueco Tiu
20. Citibank N.A.	3,819,900	0.02%	CEO/CITIOMNIFOR 01
21. Citibank N.A.	6,168,400	0.04%	CEO/CITIOMNIFOR 02
22. Citibank N.A.	7,928,900	0.04%	CEO/CITIOMNIFOR 03
23. Citibank N.A.	11,169,900	0.06%	CEO/CITIOMNIFOR 04
24. Citibank N.A.	2,099,700	0.01%	CEO/CITIOMNIFOR 05
25. Citibank N.A.	2,228,790	0.01%	CEO/CITIOMNIFOR 06
26. Citibank N.A.	129,000	0.00%	CEO/CITIOMNIFOR 07
27. Citibank N.A.	321,400	0.00%	CEO/CITIOMNIFOR 08
28. Citibank N.A.	175,800	0.00%	CEO/CITIOMNIFOR 09
29. Citibank N.A.	43,300	0.00%	CEO/CITIOMNIFOR 10

Stockholders of Record	No. of Shares Held	% Ownership	Appointee/ Beneficial Owner
30. Citibank N.A.	950,200	0.01%	CEO/CITIOMNIFOR 11
31. Citibank N.A.	8,285,700	0.05%	CEO/CITIOMNIFOR 12
32. Citibank N.A.	10,740,700	0.06%	CEO/CITIOMNIFOR 13
33. Citibank N.A.	1,046,600	0.01%	CEO/CITIOMNIFOR 14
34. Citibank N.A.	1,538,800	0.01%	CEO/CITIOMNIFOR 15
35. Citibank N.A.	1,608,000	0.01%	CEO/CITIOMNILOC 01
36. Citibank N.A.	2,545,500	0.01%	CEO/CITIOMNILOC 02
37. Citibank N.A.	21,920,900	0.12%	CEO/CITIOMNILOC 03
38. Citibank N.A.	41,300	0.00%	CEO/CITIOMNILOC 04
39. Citibank N.A.	66,100	0.00%	CEO/CITIOMNILOC 05
40. Citibank N.A.	58,700	0.00%	CEO/CITIOMNILOC 06
41. Citibank N.A.	95,200	0.00%	CEO/CITIOMNILOC 07
42. Citibank N.A.	1,416,200	0.01%	CEO/CITIOMNILOC 08
43. Citibank N.A.	23,400	0.00%	CEO/CITIOMNILOC 09
44. Citibank N.A.	69,515,700	0.39%	CEO/CITIFAOSUNLIFE
45. Deutsche Bank Manila – Clients A/C	138,108,577	0.77%	CEO/Deutsche Bank AG Manila Branch
Sub-Total (Proxy)	**14,423,191,516**	**80.27%**	
B. Remote Communication			
46. Henry Soesanto	1,508,681,395	8.62%	
47. BDO Securities Corporation	40,000,000		Henry Soesanto
48. COL Financial Group, Inc.	1	0.00%	Anthony Gilbert L. Antiquiera
49. COL Financial Group, Inc.	500	0.00%	Edward Yao
Sub-Total (Remote Communication)	**1,548,681,896**	**8.62%**	
Total No. of Outstanding Shares Present or Represented	**15,971,873,412**	**88.89%**	
Total No. of Outstanding Shares	17,968,611,496	100.0%	