



## **Monde Nissin reports second quarter results showing a rebound in APAC BFB gross margins and achieving breakeven EBITDA for Meat Alternatives**

- **Consolidated comparable revenue grew 7.0% for the first half, with second quarter growth moderating to 3.2%**
  - **Asia-Pacific Branded Food & Beverage (APAC BFB) second quarter revenue increased by 4.9% year-on-year on a comparable basis, resulting in a 10.0% growth in the first half. This reflected the continued growth in biscuits and other categories offset by the softening demand for noodles.**
  - **Meat Alternatives increased market share in the UK from 31.2% a year ago to 32.3% in Q2; however, second quarter revenue declined by 3.7% on a reported basis and 8.8% on a constant currency basis driven by continued category headwinds.**
- **Core gross margin in the second quarter improved by 24 bps quarter-over-quarter to 30.7%; APAC BFB core gross margin improved by 101 bps quarter-over-quarter and 46 bps year-on year on a comparable basis due to pricing and the run-off of expensive commodity lock-ins, offset by the decline in the Quorn gross margin**
- **Quorn's restructuring is substantially complete and on track to deliver previously guided savings; EBITDA in the second quarter was breakeven**
- **First half core net income attributable to shareholders declined by 14.1% to Php 3.5 bn year-over-year, reflecting the decline in the gross profit of the meat alternative business, increased marketing expenses in the APAC BFB business, and foreign exchange loss. Reported net income for the first half declined by 17.9% year-over-year to Php 3.5 bn due to the restructuring costs in the meat alternative business.**

**MAKATI CITY, PHILIPPINES – August 9, 2023** – Monde Nissin Corporation (“Monde Nissin” or the “Company”; PSE stock symbol: MONDE) announced today its unaudited financial results for the first half of the year ended June 30, 2023. On a comparable basis, consolidated revenue for the first half grew 7.0% to Php 39.2 bn as Q2 growth tapered to 3.2%.

Core gross profit in the first half declined by 2.2% to Php 12.0 bn, while second quarter core gross profit declined by 2.6%. First half core gross margin declined by 290 bps to 30.5% due to dilutive effect of price increases versus inflation, higher overhead costs, and lower volume. Core gross margin in the second quarter improved by 24 bps quarter-over-quarter to 30.7%. Meanwhile, the APAC BFB gross margin improvement of 101 bps quarter-over-quarter due to pricing and the run-off of expensive commodity lock-ins was offset by the meat alternative gross margin decline of 290 bps.

Core net income attributable to shareholders for the first half declined by 14.1% to Php 3.5 bn, reflecting the decline in gross profit particularly in the meat alternative business, increased marketing expenses in the APAC BFB business, and foreign exchange loss. Reported net income for the first half declined by 17.9% to Php 3.5 bn due to restructuring costs in the meat alternative business.

#### **Asia-Pacific Branded Food and Beverage (APAC BFB)**

On a comparable basis, APAC BFB net sales for the first half increased by 10.0% to Php 32.1 bn. The domestic business grew 9.3% year-on-year to Php 30.0 bn in the first half due to the moderated growth in Q2 at 3.7%, reflecting the continued growth in biscuits and other categories offset by the softening demand for noodles. International revenue increased by 20.8% to Php 2.1 bn for the first half due to the robust growth in biscuits.

Core gross profit for the first half grew by 7.1% on a comparable basis to Php 10.2 bn with core gross margin down by 90 bps to 31.7% due to commodity cost inflation, partially mitigated by price increases. Meanwhile, core gross margin in Q2 improved by 101 bps compared to the previous quarter and 46 bps year-on-year due to pricing and the run-off of expensive commodity lock-ins. Core EBITDA for the first half grew by 4.0% to Php 6.6 bn compared to the same period last year, mainly due to gross profit improvement.

#### **Meat Alternative (Quorn Foods)**

Meat Alternative revenue declined on a constant currency basis by 6.6% in the first half and 8.8% in Q2 due to the continued category headwinds. On a reported basis, revenue for the first half declined by 5.0% to Php 7.1 bn. UK declined by 5.5% on a constant currency basis in the first half due to the challenging retail market. The foodservice business grew 11.3% in Q2, bringing the first half growth to 7.9%.

Core gross profit for the first half declined by 34.1% to Php 1.8 bn, while the core gross margin declined by 1,130 bps to 25.5% due to the dilutive effect of price increases versus inflation, lower

volume, and higher overhead costs. Meanwhile, core gross margin declined by 1,154 bps year-on-year in Q2 and 290 bps compared to the previous quarter.

Core EBITDA was a loss of Php 106 mn for the first half due to lower revenues and gross profit. Meanwhile, Q2 core EBITDA showed some recovery and was Php 10 mn due to lower operating expenses.

Note: Comparable year-on-year growth reflects the reclassification related to PFRS15.

in Php mn	1H 2022 Reported	1H 2022 Comparable <sup>1</sup>	1H 2023	1H 2023 Comparable <sup>1</sup> Growth
Net sales	37,172	36,636	39,193	7.0%
APAC BFB	29,710	29,174	32,100	10.0%
Meat Alternative	7,462	7,462	7,093	-5.0%
Core gross profit	12,771	12,235	11,968	-2.2%
Core EBITDA	6,763	6,763	6,463	-4.4%
Core net income after tax	4,086	4,086	3,513	-14.0%
Core net income attributable to shareholders	4,081	4,081	3,507	-14.1%

in Php mn	Q2 2022 Reported	Q2 2022 Comparable <sup>1</sup>	Q2 2023	Q2 2023 Comparable <sup>1</sup> Growth
Net sales	18,874	18,552	19,143	3.2%
APAC BFB	15,171	14,849	15,575	4.9%
Meat Alternative	3,703	3,703	3,568	-3.7%
Core gross profit	6,349	6,027	5,869	-2.6%
Core EBITDA	3,163	3,163	3,029	-4.2%
Core net income after tax	1,962	1,962	1,635	-16.6%
Core net income attributable to shareholders	1,960	1,960	1,631	-16.8%

<sup>1</sup>Comparable year-on-year growth reflects the reclassification related to PFRS15.

Monde Nissin's financial position remains strong with Php 10.9 bn in cash and cash equivalents and stable net debt-to-equity ratio of 0.28. Outstanding debt was at Php 6.6 bn as of June 30, 2023. Operating cash flow was at Php 3.4 bn for the first half of 2023.

## **Concluding Comments**

Henry Soesanto, Chief Executive Officer, commented, “The APAC BFB business saw topline growth moderate during the second quarter as volume growth slowed down in all categories, most noticeably in noodles. This reflects what we have observed over the past few months and what appears to be an overall macro trend of more modest consumption across many food and beverage categories. However, despite this slowdown, we saw good improvement in our gross margin compared to the previous quarter as well as year-over-year which we expect will continue as the year progresses. Looking ahead, we expect the third quarter to show better year-on-year growth, being helped by last year’s lower base.”

Commenting on the Meat Alternative business, Mr. Soesanto went on to say “The previously announced restructuring of our meat alternative business has been substantially completed and we are on track to deliver previously guided savings. Despite the continued category challenges, the EBITDA improved during the second quarter and we are cautiously optimistic that this will continue in the coming quarters.”

**MONDE NISSIN CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONDENSED CONSOLIDATED****STATEMENTS OF FINANCIAL POSITION****(Amounts in thousands, with Comparative Audited Figures as at December 31, 2022)**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	<b>₱10,933,749</b>	₱11,628,627
Trade and other receivables (Notes 6 and 18)	<b>6,576,939</b>	6,800,309
Inventories (Note 7)	<b>11,085,972</b>	10,878,570
Current financial assets at fair value through profit or loss (FVTPL) (Notes 18 and 20)	<b>2,251,940</b>	1,756,101
Prepayments and other current assets (Note 8)	<b>1,179,123</b>	1,269,209
Total Current Assets	<b>32,027,723</b>	32,332,816
<b>Noncurrent Assets</b>		
Property, plant and equipment (Note 9)	<b>31,183,992</b>	30,863,507
Intangible assets (Note 10)	<b>14,967,334</b>	14,482,905
Investments in associates and joint ventures	<b>1,125,069</b>	1,104,453
Deferred tax assets - net (Note 19)	<b>761,611</b>	867,912
Financial assets at fair value through other comprehensive income (FVOCI) (Note 20)	<b>690,930</b>	-
Noncurrent receivables (Notes 17, 18 and 20)	<b>663,227</b>	662,300
Other noncurrent assets (Note 11)	<b>1,049,215</b>	978,480
Total Noncurrent Assets	<b>50,441,378</b>	48,959,557
	<b>₱82,469,101</b>	<b>₱81,292,373</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 12 and 18)	<b>₱10,022,992</b>	₱11,322,600
Acceptances and trust receipts payable (Notes 7 and 20)	<b>1,693,707</b>	2,362,301
Current portion of loans payable (Note 13)	<b>628,070</b>	269,758
Income tax payable	<b>414,099</b>	209,831
Refund liabilities (Note 12)	<b>336,304</b>	200,440
Current portion of lease liabilities	<b>83,523</b>	386,671
Total Current Liabilities	<b>13,178,695</b>	14,751,601
<b>Noncurrent Liabilities</b>		
Loans payable (Note 13)	<b>5,984,899</b>	6,983,256
Deferred tax liabilities - net (Note 19)	<b>4,160,133</b>	4,319,733
Lease liabilities	<b>2,614,469</b>	2,423,496
Pension liability	<b>552,606</b>	506,430
Other noncurrent liabilities	<b>37,297</b>	36,673
Total Noncurrent Liabilities	<b>13,349,404</b>	14,269,588
Total Liabilities	<b>26,528,099</b>	29,021,189

*(Forward)*

	<b>June 30, 2023</b> (Unaudited)	December 31, 2022 (Audited)
<b>Equity</b>		
Capital stock (Note 14)	<b>8,984,306</b>	8,984,306
Additional paid-in capital (APIC) (Note 14)	<b>39,361,947</b>	46,515,847
Retained earnings (Deficit) (Note 14):		
Appropriated	<b>211,452</b>	5,211,452
Unappropriated	<b>11,600,010</b>	(4,039,669)
Fair value reserve of financial assets at FVOCI	<b>(473,008)</b>	(235,130)
Remeasurement losses on pension liability	<b>(210,805)</b>	(210,805)
Equity reserve (Note 14)	<b>(622,335)</b>	(622,335)
Cumulative translation adjustments (Note 14)	<b>(3,058,714)</b>	(3,474,980)
<b>Equity Attributable to Equity Holders of the Parent Company</b>	<b>55,792,853</b>	52,128,686
<b>Non-controlling Interests</b> (Note 4)	<b>148,149</b>	142,498
Total Equity	<b>55,941,002</b>	52,271,184
	<b>₱82,469,101</b>	<b>₱81,292,373</b>

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

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

	Quarters Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
<b>NET SALES</b> (Note 15)	<b>₱19,142,930</b>	₱18,874,726	<b>₱39,192,598</b>	₱37,172,263
<b>COST OF GOODS SOLD</b> (Note 15)	<b>13,273,414</b>	12,525,584	<b>27,224,568</b>	24,401,439
<b>GROSS PROFIT</b>	<b>5,869,516</b>	6,349,142	<b>11,968,030</b>	12,770,824
<b>SALES, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
General and administrative expenses (Note 16)	<b>2,153,986</b>	2,056,288	<b>4,099,804</b>	3,476,743
Selling and distribution expenses (Note 16)	<b>1,891,384</b>	1,819,071	<b>3,477,589</b>	3,915,140
Provision for (reversal of) impairment loss on property, plant and equipment (Note 9)	<b>(44,892)</b>	33,881	<b>(44,892)</b>	35,128
	<b>4,000,478</b>	3,909,240	<b>7,532,501</b>	7,427,011
	<b>1,869,038</b>	2,439,902	<b>4,435,529</b>	5,343,813
<b>OTHER INCOME (EXPENSES)</b>				
Foreign exchange gain (loss) - net (Note 4)	<b>167,232</b>	375,880	<b>117,359</b>	408,684
Market valuation gain on financial instruments at fair value through profit or loss (FVTPL)	<b>66,193</b>	277	<b>38,044</b>	279
Share in net earnings from associates and joint ventures	<b>15,846</b>	190	<b>20,616</b>	9,239
Miscellaneous income - net (Notes 6 and 17)	<b>40,844</b>	22,489	<b>91,499</b>	52,911
	<b>290,115</b>	398,836	<b>267,518</b>	471,113
<b>INCOME BEFORE FINANCE INCOME (EXPENSES)</b>	<b>2,159,153</b>	2,838,738	<b>4,703,047</b>	5,814,926
<b>FINANCE INCOME (EXPENSES)</b>				
Finance costs (Notes 13 and 17)	<b>(153,928)</b>	(161,034)	<b>(315,212)</b>	(211,682)
Finance income (Note 17)	<b>91,469</b>	23,860	<b>171,770</b>	32,637
Derivative loss (Note 20)	<b>(692)</b>	–	<b>(1,950)</b>	–
	<b>(63,151)</b>	(137,174)	<b>(145,392)</b>	(179,045)
<b>INCOME BEFORE INCOME TAX</b>	<b>2,096,002</b>	2,701,564	<b>4,557,655</b>	5,635,881
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current	<b>637,781</b>	609,644	<b>1,265,144</b>	1,336,278
Deferred	<b>(95,273)</b>	174,463	<b>(198,919)</b>	47,219
	<b>542,508</b>	784,107	<b>1,066,225</b>	1,383,497
<b>NET INCOME</b>	<b>₱1,553,494</b>	₱1,917,457	<b>₱3,491,430</b>	₱4,252,384
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the Parent Company	<b>₱1,550,115</b>	₱1,915,597	<b>₱3,485,779</b>	₱4,247,344
Non-controlling interests	<b>3,379</b>	1,860	<b>5,651</b>	5,040
	<b>₱1,553,494</b>	₱1,917,457	<b>₱3,491,430</b>	₱4,252,384
<b>Earnings per Share (EPS)</b> (Note 14)				
Basic/diluted, income attributable to equity holders of the parent	<b>₱0.086</b>	₱0.107	<b>₱0.194</b>	₱0.236

(Forward)

	<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>NET INCOME</b>	<b>₹3,491,430</b>	<b>₹4,252,384</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
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)	<b>416,266</b>	<b>(1,029,336)</b>
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Loss on financial assets at FVOCI	<b>(237,878)</b>	<b>–</b>
	<b>178,388</b>	<b>(1,029,336)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₹3,669,818</b>	<b>₹3,223,048</b>
Total comprehensive income attributable to:		
Equity holders of the Parent Company	<b>₹3,664,167</b>	<b>₹3,218,008</b>
Non-controlling interests	<b>5,651</b>	<b>5,040</b>
	<b>₹3,669,818</b>	<b>₹3,223,048</b>

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*



## MONDE NISSIN CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands, For the six months ended June 30, 2023 and 2022)

	2023 (Unaudited)	2022 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱4,557,655	₱5,635,881
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 9, 10, 15, 16 and 17)	1,375,779	1,322,988
Finance costs (Notes 13, 17 and 20)	315,212	211,682
Finance income (Note 17)	(171,770)	(32,637)
Movement in pension liability	47,331	(70,183)
Provision for (reversal of) impairment loss on property, plant and equipment (Note 9)	(44,892)	35,128
Market valuation gain on financial instruments at FVTPL	(38,044)	(279)
Share in net earnings from associates and joint venture	(20,616)	(9,239)
Unrealized foreign exchange gain (loss) – net	12,665	(219,637)
Gain on lease modification	(3,790)	–
Derivative gain (Note 20)	1,950	–
Gain on sale of property, plant and equipment	(898)	(2,049)
Working capital adjustments:		
Decrease (increase) in:		
Inventories	(207,402)	(1,998,198)
Trade and other receivables	150,646	(219,891)
Prepayments and other current assets	90,086	474,790
Increase (decrease) in:		
Accounts payable and other current liabilities	(1,319,461)	(211,534)
Acceptance and trust receipts payable	(642,439)	(1,037,554)
Refund liabilities	135,864	55,451
Net cash generated from operations	4,237,876	3,934,719
Income tax paid	(1,060,876)	(1,156,490)
Interest received	183,456	29,137
Net cash flows from operating activities	3,360,456	2,807,366
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Current financial assets at FVTPL	(2,322,934)	(593,577)
Property, plant and equipment (Notes 9 and 21)	(1,238,206)	(2,287,082)
Financial assets at FVOCI (Note 20)	(928,808)	–
Intangible assets (Note 10)	(53,526)	(48,597)
Investment in associates and joint venture	–	(30,000)
Decrease (increase) in other noncurrent assets	(44,633)	(5,909)
Proceeds from:		
Termination of current financial assets at FVTPL	1,851,561	–
Sale of property, plant and equipment (Note 9)	11,131	2,683
Net cash used in investing activities	(2,725,415)	(2,962,482)

(Forward)

	2023 (Unaudited)	2022 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payments for):		
Payment of loans (Note 13)	(1,264,889)	(8,640,500)
Availment of loans (Note 13)	348,927	8,697,104
Interest	(217,258)	(42,096)
Principal portion of lease liabilities	(201,839)	(125,298)
Derivatives (Note 20)	(1,950)	-
Increase (decrease) in other noncurrent liabilities	624	15,064
Net cash used in financing activities	(1,336,385)	(95,726)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(701,344)</b>	<b>(250,842)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>6,466</b>	<b>197,313</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>11,628,627</b>	<b>13,856,814</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱10,933,749</b>	<b>₱13,803,285</b>

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## **About Monde Nissin**

Monde Nissin Corporation is a global food and beverages company headquartered in the Philippines, with a portfolio of iconic and market leading brands across fast-growing categories, including Lucky Me! noodles, SkyFlakes crackers, Fita crackers, Monde baked goods and Quorn meat alternative products. The Company aspires to improve the well-being of people and the planet, and create sustainable solutions for food security. That aspiration is reflected in our commitment to continuously improve our products to make them more delicious, nutritious, and better for the planet. For more information, please visit [www.mondenissin.com](http://www.mondenissin.com).

## **About Quorn**

Quorn Foods is a global market leader in healthy, sustainable protein. Headquartered in Stokesley, North Yorkshire in the United Kingdom, the company offers a wide range of great-tasting products to appeal to the rapidly expanding group of people wanting to reduce their meat consumption. The company employs around 900 people and exports to 15 countries around the world, including Australia, Singapore and the United States. Quorn® is one of the United Kingdom's top 40 FMCG brands. Quorn Foods is the reporting group which includes a main trading company, Marlow Foods Ltd. Quorn Foods encompasses all international operations of Quorn® and Cauldron®. For more information, please visit [www.quorn.com](http://www.quorn.com).

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Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: MONDE's brands not meeting consumer preferences; MONDE's ability to innovate and remain competitive; MONDE's investment choices in its portfolio management; the effect of climate change on MONDE's business; MONDE's ability to find sustainable solutions to its packaging materials; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters. A number of these risks have increased because of the current Covid-19 pandemic.

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