SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **31 December 2022**

2. SEC Identification Number **CS201320778**

3. BIR Tax Identification No. **008-647-589**

4. Exact name of issuer as specified in its charter **CENTURY PACIFIC FOOD, INC.**

5. **MANILA, PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **7/F Centerpoint Building, Julia Vargas Avenue, Ortigas Center, Pasig City** **1605**
Address of principal office Postal Code

8. **(632) 8633-8555**
Issuer's telephone number, including area code

9. **NA**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	3,542,258,595

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

Yes [/] No [ ]

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

Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/] No [ ]

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

Yes [/] No [ ]

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

PHP 91,567,384,680.75 COMPUTED USING THE CLOSING PRICE OF PHP 25.85 AND ISSUED SHARES OF 3,542,258,595 AS OF MARCH 31, 2023

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

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

Yes [/] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. List of Stockholders attached as Annex A referred to in Item 11 on page 23.

2023 Sustainability Report attached as Annex B.

2022 Consolidated Financial Statements of Century Pacific Food, Inc. and its Subsidiaries attached as Annex C and Financial Statements of Parent Company attached as Annex D referred to in Item 7 on page 11.

PART I - BUSINESS AND GENERAL INFORMATION

PART II - OPERATIONAL AND FINANCIAL INFORMATION

PART III - CONTROL AND COMPENSATION INFORMATION

PART IV - EXHIBITS AND SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a) Overview

Century Pacific Food, Inc. (PSE:CNPF or the Company) is the largest producer of canned foods in the Philippines. It owns a portfolio of well-recognized and trusted brands in the canned and processed fish, canned meat, and dairy and mixes business segments. These brands include well-established names such as Century Tuna, 555, Argentina, and Birch Tree, as well as emerging and challenger names such as Blue Bay, Fresca, Ligo, Swift, Wow, Lucky Seven, Angel, Kaffe de Oro, Coco Mama, Aquacoco, Home Pride and unMEAT, Choco Hero, and Goodest. CNPF exports its branded products to international markets, particularly where there are huge Filipino communities such as the United States and Middle East. The Company is also among the Philippines' largest exporters of private label original equipment manufacturer (OEM) tuna and coconut products.

CNPF traces its history from the Century Pacific Group, a consumer-focused branded food company for more than 40 years. Century Pacific Group began in 1978 when Mr. Ricardo S. Po established Century Pacific Group, Inc. (formerly Century Canning Corporation) as an exporter of canned tuna. In subsequent years, Century Pacific Group, Inc. then expanded and diversified into other food-related businesses. Establishing market leading positions, it built a multi-brand, multi-product portfolio catering to a broad and diverse customer base and supported this with a distribution infrastructure with nationwide reach, directly serving hundreds of thousands of retail outlets and food service companies.

In October 2013, the Po Family reorganized the Century Pacific Group to maximize business synergies and shareholder value. It incorporated CNPF, carving out the branded canned seafood, meat, dairy, mixes and OEM tuna export businesses, folding them into CNPF. On January 1, 2014, CNPF commenced business operations under the new corporate set-up.

CNPF manages its food business through operating divisions and wholly-owned subsidiaries.

The canned and processed fish segment is CNPF's largest business segment. It produces and markets a mix of tuna, sardine, and other fish and seafood-based products under the Century Tuna, 555, Blue Bay, Fresca, Ligo,and Lucky 7 brands.

The canned meat segment, CNPF's second largest segment, produces corned beef, meat loaf, luncheon meat, and other meat-based products, which are sold under the Argentina, Swift, 555, Shanghai, and Wow brands.

The dairy and mixes segment is comprised of products such as evaporated milk, condensed milk, full cream and fortified powdered milk, chocomalt powdered milk drink, and all-purpose creamer under the Angel, Birch Tree brands, coffee mix under the Kaffe de Oro brand, and flavor mixes under the Home Pride brand.

The tuna export segment produces OEM canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for overseas markets including North America, Europe, Asia, Australia, and the Middle East.

At the end of 2015, CNPF acquired a 100% interest in Century Pacific Agricultural Ventures, Inc., an integrated coconut producer of high value organic-certified and conventional coconut products for both export and domestic markets.

During 2016, CNPF also acquired the license to the *Kamayan* trademark for North America and the Middle East. The brand is one of the top names in the U.S. market for shrimp paste – a popular condiment in Philippine cuisine, locally known as *bagoong*. CNPF also acquired distribution companies in China which sell *Century Tuna*, the number one canned tuna brand in China.

In 2017, CNPF acquired the Philippine license for *Hunt's*, the country's number one pork & beans brand. The acquisition also included the transfer of manufacturing assets and inventory related to *Hunt's* product lineup. This lineup includes pork & beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

In 2020, the Company entered the meat-free market with the launch of the *unMeat* brand - the first vegan meat alternative brand in the Philippines. The brand is rolled out in the retail and institutional markets in the Philippines and in international locations such as the USA, Singapore, China and the Middle East.

In 2021, CNPF acquired Pacific Meat Company, Inc. (PMCI), an emerging player in the refrigerated food category. PMCI, which was added to CNPF's portfolio on April 1, 2021, came equipped with its own manufacturing facilities, cold chain distribution, and pipeline of refrigerated products.

The Company entered new and adjacent categories in 2021, including the chocomalt powdered milk drink segment by launching a new brand under the dairy segment called *Choco Hero*. CNPF also ventured into the emerging pet food category, launching its own brand, *Goodest*.

In 2022, CNPF acquired *Ligo*, a legacy brand known for its range of high quality sardines and other marine products. Under the deal, CNPF purchased assets and intellectual property related to the manufacturing of *Ligo's* product lineup, which is composed of shelf-stable marine products.

b) Key Risks

Actual or alleged contamination or deterioration of, or safety concerns about, CNPF's food products or similar products produced by third parties could give rise to product liability claims and harm CNPF's reputation.

CNPF's financial performance may be materially and adversely affected by fluctuations in prices or disruption in the supply of key raw materials.

CNPF's revenue growth depends on successful introduction of new products and new product extensions, which is subject to consumer preference and other market factors at the time of introduction.
Competition in CNPF's businesses may adversely affect its financial condition and results of operations.

CNPF relies on key suppliers for certain raw materials and the failure by such suppliers to adhere to and perform contractual obligations may adversely affect CNPF's business and results of operations.

CNPF has a limited history as a separate entity.

CNPF generally does not have long-term contracts with its customers, and it is subject to uncertainties and variability in demand and product mix.

CNPF is exposed to the credit risks of its customers, and delays or defaults in payment by its customers could have a material adverse effect on CNPF's financial condition, results of operations and liquidity;

Any infringement or failure to protect CNPF's trademarks and proprietary rights could materially and adversely affect its business.

CNPF's strategy of growth, including acquisitions, entering new product categories and international expansion, may not always be successful or may entail significant costs, which could adversely affect its business, financial condition and results of operations.

CNPF may be subject to labor unrest, slowdowns and increased wage costs.

CNPF is effectively controlled by the Po family and their interests may differ from the interests of other shareholders.

CNPF's international operations may present operating, financial and legal challenges, particularly in countries where CNPF has little or no experience.

CNPF's existing insurance policies and self-insurance measures may not be sufficient to cover the full extent of all losses.

CNPF's businesses and operations are substantially dependent upon key executives.

CNPF's major raw materials are agriculture and fisheries-based. Climate-change impact on raw materials sources may adversely affect the Company's long-term operational performance.

CNPF imports key raw materials, and supply chain disruptions may adversely impact the Company's business and results of operations.

Item 2. Properties

As of December 31, 2022, CNPF does not own land. CNPF leases several properties, including the Company's head office in Pasig City, Metro Manila, its tuna and coconut processing facilities in General Santos City, and its meat processing facility in Laguna, among others. The relevant lease agreements are typically for a term of 10 years at the prevailing market rates in their respective areas, renewable upon mutual agreement of the parties.

None of the leased premises is mortgaged or encumbered.

Item 3. Legal Proceedings

CNPF and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. As of December 31, 2022, neither CNPF nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to CNPF or the relevant subsidiary's interests, would have a material adverse effect on the business or financial position of CNPF or any of its subsidiaries.

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

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

a) Market Information

The Company's common shares are traded in the Main Board of The Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on May 6, 2014.

The following table shows the high and low prices (in pesos per common share) of the Company's shares in the PSE for each quarter within the last 2 years (2020 to 2022):

Period	High	Low
1st Quarter of 2020	15.50	9.53
2nd Quarter of 2020	15.46	13.40
3rd Quarter of 2020	18.48	14.10
4th Quarter of 2020	18.00	15.50
January 1, 2020 to December 31, 2020	**18.48**	**9.53**
1st Quarter of 2021	19.36	16.58
2nd Quarter of 2021	24.50	18.32
3rd Quarter of 2021	29.60	22.60
4th Quarter of 2021	29.25	24.00
January 1, 2021 to December 31, 2021	**29.60**	**16.58**
1st Quarter of 2022	29.00	19.80
2nd Quarter of 2022	24.60	20.10
3rd Quarter of 2022	26.35	21.00
4th Quarter of 2022	26.00	22.00
January 1, 2022 to December 31, 2022	**29.00**	**19.80**
January 1, 2023 to March 31, 2023	**26.45**	**23.70**

Source: Daily Quotation Reports of the Philippine Stock Exchange

The market capitalization of the Company's common shares as of end of 2022, based on the closing price of Php25.80 per share was Php91,390,271,751.00. The market capitalization of the Company's common shares as of March 31, 2023, based on the closing price of Php 25.85 per share was Php91,567,384,680.75.

b) Holders

Total shares outstanding as of December 31, 2022, was 3,542,258,595 with a par value of P1.00

The number of shareholders of record as of December 31, 2022, was 32. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
Century Pacific Group, Inc.	*2,434,120,781	68.71%
PCD Nominee Corp.(Non-Fil)	787,440,605	22.23%

PCD Nominee Corp.(Filipino)	523,353,308	14.77%
Shinji Miyamoto	32,000	-
Alvin S. Tan	15,000	-
Myra P. Villanueva	3,000	-
Owen Nathaniel S. Au ITF: Li Marcus Au	2,365	-
Giselle Karen Y. Go	2,250	-
Rosauro Panergo Babia	1,500	-
Milagros P. Villanueva	1,500	-
Myrna P. Villanueva	1,500	-
John T. Lao	1,000	-
Christine F. Herrera	750	-
Leopoldo E. San Buenaventura ITF Mayrhilyn M. San Buenaventura	750	-
Julius Victor Emmanuel D. Sanvictores	750	-
Felicitas F. Tacub	750	-
Marietta Villanueva-Cabreza	750	-
Ernesto Kiong Lim and/or Iris Veronica Go Lim	400	-
Guillermo F. Gili, Jr.	150	-
Shareholders Association of the Philippines, Inc.	100	-
Jesus San Luis Valencia	100	-
M. J. Soriano Trading, Inc.	50	-
Gerardo L. Salgado	8	-
Joselito T. Bautista	1	-
Botschaft N. Cheng or Sevila Ngo	1	-
Johnip G. Cua	1	-
Fernan Victor P. Lukban	1	-
Christopher Paulus Tan Po	1	-
Leonardo Arthur Tan Po	1	-
Ricardo Sy Po	1	-
Ricardo Gabriel Tan Po	1	-
Teodoro Alexander Tan Po	1	-

* Century Pacific Group, Inc.'s owns 2,231,400,000 shares of the Registrant in its own name and another 202,720,781 shares of the Registrant lodged under PCD Nominee Corp. (Filipino) equivalent to 68.71%.

c) Dividends

The company declared cash dividends last June 30, 2022 in the amount of Thirty-Six Centavos (Php 0.36) per share, representing a regular dividend of Eighteen Centavos (Php 0.18) per share and a special dividend of Eighteen Centavos (Php 0.18) per share. The company declared cash dividends last February 20, 2023 in the amount of Forty Centavos (Php 0.40) per share representing a regular dividend of twenty centavos (Php 0.20) and special dividend of twenty centavos (Php 0.20) per share.

d) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The following shares were issued to/subscribed by the Company's employees pursuant to its Employee Stock Purchase Plan (ESPP) confirmed by the Securities and Exchange Commission (SEC), in resolutions dated December 19, 2014, and June 2, 2016, to be exempt from the registration requirement pursuant to Section 10.2 of the Code:

YEAR	NO. OF SHARES
2014	1,367,200
2015	1,059,200
2016	400,000
2017	1,229,700
2018	0
2019	0
2020	0
2021	0
TOTAL	4,056,100

Item 6. Management's Discussion and Analysis

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this SEC Form Amended 17-A as "Annex C". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

a) Results of Operation

CNPF's consolidated net income after tax totaled Php 5.00 billion for the full year ending December 31, 2022. This is 7% higher than the reported net income after tax of Php 4.67 billion in 2021.

Consolidated net revenues for 2022 grew 14%, amounting to Php 62.26 billion compared to Php 54.71 billion versus the same period the previous year. Growth was driven by the branded segment, which grew by 16% year-on-year.

The branded business - composed primarily of the Marine, Meat, and Milk business units – remains to be majority of the Company's overall topline.

CNPF's brands in the marine and meat segments have maintained market leadership. Market share gains were seen in both the meat and milk segments, while marine's dominant market shares were largely sustained.

The OEM exports segment grew by 5% year-on-year, following a surge in sales in the prior year. The growth was driven by improving freight and supply chain conditions, and favorable movements in commodities and forex.

For the full year ending December 31, 2022, cost of sales amounted to Php 47.89 billion, growing by 14% from the previous year. This resulted in a 13% increase in gross profit, which amounted to Php 14.37 billion. The Company's cost of sales consists primarily of raw material and packaging costs, manufacturing costs, and direct labor costs.

Gross margin ratio dipped by 20-basis points to 23.1% due to the higher input costs. Operating expenses as a percentage of sales increased by 110 basis points, driven by higher logistics costs and one-off expenses. These resulted in a 4% increase in operating income, which landed at Php 6.08 billion.

a) Financial Condition

The Company maintained its strong and healthy balance sheet. Current ratio was at 2.13x. Interest-bearing debt over equity and net gearing ratio increased to 0.27x and 0.20x, respectively.

CNPF's total assets increased to Php 48.33 billion as of December 31, 2022 compared to Php 40.88 billion at the end of 2021.

Total equity grew from Php 24.89 billion at the end of December 2021 to Php 28.78 billion, coming primarily from the Company's generated net income during the year.

b) Key Performance Indicators

The following are the major financial ratios that the Company uses. Analyses are employed by comparisons and measurements based on the financial information of the current period against last year.

	Full Year 2021	Full Year 2022
Gross Profit Margin	23.3%	23.1%
Before Tax Return on Sales	10.2%	9.3%
Return on Sales	8.5%	8.0%
Interest-Bearing Debt-to-Equity	0.19X	0.27X
Current Ratio	2.15X	2.13X

Notes:
1 Gross Profit margin = Gross Profit / Net Revenue
2 Before Tax Return on Sales = Net Profit Before Tax / Net Revenue
3 Return on Sales = Net Profit After Tax / Net Revenue
4 Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

Item 7. Financial Statements

The Company's financial statements and notes thereto form part of this SEC Form as "Annex C" and "Annex D".

Item 8. Information on Independent Public Accountants

a. External Auditor

The historical financial statements of wholly owned subsidiaries, General Tuna Corporation (GTC), Snow Mountain Dairy Corporation (SMDC), Century Pacific Food Packaging Ventures Inc. (CPFPVI), Century Pacific Agricultural Ventures Inc (CPAVI), General Odyssey Inc. (GOI), Millennium General Power Corporation ("MGPC") (formerly Century Pacific Solar Inc.), Allforward Warehousing Inc (AWI) and Century Pacific Seacrest Inc (CPSI) as of and for the year ended December 31, 2022, were audited by *Sycip, Gorres, Velayo, & Co. ("SGV & Co.")*, a member firm within *Ernst & Young*, independent auditors, in accordance with PSA, as stated in their reports appearing herein. The historical financial statements of CNPF wholly owned subsidiaries Century International (China) Co. Ltd. (CIC) And Century (Shanghai) Trading Co., Ltd. (CST) were examined by *Shanghai Hao Yin Certified Public Accountants Ltd.*

SGV & Co. has acted as CNPF's external auditor since January 1, 2021. Christine G. Vallejo is the current audit partner for CNPF. CNPF has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. *SGV & Co.* has neither shareholdings in CNPF nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of CNPF. *SGV & Co.* does not receive any direct or indirect interest in CNPF or its securities (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The principal accountant for *SGV & Co.* is Christine G. Vallejo. The accountants for *Shanghai Hao Yin Certified Public Accountants Ltd* is Sandy Sheng for both Century International (China) Co., Ltd. and Century (Shanghai) Trading Co., Ltd.

b. Audit Fees

Name of Auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo, & Co. (a member firm within Ernst & Young)	Php9,432,500	Php300,000

a) Audit Committee and Policies

There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee has the following duties and responsibilities, among others:

i.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

ii.) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

iii.) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

iv.) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

v.) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

vi.) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

vii.) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

viii.) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

ix.) Reviews the disposition of the recommendations in the External Auditor's management letter;

x.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

xi.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and

xii.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee was composed of the following members in 2022, the chairman of which is an independent director:

Name	**Position**
Fernan Victor Lukban	Chairman
Ricardo Gabriel T. Po	Member
Frances J. Yu	Member

b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with Accountants on Accounting and Financial Disclosure or Changes in Accounting Policies for the period ended December 31, 2022.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a. Directors, Including Independent Directors, and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's articles of incorporation, the Board shall consist of nine members, of which three are independent directors. The directors were first elected at the Company's annual shareholders meeting on October 28, 2013, re-elected on June 30, 2022, and will hold office until their successors have been duly elected and qualified. The incumbent Directors and Executive Officers of the Company are as follows:

Name	Age	Nationality	Position
Ricardo Gabriel T. Po	55	Filipino	Vice Chairman
Teodoro Alexander T. Po	53	Filipino	Vice Chairman, Chief Executive Officer and President
Christopher T. Po	52	Filipino	Executive Chairman
Leonardo Arthur T. Po	45	Filipino	Director and Treasurer
Johnip G. Cua	66	Filipino	Independent Director
Fernan Victor P. Lukban	62	Filipino	Lead Independent Director
Frances J. Yu	53	Filipino	Independent Director
Regina Roberta L. Lorenzana	51	Filipino	Independent Director

Ricardo Gabriel T. Po, Jr. (first elected October 28, 2013) was re-elected as the Company's Vice Chairman on June 30, 2022. He concurrently serves as Vice Chairman of PIZZA and as Vice Chairman of Arthaland Corporation (ALCO). He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated magna cum laude from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Christopher T. Po (first elected October 28, 2013) was re-elected as the Company's Executive Chairman on June 30, 2022. He concurrently serves as the Chairman of Shakey's Pizza Asia Ventures, Inc. (PIZZA) and as a Director of Arthaland Corporation (ALCO), a property developer listed on the PSE. He likewise serves as an Independent Director of AB Capital Securities, Inc. and Maya Bank, Inc. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines, and retail. He graduated summa cum laude from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Master degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University as well as a member of the Board of Asia Society Philippines, and he is the President of the CPG-RSPo Foundation.

Teodoro Alexander T. Po (first elected October 28, 2013) was re-elected as the Company's Vice Chairman, President, and Chief Executive Officer on June 30, 2022. He concurrently serves as Vice

Chairman of Shakey's Pizza Asia Ventures, Inc. (PIZZA). Since 1990, he has held various positions in CNPF. He graduated summa cum laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School.

Leonardo Arthur T. Po (first elected October 28, 2013) was re-elected as the Company's Director and Treasurer on June 30, 2022. He concurrently serves as Director and Treasurer of Shakey's Pizza Asia Ventures, Inc. (PIZZA). He graduated magna cum laude from Boston University with a degree in Business Administration and has extensive and solid business development experience in consumer marketing, finance and operations of fast-moving consumer goods (FMCG), foodservice, quick-serve restaurants, and real estate development.

Johnip G. Cua (first elected October 28, 2013) was re-elected as the Company's Independent Director on June 30, 2022. He concurrently serves as the Chairman of Xavier School, Inc., as the Chairman and President of Taibrews Corporation, and as a Director of various corporations including Philippine Airlines, Inc., PAL Holdings, Inc., MacroAsia Corporation, LT Group, Inc., and Tanduay Distillers, Inc., among others. He has extensive experience in the consumer goods and marketing industries, having served as President and General Manager of Procter & Gamble Philippines from 1995 to 2006. Prior to this, he held a number of positions at Procter & Gamble, including Manager of Product Development and Project Supply at Procter & Gamble Taiwan and Category Manager of Procter & Gamble Philippines. He has received a number of awards, including the Agora Awards' Outstanding Achievement in Marketing Management (1998) and Procter & Gamble Global Marketing Organization's Passionate Leadership Award (2006). He holds a Bachelor of Science degree in Chemical Engineering from the University of the Philippines.

Fernan Victor P. Lukban (first elected October 28, 2013) was re-elected as the Company's Lead Independent Director on June 30, 2022. He concurrently serves as the Lead Independent Director of Shakey's Pizza Asia Ventures, Inc. (PIZZA), as an Independent Director of Arthaland Corporation (ALCO), and as a Director of Central Azucarera de Tarlac, Inc. (CAT). He is a highly regarded consultant in family business, strategy, entrepreneurship, and governance. He is active in Base of the Pyramid initiatives all over the Philippines and helps professionalize Boards throughout the country. He holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila) and graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific) and in business (MBA from IESE Barcelona, Spain). He spent much of his early professional years in academia, helping establish the University of Asia & the Pacific where he currently participates as a consultant, mentor, and guest lecturer. He is a founding fellow of the Institute of Corporate Directors.

Frances J. Yu (first elected March 5, 2019) was re-elected as the Company's Independent Director on June 30, 2022. She concurrently serves as an Independent Director of PIZZA. She was previously the Chief Retail Strategist of Mansmith and Fielders, Inc., the largest marketing and sales training company in the Philippines. Prior to this, she was the Vice President and Business Unit Head of Rustan's Supermarket and the Vice President and Head of Marketing Operations for Rustan's Supercenters, Inc. She founded FJY Consulting, Inc., a corporate marketing and management consulting company which she managed as President. She was also the Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors. From 2003 to 2005, she served as the Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association. She graduated summa cum laude from Fordham University, New York with a Bachelor of Arts degree in English Literature. She graduated magna cum laude from Augustine Institute in Denver, with a Master's Degree in Theology.

Regina Roberta L. Lorenzana was elected as the Company's Independent Director in March 18, 2021. Ms. Lorenzana held various executive leadership positions as Global Vice President for Fabric & Fashion for Unilever PLC, Regional Vice President for Unilever Asia Africa & Middle East Deodorants, Vice President for Personal Care Unilever Philippines, and Marketing Director positions in Unilever Indonesia and China. She graduated from the Ateneo de Manila University with a degree in BS Management Engineering, and completed executive programs in Sustainability Leadership from the University of Cambridge, Leading Global Brands at Harvard Business School, along with having attended several senior executive programs in technology, leadership and purpose at Harvard Business School and INSEAD.

b. Significant Employees

Edwin C. Africa	52	Singaporean	Executive Vice President – Corporate General Manager and Corporate Business Services
Ronald M. Agoncillo	46	Filipino	Vice President and General Manager - Sardines
Mary Fatima G. Aquino	39	Filipino	Vice President and General Manager – Snow Mountain Dairy Corporation
Gregory H. Banzon	59	Filipino	Executive Vice President, Chief Operating Officer and General Manager (Marine, Global Brands, Milk and Test Kitchen)
Cezar D. Cruz, Jr.	66	Filipino	Vice President and General Manager - Food Service, Corporate Engineering and Technical Adviser to Sardines BU
Marie Nicolette Dizon	40	Filipino	Vice President and General Manager – Refrigerated Products
Carlo S. Endaya	44	Filipino	Vice President and General Manager - Local Tuna Operations
Manuel Z. Gonzalez	58	Filipino	Corporate Secretary
Teddy C. Kho	60	Filipino	Vice President and General Manager – General Tuna Canning, Packaging and Cold Storage
Gerald R. Manalansan	57	Filipino	Vice President for Supply Chain Logistics
Richard Kristoffer S. Manapat	37	Filipino	VP – Finance, Chief Financial Officer, Chief Information Officer and Chief Risk Officer
Wilhelmino D. Nicolasura	46	Filipino	Vice President – Domestic Sales
Gwyneth S. Ong	46	Filipino	Assistant Corporate Secretary
Samuel V. Santillan	60	Filipino	Chief Audit Executive
Noel M. Tempongko, Jr.	61	Filipino	Vice President and eneral Manager – Integrated Coconut Operations
George Leander III Q. Wang	56	Filipino	Vice President – Human Resources and Corporate Affairs
Myrose April C. Victor	39	Filipino	Investor Relations Head
Maria Rosario L. Ybanez	47	Filipino	Legal Counsel and Compliance Officer

Edwin Raymond C. Africa (first elected April 1, 2014) was appointed as Executive Vice President – Corporate General Manager and Group Business Unit Head of the Company on July 1, 2022. He previously served as Senior Vice President-General Manager. Prior to joining the Company, Mr. Africa had 23 years of experience in various marketing, commercial and general management roles at Pepsico from 2004-2012, Nippon Paint from 2001-2004, and Procter & Gamble Asia from 1991 to 2001. Mr. Africa graduated from Ateneo de Manila University in 1991 with a degree in Bachelor of Science in Management Engineering.

Ronald M. Agoncillo (first elected October 28, 2013) was appointed as Vice President – General Manager (Sardines) of the Company on July 2021. He joined the Century Group in 2009 as Vice President for Sales, Trade Marketing & Demand Planning and afterwards became Vice President and General Manager of Dairy from July 2017 to June 2021 where he tripled the business in 3 years & almost quadrupled it in 4 years. Prior to CPG, he had 10 years experience in various national sales management, systems engineering & logistics roles in Unilever Philippines & Indonesia, 3M, Shell, Cadbury & San Miguel. Mr. Agoncillo graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering & is an Alumni of Harvard Business School from his Executive Education Advanced Management Program.

Mary Fatima G. Aquino (first elected July 29, 2022) was appointed as Vice President and General Manager for the Dairy business on July 29, 2022. She has extensive marketing and general management experience in a diverse number of industries. She started her career in a leading fast moving consumer goods company and took roles of increasing responsibilities in Brand Management for top brands in the Philippines, Southeast Asia and China. After a successful career in FMCG, she served as Vice President and Head of Marketing in one of the largest food companies in the Philippines, playing a strategic role and doubling sales and profit of a key business unit in five years.

Gregory H. Banzon (first elected October 28, 2013) was re-appointed as Executive Vice President and Chief Operating Officer of the Company on June 30, 2022. He served seven years as the General Manager and Business Unit Head at the Century Group. He is an Agora Awardee for Marketing Excellence (2014) and was recently conferred a CEO Excel Award for Marketing Communications (2017). Prior to the Century Group, Mr. Banzon had 22 years of experience in various general management, marketing and sales roles including Vice President – Marketing of Johnson & Johnson ASEAN, Managing Director of Johnson & Johnson Indonesia, and General Manager at RFM. Mr. Banzon graduated from De La Salle University with a Bachelor’s degree in Commerce (Marketing).

Cezar Cruz, Jr. (first elected October 28, 2013) was re-elected as the Vice President-General Manager (Food Service, Corporate Engineering) and Technical Adviser to Sardines BU on June 30, 2022. Prior to this, he was Vice President – General Manager (Canned and Processed Fish, Sardines Division) of the Company. He joined the Century Group in 2006 and served 3 years as Business Development Manager for the Fishmeal Operation of the company and thereafter taking on the VP-General Manager position for the Sardine Division in 2010 and became the Vice President-General Manager of Sardines Plant, Food Service Group and Corporate Engineering in 2018. Prior to the Century Group, he had 29 years of experience in various technical, operations and business development roles at San Miguel and RFM. He was the President of the Sardine Association of the Philippines up to 2020. Mr. Cruz Jr. graduated from the University of the Philippines with a Bachelor of Science in Electrical Engineering and is a Licensed Professional Electrical Engineer.

Marie Nicolette Dizon (first elected May 31, 2021) was re-appointed as Vice President and General Manager for the Frozen Food Division of the Company on June 30, 2022. A seasoned executive with over a decade of experience in the food industry, prior to this, Ms. Dizon was Country Head of Froneri Philippines, Inc., and led the Ice Cream Business unit at Nestle Philippines, Inc. She also held various managerial roles in sales, marketing, and trade marketing at Nestle Philippines, Inc. from 2005 to 2016. Ms. Dizon obtained her Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University.

Carlo S. Endaya (first elected June 30, 2021) was re-appointed as Vice President and General Manager for Local Tuna Operations on June 30, 2022. Mr. Endaya has been with the company since 2019 as Marketing Director for Marine. He significantly grew CPFI domestic tuna Retail Market Share and Sardines in 2020 through brand building and innovations. Mr. Endaya has proven capability in marketing and product development in both telco and consumer goods where he addressed the needs of a diverse local and international customer base. Mr. Endaya's background in Industrial Engineering will be a plus in managing the technical complexities of this business.

Manuel Z. Gonzalez (first elected October 28, 2013) was re-elected as Corporate Secretary and Compliance Officer of the Company on June 30, 2022. He is also a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice and has extensive experience in securities, banking and finance law. Atty. Gonzalez serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Teddy C. Kho (first elected October 28, 2013) was re-appointed as Vice President and General Manager of General Tuna Corporation of the Company on June 30, 2022. He joined Century Pacifc Group, Inc. in July 2010 and served for three years as Business Unit Head of GTC. Prior to joining Century, Mr. Kho had 21 years of experience in various management, operations and technical roles including President and General Manager of San Miguel Foods Vietnam and Plant Manager of San Miguel Hoecheong. Mr. Kho graduated from Adamson University with a Bachelor of Science in Chemical Engineering and completed the Management Development Program from the Asian Institute of Management.

Gerald R. Manalansan, (first elected July 1, 2019) was re-appointed as Vice President for Supply Chain Logistics Division of the Company on June 30, 2022. Previously, he served as the Assistant Vice President of the same division managing the total Inbound and Outbound Logistics requirements on a national scale and operated a total of 31 warehouses for the past 6 yrs. Coupled with this, he is also directing the Sales and Operations Planning - Supply Planning for all major plants of all Business Units. Prior to joining, CPFI, he had 32 years of extensive experience in Total Supply Chain Logistics mostly in fast-moving consumer goods companies (San Miguel Magnolia Division, Magnolia-Nestle Corporation, San Miguel Beer Division and San Miguel Food Group). His broad knowledge in Supply Chain Logistics led him to become a consultant for top FMCG companies like, PT-Delta in Jakarta and RFM. Not just in FMCG but also in other industries like, Adarna Books and Carmen's Best Ice Cream. Being one of the respected Logistician in the industry he was invited to be a resource speaker in PASIA WORLD 2018 Conference and Arm Forces of the Philippines Convenient Exchange Stores (AFPCES) focusing on Supply Chain Logistics. He was also awarded with the highest award (Century Idol) given to CPFI employees for exemplary work during his freshman year in the company. He graduated with a B.S Accountancy degree from Colegio de San Juan de Letran with honors. He also attended the advance management courses from the Asian Institute of Management to hone his managerial skills.

Richard Kristoffer S. Manapat (first elected January 2021) was re-appointed as the Corporation's Vice President of Finance and Chief Financial Officer, Chief Information Officer and Chief Risk Officer on June 30, 2022. Mr. Manapat is a Certified Public Accountant and has 15 years of experience in financial and management accounting, corporate planning, process excellence, and systems implementation. He first joined the Company in 2012 as AVP-Finance for the Marine Division, and was later appointed as Head of Corporate Planning in 2015. Prior to CNPF, he held various Finance roles at Unilever Philippines. Mr. Manapat graduated cum laude from the University of the Philippines with a degree in Business Administration and Accountancy. He also completed the Strategic Business Economics Program from the University of Asia and the Pacific. He is also an Alumni of Harvard Business School from his Executive Education General Management Program. He currently serves as a Director and Treasurer of Generation Hope.

Wilhelmino D. Nicolasora (first elected January 19, 2018) was re-appointed as Vice President of Domestic Sales on June 30, 2022. He started his career at CNPF in 2011 as National Sales Development

Manager and eventually became Assistant Vice President of Trade Marketing and Sales Development prior to his current role. Before joining CNPF, he spent nine years working in various sales management roles and developmental stints in the Philippines and South Asia with multinational companies such as Unilever Philippines, PepsiCo International, Kimberly- Clark Philippines, Inc., and Kimberly-Clark Thailand Ltd.

Gwyneth S. Ong (first elected March 6, 2017) was elected as Assistant Corporate Secretary of the Company on June 30, 2022. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Noel M. Tempongko, Jr., (first elected January 21, 2016) was re-appointed as Vice President and General Manager for Integrated Coconut Operations of the Company on June 30, 2022. He served as the General Manager of The Pacific Meat Company, Inc. (Refrigerated Meats business of CPG) for two years. Prior to that, he had over 25 years of experience in various general management and sales management roles in both fast-moving consumer goods companies (The Purefoods-Hormel Company Inc., Frabelle Corporation, Magnolia, Inc.) and business-to-business companies such San Miguel Pure Foods - Great Food Solutions and San Miguel Packaging Products. He graduated with a B.S. Industrial Engineering degree from the University of the Philippines and is a recipient of the distinguished alumnus award from the UP Alumni Engineers. He also took up advanced management courses from the Asian Institute of Management and has MBA units from UP. He is currently a member of the Management Association of the Philippines.

Samuel V. Santillan (first elected June 30, 2017) was re-appointed Chief Audit Executive on June 30, 2022. He joined Century Pacific Group in 2008 as Corporate Internal Audit Manager. Prior to that, he had 24 years of experience in auditing, finance and accounting management roles at various manufacturing, shipping, trading and retail businesses, such as SGV & Co., Pepsico Inc., Baliwag Navigation Inc., Universal Food Corporation (now NutriAsia), Marsman Drysdale Inc. and Pilipinas Makro, Inc. as Systems and Audit Manager in the Philippines and as Finance Director in Beijing, China. Mr. Santillan graduated from Pamantasan ng Lungsod ng Maynila with a Bachelor of Science in Business Administration major in Accounting degree and has MBA units from De La Salle University.

George Leander III Q. Wang (first elected January 2021) was re-appointed Vice President – Human Resources and Corporate Affairs on June 30, 2022. Prior to joining the Corporation, he worked in 2Go Logistics where he was most recently the VP HR. Previous to this, he also headed up the Organization Effectiveness for Philip Morris as well as the Head of HR for Jollibee Philippines and Greenwich Pizza. Through his 25-year career, he has been a keen HR strategic partner with different business groups and a key builder of Organizations and People.

Manuel Z. Gonzalez (first elected October 28, 2013) was re-elected as Corporate Secretary and Compliance Officer of the Company on June 30, 2022. He is also a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice and has extensive experience in securities, banking and finance law. Atty. Gonzalez serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Gwyneth S. Ong (first elected March 6, 2017) was re-elected as Assistant Corporate Secretary of the Company on June 30, 2022. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Myrose April C. Victor, (first elected in July 2021) was re-elected as the Company's Investor Relations Head in June 30, 2022. Ms. Victor has 16 years of work experience in the Finance, Accounting, Corporate Planning, Systems Implementation and General Management functions in different industries such as food retail, banking and energy. Prior to joining CPFI, Ms. Victor was the Head of Finance for DOLE's Packaged Division, handling the functions of Finance Planning and Controllership for the Philippines and Other Distributor Markets. Ms. Victor also handled various roles on general and finance management and led transformation and turnaround projects for companies in the food, energy and banking industries. Graduated in 2005 from the University of the Philippines with a degree in BS Business Administration and Accountancy (mcl). Ms. Victor also completed her Global Master in Finance from IE Business School in 2019.

Maria Rosario L. Ybanez (First elected February 24, 2018) was appointed as Compliance Officer of the Company on March 6, 2018. She concurrently serves as Legal Counsel of the Company and Corporate Secretary of Shakey's Pizza Asia Ventures, Inc. and several of Century Group's subsidiaries. She graduated with a Bachelor of Science degree in Legal Management from the Ateneo de Manila University and has a Juris Doctor degree from the Ateneo de Manila University School of Law.

Directorships in other listed companies are as follows:

Director's Name	**Name of Listed Company**	**Type of Directorship**
Ricardo Gabriel T. Po	Arthaland Corporation IP E-Game Ventures, Inc. Shakey's Pizza Asia Ventures Inc.	Non-Executive Non-Executive Non-Executive
Teodoro Alexander T. Po	Shakey's Pizza Asia Ventures Inc.	Non-Executive
Christopher T. Po	Arthaland Corporation Shakey's Pizza Asia Ventures Inc.	Non-Executive Non-Executive
Leonardo Arthur T. Po	Shakey's Pizza Asia Ventures Inc.	Executive
Johnip G. Cua	MacroAsia Corporation Philippine Airlines, Inc. PAL Holdings Inc. STI Education Systems Holdings, Inc. LT Group Inc. Tanduay Distillers, Inc.	Independent Independent Independent Independent Independent Independent
Fernan Victor P. Lukban	Central Azucarera de Tarlac Shakey's Pizza Asia Ventures Inc. Arthaland Corporation	Non-Executive Independent Director
Frances J. Yu	Shakey's Pizza Asia Ventures Inc.	Independent
Regina Roberta L. Lorenzana	N/A	N/A

b. Family Relationships

Mr. Ricardo Gabriel T. Po, Mr. Christopher T. Po, Mr. Teodoro Alexander T. Po, and Mr. Leonardo Arthur T. Po, Treasurer are brothers. Aside from the foregoing, there are no family relationships between any Directors and any members of the Company's senior management as of December 31, 2022.

Teodoro Alexander T. Po, Vice Chairman, President and Chief Executive Officer, is the brother-in-law of Manuel Z. Gonzalez, Corporate Secretary.

There are no family relationships between the current members of the Board of Directors and key officers other than the above.

c. Involvement in Certain Legal Proceedings

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up to the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

Item 10. Executive Compensation

a. General

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

No director should participate in deciding on his remuneration.

The Company may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

b. Summary Compensation Table

a. CEO and five other most highly compensated executive officers

<table>
<tr><th>Name</th><th>Principal Position</th><th>Year</th><th>Salary</th><th>Bonus</th><th>Other Compensation</th></tr>
<tr><td>Christopher T. Po</td><td>Executive Chairman</td><td rowspan="4">2022</td><td rowspan="4" colspan="3">Php 131,638,098</td></tr>
<tr><td>Teodoro T. Po</td><td>President & CEO</td></tr>
<tr><td>Gregory H. Banzon</td><td>EVP & COO</td></tr>
<tr><td>Edwin C. Africa</td><td>EVP - Corporate GM and Group BU Head</td></tr>
</table>

Richard Kristoffer S. Manapat	VP & CFO		

b. Aggregate compensation paid to all Executive Officers and Directors

Name	Principal Position	Year	Salary	Bonus	Other Compensation
Aggregate compensation paid to all executive officers and directors as a group unnamed		2022	Php 280,495,656		

c. Compensation of Directors

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Fixed Remuneration	None		
Variable Remuneration	None		
Per diem Allowance	None	None	Php133,333 to Php166,667
Bonuses	None		
Stock Options and/or other financial instruments	None		
Others (Specify)	None		

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Advances	None		
Credit granted			
Pension Plan/s Contributions			
Pension Plans, Obligations incurred			
Life Insurance Premium			
Hospitalization Plan			
Car Plan			
Others (Specify)			

c. Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

There are no special employment contracts or other arrangements between the Company and its officers or directors.

d. Warrants and Options Outstanding

There are no outstanding warrants or options held by any of the Company’s officers or directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2022 the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	Century Pacific Group, Inc. / 7F Centerpoint Building, Julia Vargas Avenue, Ortigas Center, Pasig City / Stockholder of Record	Ricardo Gabriel T. Po, Chairman Christopher T. Po, President Teodoro Alexander T. Po, COO Leonardo Arthur T. Po, Director	Filipino	2,434,120,781	68.71%*
Common	PCD Nominee Corp. (Non- Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2022 attached as Annex "A"	Non-Filipino	787,440,605	22.23%
Common	PCD Nominee Corp. (Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2022 attached as Annex "A"	Filipino	523,353,308	14.77%

* Century Pacific Group, Inc. owns 2,231,400,000 shares of the Registrant in its own name and another 202,720,781 shares of the Registrant lodged under PCD Nominee Corp. (Filipino).

b. Security Ownership of the Board of Directors and Senior Management

The following are the number of shares owned of record by the directors and key officers of the Company as of December 31, 2022:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Beneficial Ownership		% of Capital Stock
			Number of Direct Shares	Number of Indirect Shares	
Common	Ricardo S. Po, Sr.	Filipino	1	-	-
Common	Ricardo Gabriel T. Po	Filipino	160,001	-	-
Common	Teodoro Alexander T. Po	Filipino	160,001	-	-
Common	Christopher T. Po	Filipino	160,001	-	-
Common	Leonardo Arthur T. Po	Filipino	160,001	-	-
Common	Johnip G. Cua	Filipino	160,001	-	-
Common	Fernan Victor P. Lukban	Filipino	160,001	-	-
Common	Regina Roberta L. Lorenzana	Filipino	100	-	-
Common	Frances J. Yu	Filipino	100	-	-
Common	Richard Kristoffer S. Manapat	Filipino	78,500	-	-
Common	Manuel Z. Gonzalez	Filipino	131,500	-	-
Common	Gwyneth S. Ong	Filipino	10,000	-	-
Common	Edwin C. Africa	Singaporean	290,000	-	-
Common	Ronald M. Agoncillo	Filipino	100,000	-	-
Common	Gregory H. Banzon	Filipino	17,100	-	-
Common	Cezar D. Cruz, Jr.	Filipino	160,000	-	-
Common	Mary Fatima G. Aquino	Filipino	-	-	-
Common	Marie Nicolette Dizon	Filipino	-	-	-
Common	Carlo S. Endaya	Filipino	-	-	-
Common	Teddy C. Kho	Filipino	494,100	-	-
Common	Gerald R. Manalansan	Filipino	7,100	-	-
Common	Noel M. Tempongko, Jr.	Filipino	100,000	-	-
Common	Wilhelmino D. Nicolasura	Filipino	-	-	-
Common	George Leander III Q. Wang	Filipino	-	-	-
Common	Maria Rosario L. Ybanez	Filipino	-	-	-
		TOTAL	**2,348,507**	**-**	**-**

c. Voting Trust Holder of 5% or more

As of December 31, 2022 there are no persons holding more than 5% of a class under a voting trust or similar agreement.

d. Changes in Control

There has been no change in control of the Company as of December 31, 2022.

Item 12. Certain Relationships and Related Transactions

The Company is a subsidiary of Century Pacific Group, Inc (formerly Century Canning Corporation) and is subsequently a member of Century Pacific Group Inc's Group of Companies (the Group). As of December 31, 2022 Century Pacific Group, Inc held 68.71% of the outstanding shares of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with companies in the Group and other companies controlled by the Po Family.

The most significant of these transactions include the leases of:

a) office spaces in Pasig City, Metro Manila from Century Pacific Group, Inc and Rian Realty Corporation
b) a 151,248 sq. m. property in General Santos City from Century Pacific Group, Inc
c) a 20,375 sq. m. property in Taguig from Century Pacific Group, Inc
d) a 38,078 sq. m. property in Zamboanga from Rian Realty Corporation

In addition to the foregoing transactions, the Company also provides certain corporate services including, corporate finance, corporate planning, procurement, human resources, controller and treasury services to companies in the Group and other companies controlled by the Po Family.

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies, can be found in the notes to the Company's financial statements.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

Century Pacific Food, Inc. has eleven (11) subsidiaries as of December 31, 2022:

Subsidiary	Business	% Ownership	Country of Residence
Snow Mountain Dairy Corporation	Producing, canning, freezing, preserving, refining, packing, buying and selling wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparation and by-products.	100	Philippines
General Tuna Corporation	Manufacturing and exporting of private label canned, pouched and frozen tuna products.	100	Philippines
Allforward Warehousing Inc.	Operating warehouse facilities	100	Philippines
Century Pacific Agricultural Ventures, Inc.	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century Pacific Seacrest Inc.	Developing, maintaining, licensing and administering marks and all kinds of intellectual property	100	Philippines
Century Pacific Food Packaging Ventures Inc.	Developing and manufacturing of packaging materials	100	Philippines
Millennium General Power Corporation (formerly Century Pacific Solar, Inc.)	Developing and utilization of renewable energy source and the generation and distribution of power	100	Philippines
The Pacific Meat Company, Inc.	Manufacturing, importing, exporting, buying, selling of all kinds of food products, fish, seafoods, and other marine, cattle, hog and other animal and animal products.	100	Philippines
General Odyssey Inc.	Manufacturing and distribution of of all kinds of feeds	100	Philippines
Centennial Global Corporation	Trademark holding company	100	BVI
Cindena Resources Limited	Trademark holding company	100	BVI
Century (Shanghai) Trading Company Limited	Marketing and distribution of canned food products	100	China
Century International (China) Company Limited	Marketing and distribution of canned food products	100	China
Century Pacific North America Enterprise, Inc.	Marketing and distribution of canned food products	100	USA

Reports on SEC Form 17-C:

Date	Subject of Report
March 10, 2022	Press Release: Century Pacific's homegrown 'Unmeat' releases Filipino Breakfast range
April 1, 2022	Notice of Annual Stockholders' Meeting
April 18, 2022	Annual Report (SEC Form 17-A)
April 18, 2022	Notice of Amendments of the Articles of Incorporation and the amended Notice of Annual Stockholders' Meeting
April 29, 2022	Disclosure on the Acquisition of Ligo
June 1, 2022	Disclosure on the Acquisition of Ligo's operational assets of the Company
May 27, 2022	Integrated Annual Corporate Governance Report for the year 2021
June 30, 2022	Results of the Annual Stockholders Meeting
June 30, 2022	Approval of the declaration of special cash dividends to all stockholders of record as of July 29, 2022 payable on August 15, 2022
June 30, 2022	Approval of declaration of regular cash dividends to all stockholders of record as of July 29, 2022 payable on August 15, 2022
June 30, 2022	Results of the Organizational Meeting of the Board of Directors
July 7, 2022	Press Release: Century Pacific Makes Waves in Plant-Based Seafood Alternatives with unMEAT Fish-Free Tuna".
August 3, 2022	Press Release: CNPF posts robust double-digit topline growth in 1H22, Led by branded business milk, marine and meat
October 21, 2022	Approval of the Amended Articles of Incorporation
November 3, 2022	Press Release: CNPF sustains double-digit sales momentum in 3Q22 led by the Branded segment as demand for affordable staples remains resilient

Reports on SEC Form 17-Q

Date Filed	Subject of Report
May 04, 2022	First Quarter Results
August 30, 2022	Second Quarter Results
November 03, 2022	Third Quarter Results

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the City of Pasig City on APR 14 2023

By:

Teodoro Alexander T. Po
Principal Executive Officer

Dionisio A. Balagso
Principal Accounting Officer

Richard Kristoffer S. Manapat
Principal Financial Officer

Manuel Z. Gonzalez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2023 day of ______ affiant(s) exhibiting to me his/her valid IDs as follows:

NAMES	IDENTIFICATION
Teodoro Alexander T. Po	105-633-470
Dionisio A. Balagso	108-204-2010
Richard Kristoffer S. Manapat	303-723-989
Manuel Z. Gonzalez	166-201-040

Doc No.: 478;
Page No.: 97;
Book No.: I;
Series of 2023.

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

ANNEX A

List of Stockholders

COMPANY NAME : CENTURY PACIFIC FOOD, INC.

LIST OF TOP 100 STOCKHOLDERS
As Of December 31, 2022

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	)UTSTANDING ‹ SSUED SHARE‹ ᴾARTIALLY PAIᴅ	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
CENTURY PACIFIC GROUP, INC.	2,231,400,000	0	2,231,400,000	62.994
PCD NOMINEE CORP.(NON-FIL)	787,440,605	0	787,440,605	22.230
PCD NOMINEE CORP.(FILIPINO)	523,353,308	0	523,353,308	14.775
SHINJI MIYAMOTO	32,000	0	32,000	0.001
ALVIN S. TAN	15,000	0	15,000	0.000
MYRA P. VILLANUEVA	3,000	0	3,000	0.000
OWEN NATHANIEL S. AU ITF: LI MARCUS AU	2,365	0	2,365	0.000
GISELLE KAREN Y. GO	2,250	0	2,250	0.000
ROSAURO PANERGO BABIA	1,500	0	1,500	0.000
MILAGROS P. VILLANUEVA	1,500	0	1,500	0.000
MYRNA P. VILLANUEVA	1,500	0	1,500	0.000
JOHN T. LAO	1,000	0	1,000	0.000
CHRISTINE F. HERRERA	750	0	750	0.000
LEOPOLDO E. SAN BUENAVENTURA ITF MAYRHILYN M. SAN BUENAVENTURA	750	0	750	0.000
JULIUS VICTOR EMMANUEL D SANVICTORES	750	0	750	0.000
FELICITAS F. TACUB	750	0	750	0.000
MARIETTA VILLANUEVA-CABREZA	750	0	750	0.000
ERNESTO KIONG LIM AND/OR IRIS VERONICA GO LIM	400	0	400	0.000
GUILLERMO F. GILI, JR.	150	0	150	0.000
SHAREHOLDERS ASSOCIATION OF THE PHILIPPINES, INC.	100	0	100	0.000
JESUS SAN LUIS VALENCIA	100	0	100	0.000
M. J. SORIANO TRADING, INC.	50	0	50	0.000
GERARDO L. SALGADO	8	0	8	0.000
JOSELITO T BAUTISTA	1	0	1	0.000
BOTSCHAFT N. CHENG OR SEVILA NGO	1	0	1	0.000
JOHNIP G. CUA	1	0	1	0.000
FERNAN VICTOR P. LUKBAN	1	0	1	0.000
CHRISTOPHER PAULUS TAN PO	1	0	1	0.000
LEONARDO ARTHUR TAN PO	1	0	1	0.000
RICARDO SY PO	1	0	1	0.000
RICARDO GABRIEL TAN PO	1	0	1	0.000
TEODORO ALEXANDER TAN PO	1	0	1	0.000
GRAND TOTAL (32)	3,542,258,595	0	3,542,258,595	

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CNPF00000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	371,137,727
STANDARD CHARTERED BANK	341,729,655
FIRST METRO SECURITIES BROKERAGE CORP.	205,332,840
CITIBANK N.A.	171,262,499
COL Financial Group, Inc.	54,970,738
DEUTSCHE BANK MANILA-CLIENTS A/C	33,552,124
GOVERNMENT SERVICE INSURANCE SYSTEM	23,993,280
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	21,430,500
A & A SECURITIES, INC.	16,278,550
PHILIPPINE EQUITY PARTNERS, INC.	8,870,775
BPI SECURITIES CORPORATION	7,855,635
BDO SECURITIES CORPORATION	6,308,816
REGIS PARTNERS, INC.	3,565,666
PNB TRUST BANKING GROUP	3,528,900
MBTC - TRUST BANKING GROUP	2,971,275
CLSA PHILIPPINES, INC.	2,849,989
VALUE QUEST SECURITIES CORPORATION	2,733,800
MAYBANK SECURITIES, INC.	2,457,800
STANDARD SECURITIES CORPORATION	1,989,900
WEALTH SECURITIES, INC.	1,925,400
S.J. ROXAS & CO., INC.	1,892,550
RCBC TRUST & INVESTMENT DIVISION	1,831,300
SECURITIES SPECIALISTS, INC.	1,531,300
BANCO DE ORO - TRUST BANKING GROUP	1,400,000
LUCKY SECURITIES, INC.	1,366,200
ASIASEC EQUITIES, INC.	1,222,700
RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS	1,171,500
PAPA SECURITIES CORPORATION	878,507
DEUTSCHE BANK MANILA-CLIENTS A/C	813,457
UNICAPITAL SECURITIES INC.	773,755
ABACUS SECURITIES CORPORATION	736,467
AB CAPITAL SECURITIES, INC.	695,300
EVERGREEN STOCK BROKERAGE & SEC., INC.	671,200
BANK OF COMMERCE - TRUST SERVICES GROUP	638,300
SB EQUITIES,INC.	600,450
ANSALDO, GODINEZ & CO., INC.	505,950
SOCIAL SECURITY SYSTEM	408,200
RCBC SECURITIES, INC.	371,650
CHINA BANKING CORPORATION - TRUST GROUP	369,100
IGC SECURITIES INC.	363,150
DAVID GO SECURITIES CORP.	343,050
OPTIMUM SECURITIES CORPORATION	328,400
SunSecurities, Inc.	316,400
TOWER SECURITIES, INC.	284,800
PAN ASIA SECURITIES CORP.	272,750
CHINA BANK SECURITIES CORPORATION	271,100
STAR ALLIANCE SECURITIES CORP.	270,000
SUMMIT SECURITIES, INC.	267,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	262,000

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CNPF00000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
QUALITY INVESTMENTS & SECURITIES CORPORATION	235,850
TRITON SECURITIES CORP.	227,900
REGINA CAPITAL DEVELOPMENT CORPORATION	224,501
PHILSTOCKS FINANCIAL INC	220,342
WESTLINK GLOBAL EQUITIES, INC.	210,000
APEX PHILIPPINES EQUITIES CORPORATION	188,550
FIRST INTEGRATED CAPITAL SECURITIES, INC.	188,300
A. T. DE CASTRO SECURITIES CORP.	186,300
INTRA-INVEST SECURITIES, INC.	175,800
R. COYIUTO SECURITIES, INC.	169,600
AP SECURITIES INCORPORATED	163,550
E. CHUA CHIACO SECURITIES, INC.	162,550
R. NUBLA SECURITIES, INC.	160,250
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	156,750
TIMSON SECURITIES, INC.	129,400
GLOBALINKS SECURITIES & STOCKS, INC.	128,550
R. S. LIM & CO., INC.	126,700
YAO & ZIALCITA, INC.	121,800
INVESTORS SECURITIES, INC,	117,300
CAMPOS, LANUZA & COMPANY, INC.	107,500
ASTRA SECURITIES CORPORATION	94,350
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	88,000
YU & COMPANY, INC.	83,550
SOLAR SECURITIES, INC.	82,600
TANSENGCO & CO., INC.	82,100
MERIDIAN SECURITIES, INC.	78,650
SALISBURY SECURITIES CORPORATION	76,505
LANDBANK SECURITIES, INC.	70,750
EASTERN SECURITIES DEVELOPMENT CORPORATION	61,450
UPCC SECURITIES CORP.	57,700
PNB SECURITIES, INC.	57,350
EAGLE EQUITIES, INC.	55,500
LOPEZ, LOCSIN, LEDESMA & CO., INC.	54,100
VENTURE SECURITIES, INC.	54,100
PREMIUM SECURITIES, INC.	53,200
AURORA SECURITIES, INC.	52,600
BELSON SECURITIES, INC.	50,950
MDR SECURITIES, INC.	50,000
RTG & COMPANY, INC.	45,050
JAKA SECURITIES CORP.	41,700
HDI SECURITIES, INC.	40,900
CTS GLOBAL EQUITY GROUP, INC.	40,100
AAA SOUTHEAST EQUITIES, INCORPORATED	32,700
FIDELITY SECURITIES, INC.	30,000
EQUITIWORLD SECURITIES, INC.	27,800
G.D. TAN & COMPANY, INC.	24,500
JSG SECURITIES, INC.	23,250
FIRST ORIENT SECURITIES, INC.	22,550
MANDARIN SECURITIES CORPORATION	21,750
GUILD SECURITIES, INC.	21,000
STRATEGIC EQUITIES CORP.	21,000

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CNPF00000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
NEW WORLD SECURITIES CO., INC.	20,500
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	19,500
MERCANTILE SECURITIES CORP.	19,000
ALPHA SECURITIES CORP.	18,100
VC SECURITIES CORPORATION	16,500
DIVERSIFIED SECURITIES, INC.	15,500
F. YAP SECURITIES, INC.	15,350
CUALOPING SECURITIES CORPORATION	15,000
I. B. GIMENEZ SECURITIES, INC.	13,200
EAST WEST CAPITAL CORPORATION	10,000
BA SECURITIES, INC.	7,500
LUYS SECURITIES COMPANY, INC.	6,500
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	5,400
ALAKOR SECURITIES CORPORATION	4,500
R & L INVESTMENTS, INC.	2,500
LARRGO SECURITIES CO., INC.	1,800
GOLDSTAR SECURITIES, INC.	1,500
I. ACKERMAN & CO., INC.	1,500
MOUNT PEAK SECURITIES, INC.	300
H. E. BENNETT SECURITIES, INC.	100
CENTURY PACIFIC FOODS, INC.	8
DEUTSCHE BANK MANILA-CLIENTS A/C	2
TOTAL	1,310,793,913

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

ANNEX B

Sustainability Report

CNPF Sustainability Report 2022

January – December 2022

Philippine SEC Form 17-A Sustainability Report

Our Sustainability Commitment and Focus

Our Commitment

CNPF remains steadfast in our role to deliver affordable nutrition through continuously strengthening our commitment to sustainability. CNPF's vision is to be a sustainable and responsible global company of entrepreneurs that offers healthier food and beverages through manufacturing excellence, nutrition expertise, trusted brands, and passionate people.

Sustainability guides the way we deliver our purpose to nourish and delight everyone, every day, everywhere. Our Environmental, Social, and Governance (ESG) Policy codifies our commitment to create greater value for our customers, employees, business partners, shareholders, and communities by ensuring that environmental sustainability, social responsibility, and effective corporate governance are integrated into every aspect of the business.

Our Board-level Corporate Governance & Sustainability Committee and the Management's Sustainability Steering Committee mandate and guide our sustainability agenda while our business units implement these on the ground. Investing in sustainability is a win-win endeavor that enables CNPF to grow responsibly through our people who champion what CNPF stands for and how their work contributes to overall sustainable development.

"Essential to our strategy going forward is our sustainability and ability to balance the needs of all our stakeholders. We believe that sustainability - whether coming up with healthier products, taking care of our people and communities, or being good stewards of our resources - is essential to our longevity. We believe our commitment to responsible business will change the complexion and character of our business in a good way and will future-proof our enterprise."

CHRISTOPHER T. PO, Executive Chairman
TEODORO T. PO, President & Chief Executive Officer

Materiality Process

At CNPF, our material topics are the foundation of our sustainability framework, reporting disclosures, and targets. Hence, we made sure that the identification process of material topics was inclusive and holistic.

Key internal and external stakeholders – from our middle management, senior leadership, Board of Directors to our investors and key business partners such as suppliers, distributors, and customers – were engaged in 2018 to gather their expectations and views on the risks, opportunities, and priorities for the sustainability of the organization. These engagements enabled us to identify the sustainability issues that were most important to both our stakeholders and our business.

We then prioritized our material topics and developed a framework to focus our impacts on the business, our stakeholders, and the planet. We mapped out preliminary metrics and strategies to monitor our performance against the material topics. We continue to assess the concerns of our key stakeholders to ensure that our material topics are still relevant and that our decisions fairly serve their interests (see section on How We Engage). Our Board-level Corporate Governance and Sustainability Committee and Sustainability Steering

Committee regularly review risks, opportunities, and developments in sustainability to ensure our material topics adapt to the evolving landscape.

Sustainability Framework

Our Sustainability Framework, which outlines our main pillars of Protein Delivery, Planet Preservation, and People Development, concentrates our positive impact and addresses sustainability issues that are most relevant to our business and our stakeholders.

<table>
<tr><th colspan="3">3 Pillars</th></tr>
<tr>
<td>Protein Delivery
We commit to responsible manufacturing and development processes in providing sustainable, healthier, and affordable food products that address the nutritional needs of Filipinos as we aspire to become a Philippine leader in affordable nutrition.

SDG 2: Zero Hunger
SDG 3: Good health and well-being</td>
<td>Planet Preservation
We commit to the efficient use, reuse, and restoring of agriculture and fisheries resources, as well as better management of our environmental impacts by decreasing our water and energy consumption, lessening our greenhouse gas emissions, and actively monitoring our waste generation as we continue to grow our business and serve Filipinos.

SDG 12: Responsible Consumption and Production
SDG 14: Life Below Water
SDG 15: Life on Land</td>
<td>People Development
We commit to building a highly engaged, inclusive, and competitive workforce, as well as a workplace that provides equal opportunities, safeguards workforce well-being, and promotes professional and personal development, to support the company’s current and future strategies and its sustainable success. We also commit to reducing hunger in the communities we adopt via impactful access to nutrition through our products and the livelihood projects we support.

SDG 1: No Poverty
SDG 4: Quality Education
SDG 5: Gender Equality
SDG 8: Decent work and economic growth</td>
</tr>
<tr><th colspan="3">Focus Areas and Material Topics</th></tr>
<tr>
<td>Profit-Purpose Alignment

Product Affordability & Accessibility
We focus on continuously improving our products’ affordability and availability in various distribution channels, making our products ubiquitous and accessible to consumers.

Product Development & Innovation</td>
<td>Natural Resource Efficiency

We strive to improve our efficiency in utilizing natural resources by adopting industry best practices in energy and water management

Energy Consumption Reduction

Water Consumption Reduction

---</td>
<td>Employees

Diversity and Inclusion
We are committed to building a diverse and inclusive business that places a premium on skills and potential and does not discriminate based on ethnicity, religion, or gender.

Talent Development
We regard our employees as our partners. We invest considerably in promoting their professional and</td>
</tr>
</table>

We constantly pursue customer delight and continuous market study through modern research and development techniques to come up with winning products.

Food Quality & Safety
Product quality, that also focuses on consumer welfare, is a business aspect accounted for in all parts of our operations.

Healthier Products

Sodium Reduction
We continue to monitor certain product ingredients which may have unfavorable effects on the body when consumed beyond the optimal level, such as sodium and nitrite.

Calcium, Iron & Vitamin C Fortification
We aim for the ideal balance of preserving the taste and quality our consumers love vis-à-vis enhancing the overall nutritional value of our products.

Environmental Impact Management

Greenhouse Gas Emission Reduction
We manage our use of natural resources to control our impact on the environment, including the resulting greenhouse gas generated by the energy we utilize.

Plastic Neutrality
We are committed to 100% plastic neutrality (third-party verified) across the entire business.

Landfill Waste Reduction
We explore ways to minimize our packaging and waste footprint.

Supply Chain Management

Supplier Credibility
We adhere to standards that ensure our materials are ethically sourced.

Local Sourcing
We aim to source more materials locally via exploring contract farming and local processing

Tuna Sustainability
We aim to aspire to be a leader in tuna sustainability. We diligently comply with international regulations pertaining to conservation measures.

personal growth which in turn helps grow the business.

Employee Engagement
We continuously engage with our employees through living out our values, grievance mechanisms, providing competitive benefits, and embedding sustainability into our culture to ensure they are dedicated to their jobs and committed to the organization.

Workplace Safety
We are committed to ensuring the safety of our employees by protecting them from potential safety and health risks and hazards in the workplace

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Communities

Job Creation
Our growth around the country generates jobs for local communities.

Hunger Alleviation
We aim to address some of the Philippines' major socio-economic problems such as hunger, malnutrition, lack of education, and environmental degradation

Livelihood Support
We engage in community development and aim to create sustainable social impact.

Good Governance
The Company recognizes the importance of good governance. It underpins our ability to progress in our sustainability journey and create long-term value for shareholders. This applies across our entire value chain, ensuring the organization behaves ethically, complies with rules and regulations, and adheres to fair labor practices and fulfills all other economic, moral, legal, and social obligations towards our stakeholders

SDG 16: Peace, Justice, and Strong Institutions

Governing and Operationalizing Sustainability

CNPF ensures that effective governance is in place to deliver on our sustainability commitments.

The Board-level Corporate Governance and Sustainability Committee oversees the implementation of our sustainability framework and periodically reviews sustainability risks and opportunities. This is chaired by a Non-Executive Independent Director, ensuring an independent and objective view of business-critical issues in sustainability. The committee receives updates on overall progress on sustainability and corporate governance semi-annually and advises the Management's Sustainability Steering Committee accordingly. With the rest of the Board, the committee also acts as gatekeeper for sustainability disclosures.

Composed of senior executives of key functions and business units and spearheaded by our Executive Chairman and CEO, our Management's Sustainability Steering Committee is responsible for driving and embedding sustainability in every aspect of the business. Respective subcommittees manage, develop, and implement goals and action plans for each P of our framework (Protein Delivery, Planet Preservation, People Development) with the Core Sustainability Steering Committee leading the overall direction and ensuring continuous improvement in responsible business practices. Relevant sustainability goals and targets have been incorporated in each Sustainability Steering Committee member's Performance Management System as the basis of management's variable compensation.

Each Sustainability Steering Committee holds quarterly meetings with the Executive Chairman and CEO for each P of the framework to check on the status of ongoing initiatives and discuss opportunities and next steps to further the sustainability framework.

Sustainability Governance Structures in Place

Board's Corporate Governance & Sustainability Committee		Management's Sustainability Steering Committee	
Chairman		**Core**	
Johnip Cua	Independent Director Served as President and General Manager of Procter & Gamble Philippines	Christopher Po Teodoro Po Edwin Africa Myrose Victor Jenifer San Juan-Tecson	Executive Chairman Chairman of the Sustainability Steering Committee President & CEO EVP - Corporate GM and Group BU Head Investor Relations Head Investor Relations
Members		**Planet**	
Fernan Lukban	Independent Director	Cezar Cruz	VP & GM Food Service and Corporate

Frances Yu	Consultant to multiple business families; Professor of strategy, entrepreneurship, and governance at UAAP, Founding fellow of the Institute of Corporate Directors Independent Director Previously Chief Retail Strategist of Mansmith and Fielders, Inc., the largest marketing and sales training company in the Philippines	Teddy Kho Ronald Agoncillo Fatima Aquino Noel Tempongko Jinky Mercado Arlene Librella Arriel Onesa Jenny Tan	Engineering VP & GM - OEM Tuna Exports VP & GM - Sardines VP & GM - Milk VP & GM - OEM Coconut Exports AVP Meat Manufacturing AVP Milk Manufacturing AVP Sardine Manufacturing Group Procurement Director
		Protein	
		Honelet Sayas Rhoda Inocelda Carmina Olivenza Nicolette Dizon	AVP Corporate QA and Technical Services / OIC for Corporate R&D R&D Senior Department Manager Nutrition & Regulatory Affairs, Registered Nutritionist & Dietician VP & GM - Refrigerated Food
		People	
		George Wang, III Kamille Corpuz Joyce Espanola	VP Human Resources and Corporate Affairs RSPo Program Manager Senior HR Manager

At CNPF, we believe that sustainability is everybody’s job. For our sustainability agenda to affect and scale long-term impact, they need to be operationalized and embedded in the way we do business. Thus, CNPF decentralizes and integrates responsibility to the key leaders of our business units, who in turn embolden and involve their teams. In this way, both business and sustainability decisions are made hand-in-hand.

The Investor Relations Department acts as secretariat to the meetings and ensures that this governance structure is organized and operating properly.

Creating Impact Across our Business

Our sustainability strategy is anchored on the environmental, social, and economic impacts of our various business activities along our value chain. We have mapped out the sustainability issues most important to CNPF against our value chain to help us manage our risks and negative impacts and identify opportunities to scale our positive impact and create greater value for our stakeholders.

<table>
<tr><td></td><td><u>Research & Development</u>
Developing, reformulating, and testing new product recipes and formulations</td><td><u>Sourcing</u>
Having strict assessment and accreditation for raw material suppliers to ensure food quality</td><td><u>Manufacturing</u>
Enforcing food quality and safety, as well as regulatory requirements in food manufacturing</td><td><u>Distribution</u>
Ensuring sufficient accessibility to reach the demand of partner retailers in a timely and efficient manner</td><td><u>Customer</u>
Maintaining a wide network of local and international business partners to reach several markets</td><td><u>Consumers</u>
Engaging consumers to gain feedback for continuous improvement of product quality and consumer satisfaction</td></tr>
<tr><td colspan="7">Impact Creation & Economic Flows</td></tr>
<tr><td rowspan="4">PROTEIN Delivery</td><td>Nutrition</td><td colspan="4"></td><td>Nutrition</td></tr>
<tr><td colspan="3"></td><td colspan="3">Accessibility</td></tr>
<tr><td colspan="3">Product Innovation, Design & Lifecycle Management</td><td colspan="3"></td></tr>
<tr><td colspan="6">Food Quality & Safety</td></tr>
<tr><td rowspan="4">PLANET Preservation</td><td colspan="3">Supplier Credibility</td><td colspan="3"></td></tr>
<tr><td></td><td>Raw Materials Traceability</td><td colspan="4"></td></tr>
<tr><td colspan="2"></td><td colspan="2">Natural Resource Efficiency</td><td colspan="2"></td></tr>
<tr><td></td><td colspan="3">Environmental Impact Management</td><td colspan="2"></td></tr>
<tr><td rowspan="2"></td><td colspan="6">Diversity & Inclusion</td></tr>
<tr><td colspan="6">Professional & Personal Growth</td></tr>
</table>

PEOPLE Development	Workplace Safety					
		Community Development				
Good Governance	**Business Ethics & Compliance**					
	Labor Practices					

How We Engage

Channels of Engagement	Concerns	How We Address Them
Consumers		
• Consumer touch points (phone, email, website, social media channels, regular field work, and trade show activities) • Regular internal satisfaction surveys • Research with third-party agencies	• Product quality • Product accessibility & affordability • Healthier products & nutrition information • Packaging issues	• Timely resolution of customer complaints • Improvements in distribution to ensure product availability • Presence of value for money offerings in our portfolio • Continuous innovation to develop healthier products • Phased rollout of new back of pack labels designed to provide nutrition information to consumers
Customers & Retailers		
• Customer touch points (branches, personnel, phone, email, website, and social media channels) • Regular site visits to existing retailers and participation in events such as conventions, new store opening, and in-store promotions • Joint business reviews and planning	• Quality of products (dented products) • Reliability and timeliness of product deliveries • Convenience of sales process and billing concerns • Managing inflationary pressures	• Timely resolution of complaints and regular feedback • Continuous monitoring and upgrade of systems and processes • Alignment of activation plans, budget, and promo effectiveness
Suppliers		

• Communication lines (phone, e-mail, meetings, and business reviews) • Supplier accreditation process on eProc • Delivery schedules • Order placement/PO issuance • Request for quotations/proposal/bidding information • Receiving of deliveries	• Issues with bidding through eProc portal • Inefficiencies of the system (late delivery advice, sudden changes on the schedule, quantities and location, out of lead-time orders)	• Coordination with IT and service provider on speed and performance optimization of eProc portal, and reactivation of vendor training program • Close coordination with vendors to ensure seamless procurement process • Proper material planning, close inventory monitoring, and cross-functional discussions with top management
Employees		
• Online communication through learning portal, email blasts, newsletters, social media • Individual and group engagements (performance reviews, engagement surveys, and focus group discussions) • Official company events (town hall meetings, planning, and trainings) • Team building activities (summer outings, Christmas parties, special wellness events and sports activities) • Grievance Mechanisms through our Whistleblower Policy)	• Employee salaries and benefits, variable pay, and other financial assistance • Career development and growth (programs, succession plans, opportunity for external training, rewards and recognition) • Company culture and personal welfare (Occupational Health & Safety, hybrid work arrangement, work relationships, wellness programs)	• Review and continuous improvement of performance management system, as well as manpower and succession planning • Adherence to policies on salary structure, benefits, incentive and bonus system, and provision of access to loan programs (SSS, HDMF, company funds) • Partnership with DOLE on occupational health and safety training • Implementation of employee engagement, trainings, and recognition programs • Initiating wellness programs and social clubs for physical, mental, social, and spiritual health • Reconfiguration of the office space to adapt to hybrid working arrangement
Investors & Shareholders		
• Annual stockholders' meeting • Publication of Sustainability and Annual Report • Analysts' briefings • Conferences and roadshows hosted by institutional investors • Formal meetings, site visits, and conference calls with investors and analysts	• Trends on the macroeconomic and socio-political environment in the industry • Business outlook, viability, and growth • Environmental, social and governance issues	• Constant engagement with investors, analysts, corporate regulators, and the investing public through different channels such as regular meetings, conferences, and briefings • Risk management and good governance procedures

		• Transparency in the information provided in reports and timeliness of its publications
Government		
• Policy dialogues, consultations, and briefings • Invitation to events and lectures • Annual audits, required reports, and publications such as financial statements • Official correspondence and formal proceedings	• Compliance with laws and regulations • Opportunities and areas for public and private sector collaboration • Completeness and accuracy of reports • Transparency and accountability	• Compliance, transparency and timeliness on submission of required reports and renewal of permits and licenses • Updating of company policies and systems based on latest government regulations • Attendance and participation to government-sponsored learning sessions and compliance programs
Communities (Beneficiaries of CSR Programs & residents of communities where we operate)		
• Feeding programs in partner schools, orphanages, and parishes • Volunteer activities in chosen communities • Meeting with other NGOs, CSOs, and government agencies	• Product quality and info • Limits in product variety provided • Recipe of food provided • Timeliness in delivery of goods	• Pre and post-evaluation with stakeholders (students, parent-volunteer, school representatives) • Basic food handling and demo cooking using Century-prescribed recipes • Dialogue with the feeding coordinators & parent-volunteers • Planning and coordination with communities and government agencies prior to the volunteer activity • Partnerships with other non-profit organizations to increase our reach
Communities (Surrounding Plant Operations)		
• Community meetings	• Environmental concerns and waste disposal • Traffic congestion caused by the trucks coming in and out of the plant • Changing prices of copra/dehusked nuts which	• Dialogue with the communities in partnership with the local government unit • Partnership with third party for recycling and upcycling of waste

	severely affects the income of our coconut farmers ● Availability of jobs	● Adherence to the recommended traffic routes for private vehicles and trucks. ● Implementation of feeding programs in schools and communities ● Implementation of local community purchasing programs to support coconut farmers ● Partnership with government agencies to provide jobs to the community

About this Report

This section of the annual report discloses CNPF's social and environmental activities from January to December 2022 in alignment with our financial year. All data points and information disclosed under each sustainability focus area are aggregated to cover all businesses under CNPF – Marine (Tuna and Sardines), Meat (Canned, Refrigerated, and Plant-based), Milk, and Coconut. This includes all our company-owned plants, warehouses, and corporate support offices operating in the Philippines as well as our export businesses in Global Brands and OEMs. We will continue to improve our data collection systems to further improve the accuracy, depth, completeness, and comparability of our disclosures.

For questions or feedback regarding the sustainability initiatives, programs, and plans communicated in this chapter, please contact CNPF Investor Relations at investorrelations@centurypacific.com.ph.

Protein Delivery

Profit-Purpose Alignment

Providing affordable nutrition demonstrates our role and focus as a Filipino food company – combining the convenience, accessibility, and low price point of shelf-stable goods with the health benefits from our protein- and nutrient-rich offerings. Through continuous improvement and innovation of our food products that are easy on the pocket and within reach, CNPF delivers quality proteins and additional nutrients to nourish and delight everyone, everyday, everywhere.

Healthier Products

As a leading food manufacturer in the Philippines, CNPF anchors its product portfolio on affordable nutrition. Our vision of a healthier Philippines propels us to develop products that help to alleviate nutrient deficiencies, reduce the risk of non-communicable diseases, provide nutrition across life stages, and improve nutrition education among Filipinos.

In 2022, we have begun mapping our product categories against health benefits based on their naturally occurring and fortified nutrients to better understand our portfolio's capability to deliver proteins and nutrients. We have also identified products where we can better communicate these benefits to enable customers to make more informed choices. Moving forward, we aim to further align our offerings to meet the actual nutritional and health issues of Filipinos.

We seek to continually innovate our products to enhance the overall nutritional value of our products without compromising the delight factor and taste profile. Recent innovations range from reducing salt content in our core marine and meat brands, fortifying formulations across all our products with additional nutrients, to our emerging and challenger brands with distinct wellness propositions such as milk, coconut, and plant-based alternatives.

Fortifying our products with additional nutrients

To further supplement the inherent health benefits in our products, CNPF also improves our formulations with added nutrients as part of our objective to help Filipinos achieve the daily nutritional requirements and address deficiencies.

Our value-for-money meat brands, Wow Ulam range and Lucky 7 Carne Norte, underwent fortification improvements in 2021 to include zinc and were launched in the first half of 2022. Through this, we can deliver nutritional benefits to the lowest income segment served by these brands.

2022 Nutritional KPIs

Health Benefit	Nutritional profile	Amount
Muscle health	Kilograms of protein in products sold by our Marine, Meat, Milk, & Other Emerging Businesses	45 million (2021: 37M)
Heart health	Grams of Omega-3 in Century Tuna products sold	445 million (2021: 446 million)
	Grams of DHA in Century Tuna products sold	36 million (2021: 36 million)
Bone Health	Grams of calcium in Birch Tree and Choco Hero products sold	357 million (2021: 353 million)
Immunity, Energy, and Brain function	Grams of iron in Argentina Corned Beef, Birch Tree, and Choco Hero products sold	18 million (2021 Argentina: 3 million)
Immunity, Energy, Bone health, and Brain function	Grams of zinc in select canned meat products and powdered milk beverages sold	4 million (2021 Argentina: 2 million)
Digestion	Grams of dietary fiber from unMeat and Hunt's products sold	373 million

The nutritional KPIs represent the total amount of nutrients from all products sold through domestic retail channels in 2022 based on the quantity contained in each product.

Sodium reduction

With correlations between sodium intake and non-communicable diseases such as diabetes and hypertension, we continued R&D work to reduce sodium content in 2022 for our high-volume products in our Century Tuna and Argentina Meat brands. We aim to launch these products when we can achieve a low salt formulation that does not compromise the taste profile.

SPOTLIGHT STORY
Communicating Nutrition Better through Project Backpack

To better educate and engage our consumers on making healthier choices, our Marketing and Regulatory teams partnered to revamp the packaging and labels to communicate the nutritional and health information of our products. Aside from providing the standard details such as the manufacturing and expiry date, ingredients list, and the quantities of nutrients per serving – we have also communicated the product's health benefits, recipe ideas, and storage tips that consumers can easily access through QR codes and links to best enjoy the product. We also included CNPF's contact information to encourage dialogue with our consumers to hear their feedback.

Since 2022, this initiative is being rolled out across all our Choco Hero products and select unMEAT, dairy, and meat SKU. We aim to roll out this initiative across our other brands in phases in 2023 and 2024. All new products for launch are set to use Backpack.

Century Tuna's flagship fitness competition, **Century Tuna Superbods**, made its face-to-face comeback in 2022. The theme "Stay Strong to Love Strong" sent a hopeful message to Filipinos emerging from the pandemic. Since 2020, we have opened the competition to contestants up to 60 years old to promote that active lifestyles and healthy eating can be for everyone, regardless of age.

Product Affordability and Accessibility

CNPF's social impact aligns with our affordable and accessible offerings. In a country where [83%](#) of the population are from lower income classes, our portfolio spans from value-for-money to affordable premium brands that serve major segments in the Philippine market. Our products are present in both modern trade and general trade channels, from mom-and-pop *sari-sari* stores around the neighborhood and wholesalers to convenience stores and supermarkets.

Domestic Retail

Our Sales and Trade Marketing teams oversee our performance with partner retailers and distributors and activate trade plans in the Philippines to not only expand our local reach and provide access to remote areas, but to also improve our service levels and throughput to existing stores and provide our distribution network with the right support. We continued to support all our trade partners by ensuring product availability despite headwinds brought about by a volatile geopolitical and economic landscape.

Direct points of sale covered	143,965 doors (↑19%)

In 2022, we saw robust sales growth across all our trade channels, modern trade, general trade, which caters to *sari-sari* stores, public markets, and community groceries, and e-commerce.

Number of products sold across the Philippines	2.7 billion units (2021: 2.5 billion units)

Food Service

We also cater to institutional clients through our food service business. Our roster of customers ranges from consumer food service companies such as restaurants, hotels, and bakeshops to institutions such as hospitals, shipping lines, and canteens, among others. We likewise work with local government units, cooperatives, and wholesalers.

Our Culinary group develops innovative and healthy menu ideas using our portfolio of products. Our R&D team customize pack sizes for our institutional clients' requirements while our Quality Assurance group ensures the quality and safety of all our products, positioning our food service products in the premium segment. Depots are strategically located in key cities to ensure seamless service and easy access to our clients.

Number of restaurants served in the Philippines	20,844 (2021: 19,111)
Equivalent percentage of the total consumer food service establishments in the country	23% (2021: 23%)

In 2022, restaurants likewise returned to operations in the new normal. With the resurgence of demand and new innovations from Century Pacific such as unMEAT and Coco Mama, our food service channel saw significant growth for the year.

Global Brands

Despite warfare and COVID-19 disrupting global supply chains, CNPF continues to pursue expansion in the international market. Our Global Brands business unit has established shelf presence in thousands of outlets and mainstream retail chains across 75 major markets.

The company's flagship brands in our marine, meat, milk, and coconut businesses are carried by multinational retailers such as Walmart, Safeway, and Albertsons in North America; Carrefour and Giant in the Middle East, China, and selected European countries; the Dairy Farm Group in Asia Pacific; Woolworths and Coles in the Pacific; and the National Trade Union Congress (NTUC) Fairprice in Singapore. unMEAT, in particular, is making headway in global markets, particularly with the launch of its shelf-stable range – Fish-free Tuna and Meatloaf style. This is part of CNPF's efforts to democratize the category by offering affordable and accessible options to consumers.

We continue to strengthen our global presence by participating in international expos, launching relevant innovations, and building our group's capacity to effectively serve these markets.

Number of export countries	69 (2021: 81)
Units of branded products exported	58 million (2021: 50 million)

Product Development and Innovation

Through our approach to product innovation and expansion, CNPF creates and improves products that deliver affordable nutrition to our consumers. Our executive leadership team plays a critical role in building an agile culture and driving innovation to future-proof the growth of the Company. Apart from steering the company towards our strategic priorities, they empower and work closely with our innovation teams, creating an efficient feedback loop that fosters excellence and enhances our speed-to-market.

Our ability to innovate and develop new products is a synergistic collaboration across our various teams from Research & Development and Marketing to Sales, Manufacturing, Supply Chain, and Finance. We are proud to partner with the Department of Science and Technology and the Food Nutrition Research Institute to help leverage our nutritional expertise and increase our competitive advantage and credibility in addressing health gaps among our consumers.

Many Filipino senior citizens are unable to meet their daily required intake of essential vitamins, minerals, and nutrients while mainstream nutritional supplement drinks are often premium. All the more exacerbated by the COVID-19 crisis, CNPF took the opportunity to enter the low penetration category and offer a more affordable alternative with **Birch Tree Advance**, our first dairy product catered to the senior market. Our teams stepped up to the technical challenges of developing a pharmaceutical powdered drink to provide affordable nutrition for the elderly.

CNPF recognizes innovation as a critical ingredient to achieve long-term success. It is a multidisciplinary activity, involving Research & Development (R&D), Marketing, Sales, Manufacturing, Supply Chain, Finance, and the Corporate Planning Teams to develop winning products that meet market expectations and are cost-efficient yet profit- and quality-maximizing. Our product development approach is an agile, collaborative, and iterative process that allows cross functional teams to work together to develop and launch products in an average span of 1 year and manage risks at the same time.

unMEAT goes by the company's philosophy that eating plant-based food should be simple and easy – making vegan alternatives just as tasty, affordable, and nutritious as their meat and seafood counterparts.

In 2022, we broadened our plant-based selections with our shelf-stable line with unMEAT Luncheon Meat and Fish-Free Tuna exported to key markets such as the United States, Singapore, and United Arab Emirates, our vegan Filipino breakfast range in the domestic market, and dairy-free 'unCHEESE'. unMeat garnered the Department of Trade & Industry (DTI)'s Katha Award for Best Food Innovation for 2022 for its innovations in shelf-stable categories as part of CNPF's bid to democratize the category.

All unMEAT products are made from non-GMO plant-based protein and ingredients, with no cholesterol, preservatives, and trans-fat. The production of 'UnMeat' also requires lower consumption of water, land, and energy and generates less greenhouse gas emissions compared to meat.

Food Quality and Safety

We see to it that the products we offer are of excellent quality and are safe for consumption. Our Quality Assurance and Research & Development teams safeguard the quality and safety of our products through technical training, proficiency testing, and raw material safety testing. Upholding our standards means that each and every product across our brands are subjected to rigorous controls and assessments.

Our Quality Assurance (QA) team ensures that we adhere to local and international food standards on safety and quality such as the Philippine National Standard, Association of Official Agricultural Chemists, Compendium of Microbiological Criteria for Food, Codex Alimentarius, and ASTM International. The QA team also puts internal control systems in place at every stage of our operations to meet our safety and quality standards:

Raw Material Testing & Supplier Accreditation
Ingredients and packaging materials are evaluated whether they conform with standards for production. Suppliers are accredited to ensure that raw materials are consistently manufactured and delivered according to agreed specifications.

Production & Process Control
A monitoring system is established at each phase of the production process, covering sampling frequency, time, temperature, testing procedure, and other control parameters.

Food Safety Audit
Our plants, toll manufacturers, suppliers, and products are audited to review and validate compliance with regulatory standards and buyer requirements.

Continuous Improvement
Product and process improvements are made based on the risks and feedback found during the audit. Controls are set based on the identified issues and updated quality standards.

On the other hand, the Research & Development team assesses the functionality and taste of raw material inputs for production, making sure these are consistent with both consumers' tastes and product quality standards. R&D regularly conducts studies, including product trade audits through physical, chemical, sensory, and microbiological analysis.

Moreover, we encourage and monitor consumer feedback around food quality and safety which serves as inputs for product and process improvements. These are referred to the relevant department and promptly resolved through corrective measures and improvements. We also have a Traceability and Recall Program in place to further ensure product safety.

Product information and labeling

We are compliant with the relevant and applicable food safety requirements of the Food and Drug Administration including regulations on packaging information, labels, and ingredients, among others. Our certifications and permits are annually validated by local government agencies and third-party certifying bodies. Our marketing and advertising materials are also compliant with all advertising laws, as reviewed and approved by the Advertising Board under the Department of Trade and Industry. As we expand our global reach, we also comply with the food safety labeling standards of our international markets such as the U.S., Canada, Europe, U.K., Australia, Japan, U.A.E., Saudi Arabia, Israel, among others.

During the year under review, there were no cases of non-compliance with regard to laws or standards on product health, safety, and quality, as well as on product labeling and marketing practices.

For the full list of product labeling standards and regulations that CNPF adheres to, refer to the Sustainability Data Summary tables at the back of this report.

Planet Preservation

Natural Resource Efficiency

At CNPF, we strive to improve the efficiency by which our organization consumes natural resources. We are implementing industry best practices for water and energy management and closely monitoring our consumption of these vital resources.

The Sustainability Steering Committee meets each quarter to review our resource management report, monitor developments, and identify new opportunities for reducing water and energy consumption.

Water Consumption Reduction

Water is essential for our business. From general cleaning and sanitation at all sites to thawing frozen produce, generating steam, and creating the actual products, water is an important input for various manufacturing processes. We also recognize the importance of water quality and availability for our suppliers, customers and communities in which we operate, source, and distribute our products, paying particular attention to our impact on our high water stress locations.

To continuously improve our performance, we invest in technology and aim to deepen our understanding of our water-related impacts on the local communities where we source our water.

Water withdrawal

Our Tuna, Meat, and Coconut plants draw water from deep wells which are processed to meet the quality standards for our production processes and have water meters to monitor and track water usage. Our Milk business purchases from the district provider and further filters the water before using it in production. Our Sardines business, on the other hand, sources their water needs from both deep wells and a district water provider. Sampling and testing are regularly conducted at all our plants to ensure water quality standards within our operations.

Initiatives to reduce our water demand include changing the technique to thaw frozen fish in our Tuna business back in 2020 to drastically reduce Tuna's total water withdrawal by more than 50% compared to the baseline year. Across our business, water is also being recycled and reused for various operational purposes. We are recovering condensate in our Tuna and Coconut plants, reusing water from softener backwash for washing, recycling water in our vacuum filling machine, and reusing water through reverse osmosis.

> Condensate recovery techniques designed and implemented in our Tuna and Coconut plants allow us to recycle water condensate for washing.

In 2019, we aimed to reduce our water withdrawal per metric ton of product (water intensity) in our Marine and Coconut plants by 20-30% in three years. We have been deploying a range of initiatives to meet our targets such as developing water recycling systems, utilizing alternative water sources such as groundwater and rainwater, improving efficiencies with upgraded manufacturing equipment such as boilers and steam lines in our Sardines production plants, and recycling water within our own operations as much as practicable. By 2022, our Marine and Coconut plants have reduced their water intensity by more than 50% and 30% with respect to the baseline year, meeting the target.

Effluents

All wastewater discharged from CNPF facilities adheres to minimum standards established by the Department of Environment and Natural Resources (DENR). Across all our plants, we treat our wastewater onsite in compliance with DENR Administrative Order (DAO) No. 35 Series of 1990 on Effluent Regulations as well as DAO 2016-08 on Water Quality Guidelines and General Effluent Standards. Our Milk and Meat plants, in particular, adhere to the Laguna Lake Development Authority for Class C water due to the location of the plants.

To mitigate our wastewater impact and promote a circular economy, we are exploring how wastewater sludge from our Tuna, Coconut, and Meat operations can be used as either alternative fuel for our boilers or byproducts such as fertilizer and raw material for biodiesel production.

Water	**2020**	**2021**	**2022**
Water withdrawal (CBM)	4,696,077	4,108,000	3,863,575*
Water intensity** (CBM/MT)	12.77	10.04	9.26*
Water discharge	Not disclosed	2,292,034	3,110,582***
Water consumption	Not disclosed	1,815,966	752,992

**In 2022, total water withdrawal decreased by 6% while water intensity improved by 8% due to various initiatives to reduce our water demand, utilize alternative water sources, and recycle water as much as practicable.*
***Water intensity is calculated as total water withdrawal divided by total product volume produced in metric tonnes (MT). This metric means that for every MT of product manufactured in 2022, CNPF withdrew 9.26 cubic meters of water.*
****The increase in water discharge is due to the increase in scope of business units that were able to measure and report data in 2022.*

Energy Consumption Reduction

Energy	**2020**	**2021**	**2022**
Total energy consumption (GJ)	2,044,193*	2,335,029	2,259,607
Non-renewable	2,044,193	2,222,638	2,154,382
Renewable	0.00	112,391	105,225
Energy intensity** (GJ/MT)	5.56	5.71	5.42

**2020 values represent non-renewable and renewable values. Improved data collection in 2021 allowed for a breakdown in energy source type.*

***Energy intensity is calculated as total energy consumption divided by total product volume produced in metric tonnes (MT). This metric means that for every MT of product manufactured in 2022, CNPF consumed 5.42 gigajoules of energy.*

In 2022, total energy consumption across all facilities decreased by 3% compared to the previous year due to efficiencies in coal usage, leading to improvements in energy intensity per metric ton of production output which decreased by 5%. Lower electricity consumption, which uses hydro-power, was the main driver in lower renewable energy, despite a significant increase in solar energy usage in 2022.

In our Tuna plant, we have implemented 100% energy-efficient LED lighting, and replaced other systems, equipment, and machinery with more energy-efficient technology. Our Sardines plant, on the other hand, upgraded their motors to high-efficiency ones that support both their cannery and fishmeal operations. We are also diversifying our energy mix to increase the share of renewable energy such as solar power. Please see the next section on Greenhouse Gas Emission Reduction for more information.

Environmental Impact Management

Managing our resources responsibly goes hand-in-hand with managing and mitigating our negative impacts on the environment and doing our part in tackling climate change. Our annual company-wide risk assessment identifies environmental risks such as extreme weather events and natural calamities as a key risk to the business. Our management committee and Board of Directors are responsible for assessing the impacts and developing the appropriate mitigation and adaptation strategies to manage these risks.

Greenhouse Gas Emission Reduction

Effective responses to climate change rely on credible strategies to transition the global economy towards carbon neutrality – achieving balance between the amount of carbon added to the atmosphere and the amount taken away. For CNPF, actions include energy efficiencies, continued investment in clean energy sources, and planting new forests that act as carbon sinks.

Investing in renewable energy

The carbon footprint directly controlled by our business is quantified as the volume of greenhouse gasses (GHGs) caused by energy consumption in our production facilities.

In our production plants, our Scope 1 emissions derive from on-site combustion of coal to generate steam for our boilers at our production plants. We also consume diesel in back-up generators for supplementary and backup power, as needed, as part of Scope 1 emissions. Our Scope 2 emissions, on the other hand, derive from our consumption of purchased electricity.

To reduce our carbon footprint, increasing the share of renewable energy in our energy mix is in the pipeline.

The 5.2-MW Solar Photovoltaic (PV) Plant on the site of our Tuna and Coconut manufacturing operations in General Santos City has the capacity to generate 7.4 million kWh per year—powering approximately 15% of the plant's energy requirements and avoiding the equivalent of nearly 6,000 metric tons of carbon dioxide that would have been purchased from the grid. The electricity we purchase for this location also sources a proportion of energy from hydroelectric turbines. As a result, more than 60% of the energy we consume at our General Santos plant now comes from renewable sources. We are also planning to grow our solar energy capacity in 2023.

To minimize our reliance on coal in our operations, we also continued to explore waste-to-energy initiatives during the reporting year. Mixing dewatered sludge from treated wastewater with fuel in our boilers, for example, was a 2021 initiative that has been piloted across all our business segments. This helped to replace coal by approximately 10% compared to 2020 based on trial runs in our Tuna business.

GHG Emissions & GHG Intensity of CNPF (Scopes 1 & 2)

Emission	2020	2021	2022
Scope 1 (tonnes CO_2e)	171,864	192,051	190,493
Scope 2 (tonnes CO_2e)	47,896	27,953	27,138
Emission intensity (tonnesCO_2e/MT)*	0.60	0.54	0.52

**Emission intensity is calculated as total GHG emissions divided by total product volume produced in metric tonnes (MT). This metric means that for every MT manufactured in 2022, CNPF emits 0.52 tonnes CO_2eq of greenhouse gasses.*

In 2022, Scope 1 and 2 emissions decreased by 1% and 3% respectively while GHG emissions intensity declined by 4%.

Enabling our customers through UnMeat

Since meat accounts for a large proportion of GHG emissions from agriculture, we combined our ambition to become a healthier food company with our desire to offer consumers more sustainable food choices in 2020. The supply chain for our brand of plant-based meat-alternative products, known as “UnMeat”, consumes less resources and generates fewer GHG emissions than meat-based products.

Landfill Waste Reduction

At CNPF, we believe that circular approaches are good for business as well as the planet. We want to ‘do more with less’ by reducing waste at source and recycling or upcycling waste into new resources. As a food company, we focus on maximizing the use of our biological and packaging waste from our operations before disposal at end of life. For example, to minimize waste in our Coconut business, we efficiently consume as much of the fruit as possible in our range of products such as Coco Mama (cream and meat) and OEM products like coconut water, coconut oil, desiccated coconut, coconut flour, among others. In our Tuna business, excess fish parts are turned into useful byproducts such as fish meal, fish oil, and fish soluble (see the spotlight story below).

In compliance with the Ecological Solid Waste Management Act, all business units conduct onsite segregation of their operational waste as part of daily operations. We sell recyclables from our operations such as scrap metals, plastics, paper and cardboard to scrap recyclers, while accredited haulers collect our general rubbish for disposal at landfill. Since we cannot manage what we do not measure, our business units are required to monitor and measure the amount and type of all waste from their operations and report quarterly to our Sustainability Steering Planet Subcommittee.

> We have a constructive relationship with a cement producer to convert coal ash from our operations into useful materials such as hollow blocks or bricks.

As a consumer company, we are also on the lookout for innovative and sustainable packaging materials such that they are recyclable, renewable, or biodegradable. Majority of our packaging materials are recyclable from tin cans, metal lids, glass bottles, to plastic canisters and lids, paper labels, and inner cartons. In the meantime, we also partner with organizations who enable us to co-process and recycle as much plastic packaging waste as possible (see next section on Net Zero Plastic Waste).

Materials used	2022
Total materials (MT)	557,132
Renewable (%)	84%
Non-renewable (%)	16%

We are committed to managing the waste we generate, to recover and process these into resources that can be reused whether for our operations or for external processes. We aim to further reduce the waste we generate and identify key initiatives for each waste type to increasingly divert these from ending up in landfill and are given a new life.

Waste	2022
Total waste generated (MT)	84,614
Waste diverted from disposal (%)	86%
Waste directed to disposal (%)	14%

SPOTLIGHT STORY

Fish Soluble: Making Waves in Reinventing Tuna's Waste

Our Tuna business sees waste as an untapped resource with a market value to be realized. For years, we have been processing fish waste consisting of excess tuna parts unsuitable for canning into useful byproducts such as fish meal and fish oil. With 3,288 MT of fish waste from canning generated annually from Tuna's operations, Tuna maximizes the value of its operational waste while preventing the harmful environmental effects of what would otherwise have been disposed of.

In late 2021, the business unlocked a new way to turn fish waste into a valuable resource with yet another byproduct – fish soluble – a liquid protein concentrate used in the aquatic feed industry. Effluents of the fish meal and fish oil process are used to produce fish soluble, displacing the wastewater treatment process before discharging. During the reporting year, Tuna sold fish soluble domestically and exported to countries like Vietnam and Bangladesh.

Net Zero Plastic Waste

Plastic has long been a ubiquitous and staple material to running many businesses, including the food industry. However, with plastic pollution making its way into our ecosystems and diets - and the emissions from a highly resource-intensive and fossil-fuel-reliant manufacturing process, consumer companies face an incredible challenge. Unfortunately, sustainable, functional, and cost-effective alternatives are still difficult to find and adopt.

Tackling plastics remains a key focus area and is part of our commitment to being a sustainable business. For CNPF to meaningfully contribute to the solution, we will continue to seek more sustainable alternatives to single-use plastic and explore ways to reduce our reliance on plastic. For instance, our Tuna business replaced plastic stretch films with reusable wraps for palletized empty cans and finished goods in logistics and transport, reducing waste by over 60%. Both Tuna and Sardines have also banned single-use plastics from plant and office canteens to encourage reusable food containers or paper packaging. At the same time, 70-80% of our brands use paper and tin packaging which are more easily recycled.

Despite reduction efforts in our operations, there is also an unavoidable plastic footprint associated with our post-consumer waste. As an interim solution, we continue to partner with Plastic Credit Exchange (PCX) to help

CNPF commit to Net Zero Plastic Waste for all our brands that use flexible packaging. We do this by purchasing plastic credits from PCX in a plastic offset mechanism that resembles the carbon offset industry. This means that we compensate for our brands' plastic packaging waste with an equivalent amount of post-consumer plastic waste that is collected and recycled or co-processed (incinerated with energy recovery). PCX, through its wide network of vetted partners, collects the equivalent plastic waste from the environment and ensures these are recycled into new useful products or co-processed into energy often in lieu of coal. While we firmly believe that offsetting is not the end-all and be-all solution to the plastic problem and should not replace concrete ways to lessen our reliance on plastic, it is a provisional measure that we can take.

January 2023 marks our fourth year of committing to Net Zero Plastic Waste for our brands

To guarantee the integrity and validity of our plastic offsets, PCX engages a third-party auditor, Isla Lipana & Co. (PricewaterhouseCoopers), to verify the plastic footprint for our 11 brands against our purchased credits based on the amount of plastic packaging procured annually. PCX also provides authentication that at least an equivalent amount of plastic waste has been recovered and recycled or co-processed. This completes the certification process with the documentation published in the PCX credit registry. Undergoing this additional measuring and verification process is our first step to managing our plastic footprint better and ensures that CNPF is well ahead of the targets set in the Extended Producer Responsibility Act of 2022 on plastic product footprint recovery.

In 2022, all 11 of our brands that use flexible packaging were certified as Net Zero Plastic Waste.
The 11 brands have successfully offset their plastic footprint from July 1, 2019 to December 31, 2021, marking our 2nd year of being certified by PCX.

The 11 certified brands were the only CNPF brands that use post-consumer flexible plastic packaging during the audited period which make up 20-30% of our branded business. Newly launched brands that will also use flexible packaging are onboarded into the Plastic Neutrality certification program.

CNPF is currently undergoing Net Zero Plastic Waste certification for the period beginning January 1, 2022 to December 31, 2022 to be completed in 2023.

The PCX program also generates an economic value for waste, creating incentives that will help to not only recover CNPF and other participating companies' plastic footprint, but also encourage an ecosystem of plastic collection and recycling. See the Aling Tindera Waste-to-Cash program below.

For more information on our Plastic Neutrality program with PCX, visit our website.

SPOTLIGHT STORY
Aling Tindera Waste-to-Cash Program

Since 2020, CNPF has worked with Generation HOPE to further support community-based recycling with the Aling Tindera Waste-to-Cash program. Through the joint initiative, women-owned *sari-sari* stores are incentivized to help collect post-consumer plastic waste in exchange for cash. The program not only serves as a channel to recover plastics, but also empowers locals to participate and promote a cleaner and healthier community while supporting livelihood. With the launch of Aling Tindera, they have generated an average household income increase of 31% among all participating women micro-entrepreneurs across the country.

As of 2022, there are 2 collection points in Manila and 11 in Anilao, Batangas which serve as the infrastructure to aggregate and transport post-consumer plastic waste to partner processing facilities that recycle or co-processes the recovered plastic. Century Tuna's Saving Our Seas campaign in the Batangas sites, supported by the Century Tuna Superbods platform, rally surrounding communities to help prevent plastics from entering our oceans and promote a circular economy.

Supply Chain Management

Supplier Credibility

As stated in our Supplier Accreditation Policy, we seek business partners that meet our commercial standards, comply with relevant government regulations, and align with our social and environmental aspirations as a responsible member of the community.

Instituted in 2021, our Supplier Code of Conduct and Ethics (SCOCE) outlines the company's stance on responsible sourcing and supply chain sustainability and the corresponding requirements we expect our suppliers, manufacturers, and service providers to uphold.

The SCOCE covers our standards on:

- Human rights (child labor, forced labor and human trafficking, nondiscrimination, harassment, working hours, wages, and benefits)
- Health, safety, and quality
- Business ethics (business integrity, no gift policy, fair competition, privacy and intellectual property, conflict of interest)
- Environmental compliance with applicable laws and regulations
- Management systems

100% of our current suppliers have signed and acknowledged the SCOCE as a requirement to work with CNPF Currently, all supplier audits are mainly for Quality Assurance to evaluate and ensure product quality and safety standards.

Holding ourselves accountable to the same standards, we have also provided the company's contact details in the SCOCE as open communication lines for our partners to report any cases of misconduct by our people or anyone acting on behalf of our business.

The role of our Board's Corporate Governance & Sustainability Committee and the Sustainability Steering Committee includes oversight for supply chain management. To keep abreast with changes in social, environmental, and governance issues across the supply chain, we intend to formally engage with our key stakeholders on supply chain sustainability, from our employees and Board of Directors to our suppliers and other external groups such as NGOs, government agencies, or industry peers, to help us update and revise our Supplier Code of Conduct and Ethics when necessary.

Our next step in maturing our supply chain sustainability is to proactively engage, educate, and collaborate with our partner suppliers on their current sustainability endeavors and help guide them in adopting sustainable practices. We also plan to develop a long-term roadmap that will incorporate sustainability criteria into the screening and accreditation process, assure and monitor partners' compliance with the social, environmental, and governance standards set in the SCOCE, and identify and manage associated sustainability risks within our supply chain.

Refer to the Tuna Sustainability sections of the report and the Purchases Assessment page on our website for the latest developments on the international standards, certifications, accrediting bodies, trade associations, and regulating agencies that we align with.

Raw Materials Traceability

We are able to trace the origins of each of our major raw materials such as fish, meat, milk powder, and coconut back to the fishing ground or farm where these were sourced from. Traceability enables us to enhance quality control, assure supplier credibility, and improve on responsible sourcing practices.

Local Sourcing

As a proud Philippine company with food brands well-loved by many Filipinos, we allocate over 50% of our total procurement budget on suppliers registered in the Philippines. In particular, 100% of the raw materials of our Sardines and Coconut businesses were grown and harvested from local farms and fisheries in the Philippines.

By sourcing locally, CNPF is better positioned to launch new products and reach markets much faster while reducing shipping and storage costs. We believe that with this approach, we can support local businesses and contribute to the economy by enabling market access for local producers.

We continuously develop key suppliers such as local farms in key provinces and regions. Read our Community Engagement section to learn more about our Adopt-A-Farm Livelihood Program in Zamboanga and our Farmer to Agripreneur Program in Saranggani.

Our Coconut business, CPAVI, established a local community purchasing program in various provinces in Mindanao. These not only ensure continuous supply for our factory, but also give smallholder coconut farmers the opportunity to earn more from selling directly to CPAVI at a fair market price. In 2022, CPAVI sourced 25% of its requirements from this program (2021: 21%).

Tuna Sustainability

As a leading manufacturer of tuna products both locally and worldwide, we recognize that the longevity of our tuna business hinges on the sustainability of the seafood industry. Complex environmental and social challenges concern the industry and our business such as biodiversity losses, climate change, and unethical labor practices. As tuna continues to be a rich source of protein for our consumers, we continue to advocate for more sustainable fishing practices, practice responsible sourcing, and manage our impacts.

Skipjack Tuna

We primarily utilize skipjack tuna, stocks of which are deemed to be at healthy levels by the International Seafood Sustainability Foundation (ISSF) in 2022 which means that stocks are not being overfished. This species of tuna is the most abundant of all major commercial tuna species due to its short gestation period and ability to reproduce year-round in tropical as well as subtropical waters.

Traceability

We firmly believe that transparency in sourcing underpins sustainability. All our tuna raw materials are traceable at the source – vessels are registered at the Proactive Vessel Register and audited by a third-party assurance group, MRAG Americas. This ensures that we only source from suppliers who comply with industry best-practices and conservation measures.

International Seafood Sustainability Foundation (ISSF)

Through its wholly owned subsidiary General Tuna, CNPF is a member of the International Seafood Sustainability Foundation (ISSF). CNPF also sits on the Board of the ISSF and its executive committee to help shape sustainable tuna fishing practices globally. Together with more than 20 other members worldwide, we strive to fully comply with the ISSF's conservation measures. The major drivers for our continued involvement with this organization are remaining up to date with evolving expectations for corporate responsibility in our industry and achieving competitive advantage among more discerning consumers in developed markets.

ISSF's Conservation Measures cover the following areas:

1. Regional Fisheries Management Organization (RFMO) Support
2. Traceability & Data Collection
3. Bycatch Mitigation
4. Monitoring, Control and Surveillance
5. Illegal, Unreported and Unregulated Fishing
6. Capacity
7. ProActive Vessel Register
8. Exemption for Very Small Purse Seine Vessels
9. Social and Labor Standards

Pursuing Tuna Traceability with Other Global Standards and Industry Associations

We are also a member of the Global Tuna Alliance—a market-led initiative that issued the Tuna Traceability Declaration in 2020 in support of the U.N. Sustainable Development Goal 14: Life Below Water.

We are focused on improving our ability to screen and assess suppliers. In 2021, General Tuna adopted the Global Dialogue on Seafood Traceability (GDST) standards to demonstrate this commitment. This international platform for companies in the seafood supply chain, technical experts, and partner non-governmental organizations has issued the GDST Standards and Guidelines for Interoperable Seafood Traceability Systems, Version 1.0 - the first comprehensive set of global standards for end-to-end seafood traceability - as part of the global initiative to make global seafood traceability more reliable and affordable by allowing for interoperability across seafood traceability platforms. This is an important development for the industry to combat illegal fishing and unethical labor practices.

SPOTLIGHT STORY

Fisheries Improvement Project

With the global growing awareness and demand for sustainable seafood, fisheries are seeking guidance in adopting best practices. Given this, Century Pacific Food, Inc. (CNPF) launched a Fisheries Improvement Project (FIP) through its subsidiary, General Tuna Corporation back in 2021.

CNPF's FIP is a multi-stakeholder initiative in partnership with the Bureau of Fisheries and Aquatic Resources that aims to help fisheries in the Western Central Pacific Ocean High Seas Pocket 1 adopt more sustainable fishing practices and ensure sustainable stocks of Yellowfin and Skipjack tuna. Mounting pressure to become sustainable is making Marine Stewardship Council (MSC) Certification an increasing requirement for fisheries to continue supplying for corporations. The FIP is our stepping stone towards obtaining this.

General Tuna Corporation aims for its FIP to achieve full MSC Certification by 2026. Through obtaining this, our Tuna business will not only maintain their current buyers, but also open opportunities to serve new markets. Importantly, the FIP also contributes to capability-building as it encompasses all registered Filipino flag-carrying vessels, thereby helping our local fishing industry to become more competitive in international markets.

CNPF remains committed to responsible sourcing and fishing practices as the means to sustain the Tuna business while conserving the health of marine ecosystems. Partnering with various organizations and adhering to international standards not only demonstrate our commitment, but also gives us the opportunity to be a leader in Tuna Sustainability and serve global markets. For the full list and more information on these regulating bodies, see our Tuna Purchase Assessment on our website.

People Development

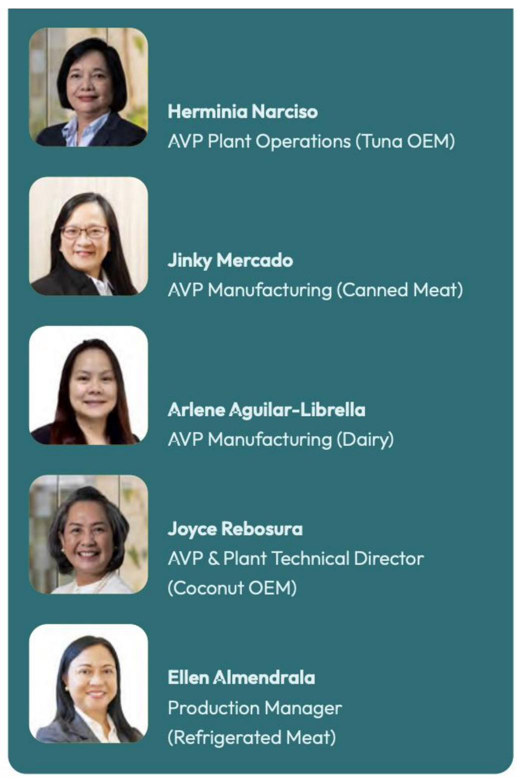
Employees

Diversity and Inclusion

CNPF believes a diverse and inclusive organization is critical to support current and future strategies. We value a variety of skills and potential, do not discriminate based on ethnicity, religion, or gender, and hire from the different communities where our stores operate. Guided by our policies, our Human Resource Department cultivates an inclusive workplace where all employees, with their multifaceted backgrounds, thoughts, and experiences, are valued and invited to contribute to our growth and success.

Diversity and inclusion must be reflected from the very top – a diverse Board of Directors sets the example for the rest of the organization. At the same time, diversity of expertise and perspectives enables the Board to make more strategic decisions to drive continuous growth, innovation, and business continuity. Our Board Charter states our Board Diversity Policy and commitment.

With our employees at all levels, we aim to better promote and practice diversity and inclusion across our different business units. Though most senior and middle managers are women, the gender distribution is still skewed towards males at the executive level. Moving forward, we will continue to empower women and represent diverse backgrounds in our leadership composition to strengthen our competitive advantage and capacity to innovate. We aim to create more opportunities for employees to learn and embrace diversity in our workplace via networking groups, training and guidance, and mentorship programs, as well as regularly monitor our progress.



Among our Tuna, Sardines, Meat, Milk, Coconut, and Refrigerated Meat businesses, 5 out of 6 of our manufacturing divisions are headed by women.

Total employees in 2022: 2,798
CNPF defines employees as full-time permanent employees only, from our staff at the plants to executive leaders.

New employee hire rate: 21% (57% male : 43% female)
Turnover rate: 20% (59% male : 41% female)

Employee Breakdown	2022
By gender	
Female	1,216 (43%)
Male	1,582 (57%)
By age	
Under 30 years old	996 (36%)
30-50 years old	1,586 (57%)
Over 50 years old	216 (8%)

Board of Directors Breakdown	2022
By gender	
Female	2 (25%)
Male	6 (75%)
By age	
Under 30 years old	0
30-50 years old	1 (13%)
Over 50 years old	7 (87%)

Talent Development

We regard our employees as partners in growing the business, investing in their professional and personal development. Guided by our Employee Training and Development policy, our Human Resources Department works together with the Department Heads to build competencies that support business needs, maximize performance efficiencies, and ensure career growth and succession planning.

Average training hours in 2022	Female	Male	Per employee
By gender	12	10	11

2022 KPIs

Number of training hours	31,404
PHP investment in employee training	7.25M
% of total training hours given to women	14,912

SPOTLIGHT STORY
Century Leadership University

Through customized learning interventions and competency-guided curriculums, our **Century Leadership University (CLU)** builds the next generation of leaders and addresses performance gaps based on the individual learning needs of all our supervisors, middle managers, and executives. CLU aims to grow leaders in four areas:

- Management Development Academy - to strengthen the leadership pipeline for first-line and middle management
- Executive Development Academy - to hone senior management's skills in leading the organization with the corporate values
- Functional and Technical Academy - to sharpen competencies in research and development, finance, sales, marketing, supply chain and logistics, and information technology
- Skills Multiplier Academy - to develop supplementary entrepreneurial skills such as in agile methodology and data analytics

In 2022, CLU had 1,087 employee graduates. The program received an average rating of 3.5 out of 4, indicating satisfaction, improvement, application, and influence of the course on their performance.

With its online learning platform, **Century Learn Hub**, CNPF also offers resources on various topics to all full-time employees from employee onboarding modules and leadership insights to daily computer proficiency skills and soft skills, among others. Employees are also encouraged to conduct shareback sessions with their colleagues to cascade key learnings from courses taken.	Aside from formal training programs, CNPF also promotes **cross-functional learning** as avenues for knowledge exchange and skills enhancement. Interdepartmental teams deploy collaborative strategies that widen overall business perspective as well as harness innovation and problem-solving skills.

Performance Management System

CNPF promotes and rewards people based on exemplary performance. Through our Performance Management System (PMS), employees and their immediate leaders share the responsibility in defining, monitoring, and evaluating progress on performance expectations and KPIs.

An individual's KPIs are determined annually at the beginning of each year and structured around four pillars: Corporate Development & Business Growth, Sustainability, Process and Functional Excellence, and People & Organizational Development. The pillars enable individual and organizational development and business growth while integrating our sustainability framework into performance.

Immediate leaders ensure the direct report's progress through regular coaching and feedback which builds a learning culture in organization. Results from assessments determine whether the individual is eligible for salary increases (for all levels) and performance bonuses (for Supervisory levels and above).

100% of our full-time employees, from rank-and-file all the way to executive levels, underwent performance reviews in 2022.

Executive Succession Management Program and Individual Development Plan

Our Executive Succession Management Program supports business goals, strategies, and sustainability – equipping our high-potential talents who have been evaluated and selected to take on key senior management roles in the next three to five years. To address development gaps and hone the competencies required by these leadership roles, each candidate is given an Individual Development Plan which is then implemented through a combination of on-the-job learning, coaching, and classroom training. The program is capped with a comprehensive competency assessment, performance evaluation, and final recommendations to the Executive Committee to determine the readiness of the candidates.

2022 KPI

% of employee population promoted to a higher rank	4% (2021:9%)

Employee Engagement

CNPF believes that engaging our employees drives productivity and performance and builds a highly motivated workforce who are passionate for excellence. Our approach is founded on providing fair compensation, living out our core values, promoting wellbeing, and embedding sustainability into our culture.

It is our duty to provide a fair and comfortable livelihood for our people. CNPF offers a fair salary structure, benefits, incentive and bonus system, and access to loan programs. As outlined in our Employee Benefits policies, employees are entitled to benefits that go beyond statutory labor standards such as healthcare coverage and medical services, vacation and sick leaves, paternity and maternity leave, flexible working arrangements depending on the nature of work, salary and housing loans to eligible employees, and retirement benefits and leaving service benefits to qualified employees. To continue to attract and retain the best talent, we stay current on market standards for salary and benefits and adopt best practices in developing strong employee relations.

Our core values are brought to life from onboarding our new hires to how we perform our responsibilities and work as a team. Every individual at CNPF is evaluated to demonstrate the values through our Performance Management System.

SPOTLIGHT STORY
Century CARES

The COVID-19 pandemic has brought to light the importance not only of physical health but also overall wellbeing. CNPF believes our responsibility as an employer extends to taking care of our people and promoting their wellness. In 2022, our Human Resources team launched Century CARES. Through Century CARES, we aspire to create a workplace where our people feel a sense of belonging with their fellow colleagues and are empowered to bring their full authentic selves to work. In turn, engaging our people motivates them to perform their best and helps to promote retention and attract the best talent.

Connect

Through Connect programs, CNPF aims to promote teamwork and camaraderie across levels, functions, and business units. This is the avenue where we gather in our quarterly Town Halls to keep our people abreast of the progress, challenges, and successes of the business, and where we also host our onboarding programs for new hires. CNPF employees can also form social clubs, building different communities over shared interests. In 2022, 5 social clubs were established with around 25 members each.

Appreciate
At our company, we foster a culture of affirmation and celebrate the efforts of our people. We hold quarterly Service Awards to honor our long-tenured employees and recognize the women of Century during Women's month in March. Furthermore, we celebrate Mothers' and Fathers' day to show our gratitude to our employees.

Reinforce
Through these activities, we cascade our company policies and government mandates so that people are reminded of their responsibilities and well-informed about their benefits and rights.

Energize
We host Wellness Wednesdays to promote different dimensions of wellness – mental, emotional, physical, financial, and spiritual, ranging from fitness activities to talks about mental health and personal finance management.

Share
Through Share, we invite our employees to volunteer their time, talents, and skills with communities by participating in the different RSPo Foundation outreach programs. RSPo also spearheaded a series of online roundtable discussions, called Conscious Conversations, where employees can explore and share their insights on complex and timely topics.

In 2022, each of our 77 activities engaged more than 100 participants. By the end of the year, we received an average satisfaction rating of 3.5 out of 4 for the engagement activities under Century Cares.

Sibol Awards

Whether in developing healthier products, taking care of our people and communities, or being good stewards of our resources, we believe that we can make a difference through our different business units. We aim to put sustainability at the center of what we do and how we make decisions. Through our company-wide "Sibol Awards", we instill this purpose-driven mindset by empowering our business units to implement sustainability projects that drive our Sustainability Framework.

This awards program has become an annual event where business units are recognized – increasing internal awareness, support, and engagement around our ambitions to be a more responsible and sustainable company.

Read Tuna's fish soluble initiative that landed them first place in the 2022 Sibol Awards.

We celebrate Century employees who volunteer their time to participate in RSPo Foundation's activities or champion their personal environmental and social advocacies. The Century organization can read about these individuals' experiences in **"Humans of Century"** – a feature column in our internal company newsletter, "The Centurion". Through this joint initiative between RSPo and the HR department, we hope to inspire a culture of volunteerism and purposeful living among our people.

Workplace Safety

A healthy and safe working environment is a prerequisite to the well-being of our workforce and paramount to the success of our operations. CNPF is committed to creating decent and safe working conditions for our employees working in our plant facilities, on the field, and in our corporate offices, as well as our contractors and subcontractors to prevent injury, illnesses, death, and health risks. We fulfill this through our Policy on Health, Safety and Welfare of Employees, in full compliance with RA 11058 and the Department of Labor and Employment (DOLE)'s standards.

For every business unit, subsidiary, and affiliate of CNPF, there is a governing Health and Safety Committee whose primary role is to oversee and safeguard the workplace. The Health and Safety Committee, supported by Safety Officers and marshals on the ground, develops and implements accident prevention and response programs. This involves conducting regular inspections, audits, and risk assessments, investigating and reporting incidents, implementing corrective actions, and providing safety and health training. The committee is also expected to maintain a Disaster Contingency Plan for emergency preparedness. To ensure these measures and systems are upheld, the committee and officers have monthly meetings.

In accordance with RA 11058, CNPF also has put the following corporate policies in place to ensure a safe, productive, and supportive workplace:

1. Occupational Health and Safety Policy
2. Health and Safety Committee Policy
3. Drug-Free Workplace Policy
4. AIDS Prevention and Control Policy
5. Tuberculosis Prevention and Control Policy and Program
6. Hepatitis B Policy and Program
7. Mental Health in the Workplace Policy and Program

Promoting occupational safety and health

Regular training and education programs instill a safety culture in our workplace. CNPF holds an annual Occupational Safety and Health Seminar and mandatory First Aid Seminar as an onboarding program for new employees and refresher course for our regular employees and third-party workers working in the plants, warehouses, and logistics. The annual seminar trains our people and workers to recognize safety hazards and apply appropriate control measures, overall complying with government-mandated standards.

Within our plants, we also have daily toolbox meetings which act as safety briefings to remind our employees and workers of our protocols and to be proactive in identifying and addressing hazardous situations. These quick, informal, everyday huddles supplement our annual mandatory training and reinforce safety.

CNPF also ensures the health and safety of our workplaces through the provision of appropriate personal protective equipment and safety facilities. We also communicate safety guidelines and updates through our health and safety bulletin boards. All the plants provide sufficient communication materials that promote a safety mindset for all our employees and workers.

Since the implementation of occupational health and safety standards and the increase of certified safety officers in 2022, our Sardines business saw a significant decline in accident rate of 49% from the previous year.

Occupational Safety and Health	2022
Number of fatalities	0
Rate of high-consequence work-related injuries (per 200,000 hours)	0.02
Safe man-hours out of total out of 10.26 million man-hours	8.57 million

The data above currently covers all CNPF employees only. For other data on safety and health, refer to the Sustainability Data Summary section.

Overall health, well-being, and human rights

CNPF promotes the overall health and wellbeing and upholds the rights of our people. As outlined in our Policy Statement on Human Rights, how we manage our business and interact with our stakeholders are guided by the Labor Code of the Philippines (PD 442 as Amended, Series of 1974) as well as global frameworks like the International Human Rights principles of the Universal Declaration of Human Rights and the United Nation Guiding Principles on Business and Human Rights.

We prohibit all forms of sexual harassment in our workplaces and in all business endeavors. Our Anti-Sexual Harassment and Safe Space Policy upholds our core value of Respect for Individual and ensures that our working environment supports the dignity, self-esteem, and security of individuals at all times. The Committee on Decorum and Investigation on Sexual Harassment Cases, primarily composed of and chaired by women from managerial, supervisory, and rank and file levels, is tasked to investigate and address complaints of gender-based sexual harassment and their immediate resolution.

The importance of mental health was also brought to our attention, recognizing that emotional, psychological, and social well-being enables people to overcome challenges, have good relations, and realize their potential. Our Policy and Program on Mental Health in the Workplace, instituted in 2021, articulates our obligation to promote mental health in the workplace. In compliance with RAs 11036 and 11058, the policy and program ensure that CNPF employees have access to adequate mental health services, treatment, and reasonable work arrangements. The HR team works with the Health and Safety Committee to further champion mental health through communicating awareness, identifying and managing work-related stressors, and promoting work-life balance.

Community Engagement

CNPF is accountable to the stakeholders in the communities where we operate, hire our staff, and source our ingredients, supplies, and utilities. Our advocacies amplify our role in providing affordable nutrition and are in pursuit of enduring and meaningful partnerships with change agents who share our vision of a better future.

Job Creation and Livelihood Support

As CNPF grows, so do the jobs created and supported along our value chain ecosystem. Whether it's through our partners, vendors, or suppliers, we create livelihood opportunities and encourage decent working environments. Our Supplier Code of Conduct and Ethics (SCOCE) is one way where we create positive impact while expanding our locus of positive influence. We also support women micro-entrepreneurs to earn additional income from participating in community-based plastic recycling through our Aling Tindera Waste-to-Cash program in partnership with Plastic Credit Exchange (PCX).

Total number of jobs supported across CNPF value chain in 2022: 22,152
In 2022, CNPF supported over 22,000 jobs, comprising of CNPF employees and that of our subsidiaries and affiliates, as well as outsourced workers whose jobs are indirectly supported through our business relationships, such as our project-based consultants and employees of suppliers, vendors, and supply chain partners that are primarily dependent on CNPF. This is a 13% increase from 2021 in support of the growth and expansion of our company.

Through RSPo Foundation, Inc., our philanthropic socio-civic arm and non-profit affiliate, we are able to extend the reach of the positive impact we can make. Through the Foundation's programs, employment opportunities are generated in various local communities while serving as reliable sources of raw materials for our Tuna and Sardines businesses. Through the Foundation, we provide livelihood for displaced marine workers in Zamboanga and farmer cooperatives in Sarangani through our Adopt-A-Farm and Agripreneur programs.

Adopt-A-Farm Program Zamboanga

In partnership with the Department of Labor and Employment (DOLE) and Project Hope Agricultural Cooperative, the Adopt-A-Farm program helps address the lack of stable income among workers in the marine industry in Zamboanga by employing them as farmers during the closed fishing season. In turn, our Sardines business purchases the harvested produce from the farms – creating a sustainable market and securing livelihood for the seasonally displaced workers and their families while supporting our business operations. In 2022, Sardines was able to source approximately 200 kilograms worth of produce from the greenhouse farms.

CNPF adopted a total of 4 greenhouse farms in Zamboanga. In 2022, the farms supported 60 individuals.

Agripreneurs in Sarangani

Through our partnership with the cooperative, Malungon Integrated Vegetable Grower's Association

(MIVEGA), we were able to support farmer groups in Sarangani to help them maximize profitability by directly purchasing local produce from the farms. During the reporting year, we conducted farmer group engagement activities and briefings to identify opportunities and maximize the income potential of their farms by planting high value crops that can be used for manufacturing our food products.

The farms currently grow a variety of our high-value vegetable requirements for our Tuna business such as bell peppers, chillies, carrots, ginger, garlic, and potatoes. In 2022, the Sarangani farms supplied CNPF's Tuna division with 83% of their total annual requirements.

SPOTLIGHT STORY

Uplifting Smallholder Coconut Farmers One Tree at a Time

As one of the top producers and exporters of coconut products in the world, the Philippines is home to approximately 3.5 million coconut farmers, many of whom are smallholder farmers in Mindanao. Through our partnership with the impact organization, Friends of Hope, CNPF supports initiatives that provide seedlings to farmers - our 1 Million Coconut Trees campaign with GCash and Trees of Wellness program with Robinsons Supermarket.

Together with the Philippines' leading mobile wallet, GCash, and Friends of Hope, more than 9 million GCash users can actively participate in our coconut tree planting campaign. In exchange for every virtual tree redeemed within the GForest feature on the app, CNPF, GCash, and Friends for Hope work with smallholder farmers to cultivate a real tree. To date, we achieved our 1 Million Coconut Trees target, benefitting more than 7,300 smallholder farmers, 32% of whom are women.

In 2022, CNPF, Robinson's Supermarket, and Friends of Hope launched Trees of Wellness, a tree planting program to support coconut farmers in General Santos in Mindanao. A percentage of the profits from Vita Coco and Coco Mama products sold at Robinsons Supermarkets will also go directly to the farmers. Through Friends of Hope, farmers are also provided technical training, resources, and increased market access. The program aims to plant and donate 100 thousand coconut trees to smallholder coconut farmers in the next 5 years. At the launch, 3,000 seedlings were donated to the farmers.

CNPF achieves many wins with these joint initiatives. We support farmers' livelihoods and their communities – boosting productivity and income. At the same time, we can secure a reliable coconut supply for both our business and the region. The newly planted trees also act as a carbon sink that not only sequesters greenhouse gasses from the atmosphere but also help to address the widespread problem of senile coconut trees in the country.

Hunger Alleviation

CNPF's role as a Philippine food company goes beyond selling our products and extends to giving affordable nutrition to underserved Filipino communities. This also acts as a long-term market development program that helps us penetrate low to middle income households, our target market for our value-for-money segments and brands, through nutrition delivery and education initiatives.

Kain Po Feeding Program

Hunger and malnourishment are a perennial problem in the Philippines, a country where a large part of the population belongs to low-income socioeconomic classes. Century Pacific takes responsibility to help alleviate these socio-economic problems among Filipino youths. Through RSPo Foundation's flagship feeding program, KAIN Po, we serve impoverished communities across the country with limited access to affordable and nutritious food.

Since 2010, KAIN Po has worked with public schools experiencing low enrollment and high absenteeism to provide daily protein-packed lunch meals for students. Poor nutrition, according to studies by the Department of Education, was a major reason for high dropout rates. As a result, participating students in KAIN Po showed less absences and consequently, better school performance due to improved health.

In 2022, KAIN Po delivered 10 million protein servings to vulnerable communities nationwide.

To date, KAIN Po has served over 55 million meals to 300 thousand beneficiaries all over the Philippines.

RSPo Foundation teamed up with leading poverty alleviation and nation-building NGO, Gawad Kalinga (GK), in August 2022 to establish the Zero Hunger Alliance – a coalition of organizations who seek a holistic and systemic approach to alleviating hunger in the Philippines. The coalition followed Philippine Nutrition Month in July where RSPo and GK also served 300 thousand meals to children as part of their target to deliver 10 million protein servings to marginalized communities in 2022. Read the full story of the coalition's ambition for a hunger- and malnutrition-free Philippines and how they're taking action through nutrition delivery and education.

Daily Dairy Milk Program

Aside from KAIN Po, RSPo Foundation's milk feeding program addresses micronutrient deficiencies among impoverished school-age youth. Through our leading milk brand, Birch Tree, we were able to deliver nearly 75,000 servings of milk in 2022 to various orphanages and welfare centers such as Virlanie Foundation, Hospicio de San Jose, White Cross, and Asociación de Damas de Filipinas.

Anti-Corruption

From new recruits all the way up to the Board, CNPF upholds its zero-tolerance policy against corruption. Anti-corruption training begins at the onboarding session for all new hires, while our Board of Directors receive annual 1:1 training on management and reporting for incidents. The anti-corruption program and procedures are outlined in our Code of Business Conduct and Ethics, covering all elements of anti-corruption with provisions on corruption, extortion, and bribery, conflict of interest, receipt of gifts, compliance with laws, and whistleblowing, among others.

27 operations (100%) were assessed for anti-corruption by Internal Audit
Audits resulted in insignificant risks.

In the reporting year, there was zero (0) confirmed case of corruption.

Sustainability Data Summary

ECONOMIC

Economic Value Generated	UOM	2022
Direct economic value generated (revenues)	billion Php	63.1
Economic value distributed		59.1
Employee wages and benefits		2.4
Payments to suppliers, workers, and other operating costs[1]		53.9
Dividends paid to stockholders and interest payments to loan providers		1.4
Taxes given to government		1.2
Economic value retained		4.1

Procurement practices

	UOM	2020	2021	2022
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	%	Not disclosed	62%	52%

SOCIAL

Employees

Employees by Gender	UOM	2021			2022		
		Male	Female	Total	Male	Female	Total
Full-time employees	**head/ % of total**	**1,702 (58%)**	**1,255 (42%)**	**2,957**	**1,582 (57%)**	**1,216 (43%)**	**2,798**
Executive	head	29	17	46	28	19	47
Senior manager		42	62	104	50	73	123
Middle Manager		69	103	172	84	117	201
Supervisor		327	314	641	327	319	646
Rank and File		1235	759	1,994	1,093	688	1,781

Employees by Age	UOM	2021			2022		
		< 30 years	30-50 years	>50 years	< 30 years	30-50 years	>50 years
Full-time employees	**head/ % of total**	**1,114 (38%)**	**1,631 (55%)**	**212 (7%)**	**996 (36%)**	**1,586 (57%)**	**216 (8%)**
Executive	head	Not disclosed			0	28	19
Senior Manager					2	98	23
Middle Manager					31	158	12
Supervisor					272	338	35
Rank and File					691	962	126

	UOM	2021			2022		
		Male	Female	Total	Male	Female	Total
New hires (total)	**head/ % of total**	308 (59%)	215 (41%)	523 (100%)	328 (57%)	249 (43%)	577 (100%)
New hire rate	%	18%			21%		
Turnover (total)	**head/ % of total**	199 (53%)	174 (47%)	373 (100%)	328 (59%)	228 (41%)	556 (100%)

[1] Includes all other operating costs and investments to community such as donations and CSR activities

Turnover rate	%	13%	20%

Workers

Workers	UOM	2021	2022
Total	head	**15,796**	**18,199**

Jobs Supported	UOM	2021	2022
Jobs supported across the CNPF value chain[2]	number	19,642	22,152

Diversity and equality – Governance bodies

Board of Directors	**UOM**	2021			2022		
By gender		Male	Female	Total	Male	Female	Total
	head/ % of total	7 (78%)	2 (22%)	9 (100%)	6 (75%)	2 (25%)	8 (100%)
By age		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
	head/ % of total	0 (0%)	2 (22%)	7 (78%)	0 (0%)	1 (13%)	6 (87%)

Parental leave - Maternity and Paternity Leave

	UOM	2022		
		Male	Female	Total
Employees entitled to parental leave	head	639	1,207	1,258
Employees that took parental leave		30	30	60
Employees that returned to work within reporting period		30	28	58
Employees still employed 12 after their return to work		28	27	55

Occupational Health and Safety[3]

	UOM	2022
Fatalities as a result of work-related injury	number	0
Fatalities as a result of work-related ill health		0
High-consequence work-related injuries (excluding fatalities)		1
Recordable work-related injuries		121
Recordable work-related ill-health		0
Rate of high-consequence work-related injuries	number per 200,000 hours	0.02
Rate of work-related injuries		2.35
Total man-hours	hours	10,258,655
Safe man-hours		8,573,535
Number of safety drills	number	11

[2] This figure comprises CNPF employees and that of our subsidiaries and affiliates, as well as outsourced workers whose jobs are indirectly supported through our business relationships, such as our project-based consultants and employees of suppliers, vendors, and supply chain partners that are primarily dependent on CNPF.

[3] In line with our reporting to the Department of Labor and Employment (DOLE), occupational health and safety data disclosed covers CNPF employees only. All our corporate policies and programs on OSH cover all people working at our facilities, plants, and offices - including outsourced workers.

Training and Development[4]

	UOM	2022		
		Male	Female	Total
Average training hours per employee (total)	hours	**10**	**12**	**11**
Executive		22	20	21
Senior manager		27	18	22
Middle manager		25	17	20
Supervisor		24	12	18
Rank and File		4	11	7
Total training hours	number	31,404		
Total training hours given to women	number	14,912		
Investment in employee training	million Php	7.25		

Anti-corruption

	UOM	2021	2022
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100
Percentage of directors and management that have received anti-corruption training	%	100	100
Total number and nature of confirmed incidents of corruption	number	0	0

Marketing and Labeling

	2022
Requirements for product and service information and labeling	Food labeling standards followed: • Title 21 - Food and Drugs. CHAPTER I - FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AI SERVICES (CONTINUED). SUBCHAPTER B - FOOD FOR HUMAN CONSUMPTION. • FOOD FACTS - Safe Food Handling from the U.S. Food and Drug Administration • Canadian Food Inspection Agency - Guide to Food Labeling and Advertising • Regulation (EU) No. 1169/2011 • Regulation (EC) No. 178/2002 • Regulation (EC) No. 1334/2008 • Department for Environment Food & Rural Affairs - The Food Information Regulations 2013: Guide to co (November 2012) • Food Standards Agency - Advice on Food Allergen Labeling • A Guide to Food Labeling and Advertisements by SFA • Sale of Food Act (Chapter 283, Section 56 (1)) Food Regulations • Ingredient Labeling of Foods: User Guide to Standard 1.2.4 - Labeling of Ingredients • Nutrition Information: User Guide to Standard 1.2.8 - Nutrition Information Requirements • GSO 05/FDS 2233: Requirements of Nutrition Labeling • GB7718 General Standards for Food Labeling • GB2760-2015 Chinese Standards for Food Additives • Asia Pacific Food Law Guide 2018

[4] Training and development data counts from rank-and-file employees to executives only.

	These standards apply to 100% of our branded products.

Environment

	UOM	2020	2021	2022
Energy				
Total energy consumption within the organization		2,044,193[5]	2,335,029[6]	2,259,607
Non-renewable (total)	GJ	2,044,193	2,222,638	2,154,382
Gasoline	GJ	Not disclosed	0	0
LPG	GJ		192	202
Diesel	GJ		21,287	20,431
Coal	GJ		2,059,863	1,996,574
Electricity	GJ		141,296	137,175
Renewable (total)	GJ	0.00	112,391[6]	105,225[7]
Energy intensity (per MT of product)[8]	GJ/MT	5.56	5.71[6]	5.42
Water				
Water consumption	CBM	Not disclosed	1,815,966[9]	752,992
Water discharge	CBM		2,292,034[9]	3,110,582[10]
Water withdrawal	CBM	4,696,077	4,108,000	3,863,575
Water intensity (per MT of product)[7]	CBM/MT	12.77	10.04	9.26
Emissions[11]				
GHG emissions (Scope 1 and 2)	tCO2e	219,760	220,005	217,631
GHG emissions (Scope 1)	tCO2e	171,864	192,051	190,493
GHG emissions (Scope 2)	tCO2e	47,896	27,953	27,138
GHG emissions intensity (per MT of product)[7]	tCO2e/MT	0.60	0.54	0.52
Materials used[12]				
Renewable	MT	Not disclosed	Not disclosed	465,248
Non-renewable	MT			91,884
Waste				
Total waste generated	MT	Not disclosed	44,306	84,614[13]
Total waste diverted from disposal			17,709	72,816
Total waste directed to disposal			26,597	11,798
Non-hazardous/solid waste (total)	**MT**	**Not disclosed**	**44,306**	**65,128**
By method				
Disposed	MT	Not disclosed	26,597	2,205
Incineration			6	323
Landfilled			26,591	1,878

5 2020 energy data represent consolidated non-renewable and renewable values. Improved data collection in 2021 allowed for a breakdown in energy source type.

6 2021 energy data has been restated to add renewable energy sources that were not included in the scope. This now covers solar, hydro, and biomass energy.

7 Lower hydro-powered electricity consumption was the main driver in lower renewable energy, despite an increase in solar energy usage in 2022.

8 All intensity figures are computed based on total volume of products manufactured in metric tonnes (MT).

9 2021 water consumption and discharge data have been restated upon improvements in data collection.

10 More business units were able to measure and report effluent data this 2022, hence the increase in number.

11 Standards used for the computation are based on the GHG Protocol Corporate Protocol and Reporting Standard. Location-based grid emission factors are based on the Philippine Department of Energy. The gasses reported include carbon dioxide, methane, and nitrous oxide. Currently, there are no local emission factors for renewable energy. For simplicity, emission data represents non-renewable sources only.

12 Renewable materials mainly consist of our food items and paper packaging. Non-renewable materials cover our non paper-based packaging such as tin cans and plastic pouches and exclude fuel sources.

13 The increase in waste data in 2022 is due to improved scope of waste types that are being tracked, measured, and reported. These include food waste from our Tuna business that is processed into fishmeal.

Other disposal operations			0	4
Diverted			17,709	62,923
Preparation for reuse			3,714	4,131
Recycling			11,506	443
Other recovery operations, including composting			2,489	58,349
By location				
Onsite recovery operation			2,489	42,621
Offsite recovery operation			15,220	20,302
Onsite disposal operation			0	0
Offsite disposal operation			26,597	2,205
Hazardous waste (total)	**MT**	**Not disclosed**	**Not disclosed**	**19,486**
By method				
Disposed	MT	Not disclosed	Not disclosed	9,593
Incineration				95
Landfilled				9,498
Other disposal operations				0
Diverted				9,893
Preparation for reuse				3,834
Recycling				1,481
Other recovery operations, including composting				4,578
By location				
Onsite recovery operation				5
Offsite recovery operation				9,888
Onsite disposal operation				5,054
Offsite disposal operation				4,539

Content Index for Philippine SEC Form 17-A Sustainability Report 2022

This report complies with the Philippine Stock Exchange Sustainability Reporting Guidelines for Publicly Listed Companies.

Contextual Information	Location and additional information
Name of Organization	Century Pacific Food, Inc. (“CNPF”)
Location of Headquarters	Center Point, 7/F Garnet Rd, Ortigas Center, Pasig, Metro Manila
Locations of Operations	General Santos City, Zamboanga City, Taguig, Binan, Pasig City
Report Boundary	Corporate Business Services and primary business segments – Branded Marine, Meat, Milk, and other emerging businesses, as well as OEM Tuna and Coconut exports This includes all our company-owned plants, warehouses, and offices operating in the Philippines.
Business Model, including Primary Activities, Brands, Products, and Services	Engaged in manufacturing packaged food and beverages
Reporting Period	January 1, 2022 – December 31, 2022
Highest Ranking Person responsible for this report	Christopher Po, Executive Chairman
Contact for questions regarding the report	Investor Relations, investorrelations@centurypacific.com.ph
“Comply or Explain” Provisions	
Materiality Process	OUR SUSTAINABILITY COMMITMENT AND FOCUS – Materiality Process
Economic: Economic Performance Direct Economic Value Generation and Distributed	OUR SUSTAINABILITY COMMITMENT AND FOCUS – Governing and Operationalizing Sustainability SUSTAINABILITY DATA SUMMARY SEC 17-A 2022 Annual Report - Management’s Discussion and Analysis or Plan of Operation
Economic: Economic Performance Climate-related risks and opportunities	PLANET PRESERVATION – Environmental Impact Management SUSTAINABILITY DATA SUMMARY
Economic: Procurement Practices Proportion of spending on local suppliers	SUPPLY CHANGE MANAGEMENT – Local Sourcing SUSTAINABILITY DATA SUMMARY

Economic: Anti-corruption Training on Anti-corruption Policies and Procedures, Incidents of Corruption	ANTI-CORRUPTION SUSTAINABILITY DATA SUMMARY
Environment: Resource Management Energy consumption within the organization, Reduction of energy consumption, Water consumption within the organization, Materials used by the organization	PLANET PRESERVATION – Natural Resource Efficiency, Environmental Impact Management SUSTAINABILITY DATA SUMMARY
Environmental: Environmental Impact Management Air Emissions, Solid and Hazardous Wastes	PLANET PRESERVATION – Natural Resource Efficiency, Environmental Impact Management SUSTAINABILITY DATA SUMMARY
Social: Employee Management Employee Hiring and Benefits, Employee Training and Development, Labor-Management Relations, Diversity and Equal Opportunity	PEOPLE DEVELOPMENT – Employees SUSTAINABILITY DATA SUMMARY
Social: Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety, Labor Laws and Human Rights	PEOPLE DEVELOPMENT – Workplace Safety SUSTAINABILITY DATA SUMMARY
Social: Supply Chain Management	SUPPLY CHANGE MANAGEMENT SUSTAINABILITY DATA SUMMARY
Social: Relationship with Community Significant Impacts on Local Communities	PEOPLE DEVELOPMENT – Community Engagement

ANNEX C

CONSOLIDATED FINANCIAL STATEMENTS

CENTURY PACIFIC FOOD INC.

Centerpoint Building Julia Vargas Ave.,
Ortigas Center Pasig City, Metro Manila
Philippines
Tel : (632) 8633 8555
Fax : (632) 638 6336
website : www.centurypacific.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of CENTURY PACIFIC FOOD INC. and SUBSIDIARIES (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the years ended December 31, 2022 and 2021, in accordance with Philippine Financial Reporting Standards, 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.

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

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

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

Signature: Christopher T. Po
Chairman of the Board

Signature: Teodoro Alexander Po
Chief Executive Officer

Signature: Richard Kristoffer S. Manapat
Chief Financial Officer

Signed this APR 1 1 2023 day of ____, 2023.

SUBSCRIBED AND SWORN to before me this APR 11 2023 in Pasig City, with the affiant exhibiting to me their competent proofs of identity as follows:

Name	*Identification*
Christopher T. Po	TIN 119-779-656
Teodoro Alexander Po	TIN 105633-470
Richard Christopher S. Manapat	TIN 303-723-989

Doc. No. 457;
Page No. 93;
Book No. I;
Series of 2023.

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	7	8

C O M P A N Y   N A M E

CENTURY PACIFIC FOOD, INC. AND
SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7TH FLOORCENTERPOINT BLDG.,
JULIA VARGAS ST., ORTIGAS
CENTER, PASIG CITY METRO
MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N.A.

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N.A	8633-8555	N.A.
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
32	6/30	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
MANUEL Z. GONZALES	manuel.gonzales@mvgslaw.com	8687-1195	0918-843-8888

CONTACT PERSON's ADDRESS

7TH FLOOR CENTERPOINT BLDG., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA

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.*

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Century Pacific Food, Inc.
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Century Pacific Food, Inc. and its 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 the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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. We have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment assessment of goodwill and trademarks with indefinite life

Under PFRSs, the Group is required to annually test the amount of goodwill and trademarks with indefinite useful lives for impairment. As of December 31, 2022, the Group's goodwill amounted to ₱2,915.3 million and trademarks with indefinite useful lives amounted to ₱2,209.7 million, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate.

The Group's disclosures about goodwill and trademarks are included in Notes 5 and 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the value-in-use of the cash generating unit related to the Group's coco business and "Ligo" sardines. We compared the key assumptions used, such as revenue growth rate, discount rate, operating expenses and gross margin against the historical performance of the CGU, and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of goodwill and trademarks such as forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate.

Accounting for the acquisition of "Ligo" Trademark

In March 2022, the Group acquired the "Ligo" trademark. This transaction is a key audit matter as the amount involved is material to the consolidated financial statements. In addition, management judgment was required to determine that the acquisition has met the requirements of a business in accordance with PFRS 3, *Business Combinations*. The transaction also involves significant judgments and estimates such as the identification and determination of the fair value of the trademarks acquired, key inputs, such as revenue growth and discount rates related to the valuation of the trademark.

The Group disclosed the details of the acquisition of "Ligo" trademark in Notes 5 and 11 to the consolidated financial statements.

Audit Response

We have, amongst others, read the purchase agreements. We obtained and reviewed the related documents, including any arrangements entered into in connection with the transaction. We reviewed management's analysis and assessment of the transaction in accordance with PFRS 3. We reviewed the purchase price allocation prepared by the Group. We also involved our internal specialists in reviewing the valuation methodology and key inputs, such as revenue growth and discount rates related to the valuation of the trademark. We compared the revenue growth to the historical performance of "Ligo" and industry data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the disclosures in the notes to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Philippine SEC Form 17-A for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of the Auditor's Report, and the Philippine SEC Form 20 - IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which 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 will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 99857-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. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9566010, January 3, 2023, Makati City

April 11, 2023

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱2,149,448,030**	₱1,728,308,358
Trade and other receivables - net (Note 8)	**8,771,584,426**	7,905,701,602
Inventories - net (Note 9)	**17,728,873,867**	14,112,400,431
Due from related parties (Note 25)	**197,448,146**	119,485,746
Prepayments and other current assets - net (Note 10)	**2,802,218,295**	2,619,774,907
Total Current Assets	**31,649,572,764**	26,485,671,044
Noncurrent Assets		
Property, plant and equipment - net (Note 13)	**8,793,816,459**	8,574,285,847
Goodwill and intangible assets - net (Note 11)	**5,548,164,713**	3,850,025,258
Right-of-use assets - net (Note 12)	**1,391,652,591**	1,298,679,221
Deferred tax assets - net (Note 32)	**718,562,929**	540,950,655
Retirement asset - net (Note 17)	**7,128,419**	–
Other noncurrent assets (Note 14)	**224,893,319**	130,020,844
Total Noncurrent Assets	**16,684,218,430**	14,393,961,825
	₱48,333,791,194	₱40,879,632,869
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payables (Note 15)	**₱4,640,000,000**	₱2,800,000,000
Trade and other payables (Note 16)	**9,797,085,024**	9,104,641,236
Current portion of borrowings (Note 15)	**9,390,325**	9,764,285
Income tax payable	**102,714,783**	89,626,028
Due to related parties (Note 25)	**25,918,837**	84,941,137
Lease liabilities - current portion (Note 30)	**293,030,338**	247,628,625
Total Current Liabilities	**14,868,139,307**	12,336,601,311
Noncurrent Liabilities		
Borrowings - net of current portion (Note 15)	**3,164,823,670**	1,982,127,068
Retirement benefit obligation - net (Note 17)	**272,878,497**	508,776,526
Lease liabilities - net of current portion (Note 30)	**1,248,956,896**	1,164,210,050
Total Noncurrent Liabilities	**4,686,659,063**	3,655,113,644
	19,554,798,370	15,991,714,955
Equity		
Share capital (Note 18)	**3,542,258,595**	3,542,258,595
Share premium (Note 18)	**4,936,859,146**	4,936,859,146
Share-based compensation reserve (Note 26)	**8,211,398**	8,211,398
Other reserves	**30,628,942**	30,628,942
Currency translation adjustment	**29,397,439**	23,886,813
Retained earnings (Notes 18 and 27):		
Appropriated	**8,736,038,578**	3,031,599,707
Unappropriated	**11,495,598,726**	13,314,473,313
	28,778,992,824	24,887,917,914
	₱48,333,791,194	₱40,879,632,869

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(*With Comparative Figures for the Year Ended December 31, 2020)*

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 19)	**₱62,258,920,244**	₱54,710,155,254	₱48,301,741,084
COST OF GOODS SOLD (Note 20)	**47,885,162,632**	41,958,358,259	36,374,034,421
GROSS PROFIT	**14,373,757,612**	12,751,796,995	11,927,706,663
OTHER INCOME (Note 21)	**836,353,330**	551,428,948	580,481,880
OPERATING EXPENSES (Note 22)	**(8,713,881,749)**	(7,064,201,886)	(6,350,811,842)
OTHER EXPENSES (Note 23)	**(411,997,405)**	(380,575,165)	(803,600,697)
INCOME FROM OPERATIONS	**6,084,231,788**	5,858,448,892	5,353,776,004
FINANCE COSTS (Notes 15 and 30)	**(315,173,214)**	(296,882,673)	(261,151,374)
INTEREST INCOME (Notes 7 and 8)	**8,498,205**	6,347,815	35,206,519
INCOME BEFORE TAX	**5,777,556,779**	5,567,914,034	5,127,831,149
INCOME TAX EXPENSE (Note 31)	**(778,387,954)**	(894,897,620)	(1,248,387,296)
NET INCOME	**4,999,168,825**	4,673,016,414	3,879,443,853
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified to profit or loss in subsequent years -			
Remeasurement gain (loss) on retirement benefit obligation - net of tax effect (Note 17)	**161,608,553**	53,835,505	(320,715,746)
Item that will not be reclassified to profit or loss in subsequent years -			
Currency translation adjustment - net of tax effect (Note 4)	**5,510,626**	68,496	(1,622,167)
	167,119,179	53,904,001	(322,337,913)
TOTAL COMPREHENSIVE INCOME	**₱5,166,288,004**	₱4,726,920,415	₱3,557,105,940
BASIC AND DILUTED EARNINGS PER SHARE (Note 28)	**₱1.4113**	₱1.3192	₱1.0952

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for the Year Ended December 31, 2020)

	Share Capital (Note 18)	Share Premium (Note 18)	Share-based Compensation Reserve (Note 26)	Other Reserves	Currency Translation Adjustment	Unappropriated Retained Earnings (Notes 18 and 27)	Appropriated Retained Earnings (Note 18)	Total
Balance, January 1, 2020	₱3,542,258,595	₱4,936,859,146	₱8,211,398	₱30,628,942	₱25,440,484	₱9,252,403,696	₱1,358,515,486	₱19,154,317,747
Net income	–	–	–	–	–	3,879,443,853	–	3,879,443,853
Currency translation adjustment	–	–	–	–	(1,622,167)	–	–	(1,622,167)
Remeasurement loss on retirement plans - net of tax (Note 17)	–	–	–	–	–	(320,715,746)	–	(320,715,746)
Total Comprehensive Income	–	–	–	–	(1,622,167)	3,558,728,107	–	3,557,105,940
Cash dividends (Note 27)	–	–	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings	–	–	–	–	–	(2,253,635,800)	2,253,635,800	–
Balance, December 31, 2020	**3,542,258,595**	**4,936,859,146**	**8,211,398**	**30,628,942**	**23,818,317**	**9,282,282,909**	**3,612,151,286**	**21,436,210,593**
Net income	–	–	–	–	–	4,673,016,414	–	4,673,016,414
Currency translation adjustment	–	–	–	–	68,496	–	–	68,496
Remeasurement gain on retirement plans - net of tax (Note 17)	–	–	–	–	–	53,835,505	–	53,835,505
Total Comprehensive Income	–	–	–	–	68,496	4,726,851,919	–	4,726,920,415
Cash dividends (Note 27)	–	–	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Reversal of appropriation	–	–	–	–	–	580,551,579	(580,551,579)	–
Balance, December 31, 2021	**3,542,258,595**	**4,936,859,146**	**8,211,398**	**30,628,942**	**23,886,813**	**13,314,473,313**	**3,031,599,707**	**24,887,917,914**
Net income	**–**	**–**	**–**	**–**	**–**	**4,999,168,825**	**–**	**4,999,168,825**
Currency translation adjustment	**–**	**–**	**–**	**–**	**5,510,626**	**–**	**–**	**5,510,626**
Remeasurement gain on retirement plans - net of tax (note 17)	**–**	**–**	**–**	**–**	**–**	**161,608,553**	**–**	**161,608,553**
Total Comprehensive Income	**–**	**–**	**–**	**–**	**5,510,626**	**5,160,777,378**	**–**	**5,166,288,004**
Cash dividends (Note 27)	**–**	**–**	**–**	**–**	**–**	**(1,275,213,094)**	**–**	**(1,275,213,094)**
Reversal of appropriation						**3,031,599,707**	**(3,031,599,707)**	**–**
Appropriation of retained earnings	**–**	**–**	**–**	**–**	**–**	**(8,736,038,578)**	**8,736,038,578**	**–**
Balance, December 31, 2022	**₱3,542,258,595**	**₱4,936,859,146**	**₱8,211,398**	**₱30,628,942**	**₱29,397,439**	**₱11,495,598,726**	**₱8,736,038,578**	**₱28,778,992,824**

See Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for the Year Ended December 31, 2020)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	**₱5,777,556,779**	₱5,567,914,035	₱5,127,831,149
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13 and 23)	**1,504,542,830**	1,271,558,587	1,106,149,015
Finance costs (Notes 15 and 30)	**315,173,214**	296,882,672	261,151,374
Gain from sale of scrap - net (Notes 9 and 21)	**(144,182,612)**	(79,394,940)	(107,664,525)
Recovery from insurance (Note 21)	**(62,712,630)**	–	–
Net movement in accrued retirement benefit (Note 17)	**(41,823,909)**	(35,419,657)	21,785,335
Interest income (Notes 7 and 8)	**(8,498,205)**	(6,347,815)	(35,206,519)
Unrealized foreign exchange loss (gain) - net	**5,510,626**	68,496	(1,622,167)
Gain on disposal of property, plant and equipment - net (Note 13)	**(746,662)**	(4,166,459)	(2,503,626)
Loss on impairment of input VAT (Note 10)	**–**	31,047,893	9,316,412
Impairment loss of trademark (Note 11)	**–**	–	34,700,000
Gain on bargain purchase (Note 36)	**–**	(41,071,822)	–
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	**(865,882,824)**	(783,394,650)	(599,385,519)
Due from related parties	**(77,962,400)**	181,188,954	(19,199,975)
Inventories	**(3,472,290,824)**	(751,610,728)	(2,423,564,320)
Prepayments and other current assets	**(182,443,388)**	(34,637,566)	303,454,428
Increase (decrease) in:			
Trade and other payables	**670,235,398**	(752,613,685)	2,891,220,930
Due to related parties	**(59,022,300)**	(1,151,548,802)	88,515,508
Cash generated from operations	**3,357,453,093**	3,708,454,513	6,654,977,500
Income tax paid	**(1,007,351,290)**	(834,178,324)	(1,468,959,658)
Insurance proceeds received	**62,712,630**	–	–
Interest received	**8,498,205**	6,347,815	35,136,003
Net cash from operating activities	**2,421,312,638**	2,880,624,004	5,221,153,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 13)	**(1,388,609,771)**	(2,139,292,490)	(1,736,384,126)
Intangible assets (Note 11)	**(1,719,655,295)**	–	–
Cash acquired from a business combination, net of acquisition costs (Note 36)	**–**	247,032,463	–
Proceeds from sale of property, plant and equipment (Notes 21 and 37)	**746,662**	4,166,460	2,503,626
Decrease (increase) in other noncurrent assets	**(94,872,475)**	3,687,727	(43,657,035)
Net cash used in investing activities	**(3,202,390,879)**	(1,884,405,840)	(1,777,537,535)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term borrowings (Note 15)	**₱5,010,000,000**	₱5,800,000,000	₱5,551,000,000
Availment of long-term borrowings (Note 15)	**1,200,000,000**	2,000,000,000	–
Payments of:			
Short-term borrowings (Note 15)	**(3,170,000,000)**	(4,949,466,680)	(7,537,541,907)
Dividends (Note 27)	**(1,275,213,094)**	(1,275,213,094)	(1,275,213,094)
Lease liabilities (Note 30)	**(367,136,901)**	(324,325,639)	(295,688,307)
Finance costs (Note 30)	**(166,432,093)**	(149,285,666)	(264,635,783)
Long-term borrowings (Note 15)	**(20,000,000)**	(1,584,000,000)	–
Debt issuance costs (Note 15)	**(9,000,000)**	(15,000,000)	–
Net cash from (used in) financing activities	**1,202,217,912**	(497,291,079)	(3,822,079,091)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**421,139,671**	498,927,085	(378,462,781)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**1,728,308,359**	1,229,381,273	1,607,844,054
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7)	**₱2,149,448,030**	₱1,728,308,358	₱1,229,381,273

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(With Comparative Figures for the Year Ended December 31, 2020)

1. General Information

Corporate Information

Century Pacific Food, Inc. ("the Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 25, 2013. The Parent Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as, but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land,including by-products thereof, and feeds.

The Parent Company's shares of stocks were listed in the Philippines Stock Exchange (PSE) on May 6, 2014 through initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of ₱3.5 billion, as discussed in Note 18.

The Parent Company is a 68.72% owned subsidiary of Century Pacific Group, Inc. (CPGI, the ultimate parent), as at December 31, 2022 and 2021. CPGI is a corporation registered with SEC and is domiciled in the Philippines.

The Parent Company's registered office and principal place of business is located at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

The Parent Company has the following subsidiaries as at December 31, 2022 and 2021:

Name of Subsidiary	Ownership Interest
General Tuna Corporation (GTC)	100%
Snow Mountain Dairy Corporation (SMDC)	100%
Allforward Warehousing Inc. (AWI)	100%
Century Pacific Agricultural Ventures, Inc. (CPAVI)	100%
Century Pacific Seacrest Inc. (CPSI)	100%
Centennial Global Corporation (CGC)	100%
General Odyssey Inc (GOI)	100%
Millenium General Power Corporation *(formerly Century Pacific Solar Inc.)*	100%
The Pacific Meat Incorporated	100%
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	100%
Century International (China) Co. Ltd. (CIC)	100%
Century (Shanghai) Trading Co. Ltd. (CST)	100%
Cindena Resources Limited (CRL)	100%
Century Pacific North America Enterprise Inc. (CPNA)	100%

GTC was incorporated in the Philippines and registered with the SEC on March 10, 1997. GTC is presently engaged in manufacturing and exporting private label canned, pouched and frozen tuna products.

SMDC was incorporated in the Philippines and registered with the SEC on February 14, 2001. SMDC is engaged in producing, canning, freezing, preserving, refining, packing, buying and selling at wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparations and by-products.

AWI was incorporated in the Philippines and was registered with the SEC on October 3, 2014. AWI is engaged in the business of operating cold storage facilities, handling, leasing, maintaining, buying, selling, warehouse and storage facilities, including its equipment, forklift, conveyors, pallet towers and other related machineries, tools and equipment necessary in warehousing, and storage operation.

CPAVI was incorporated in the Philippines and was registered with the SEC on August 29, 2012. CPAVI is engaged in the business of manufacturing and distributing all kinds of food and beverage products and other foodstuffs derived from fruits and other agricultural products. CPAVI's primary purpose is to engage in the business of converting and processing input raw materials derived from fruits, vegetables and other agricultural products, such as drilled, deshelled and pared coconuts, into finished products and distributing, and exporting the same.

CPSI was incorporated in the Philippines and was registered with the SEC on November 13, 2015. CPSI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising and generally exercising all rights, powers and privileges of ownership or granting any right or privilege of ownership or any interest to label marks, devices, brands, trademark rights and all other forms of intellectual property, including the right to receive, collect and dispose of any and all payments, dividends, interests and income derived from therefrom.

CGC was incorporated in the British Virgin Islands (BVI) on November 13, 2006. CGC is a company limited by shares. On February 25, 2015, the Company acquired 100% interest in CGC. CGC is the corporate vehicle that holds the various brands, trademarks, and related intellectual property of the Company and its subsidiaries. CGC was acquired from Shining Ray Limited, a wholly owned subsidiary of CPGI.

CPFPVI was incorporated in the Philippines and was registered with SEC on June 29, 2016. CPFPVI is engaged in the business of manufacturing, processing, buying, selling, importing, exporting and dealing in all kinds of packaging products. On June 29, 2016, the Parent Company acquired 100% interest in CPFPVI.

GOI was incorporated in the Philippines and was registered with SEC on July 27, 2020. GOI is engaged in the business to buy and sell, process, can, pack, manufacture, market, produce, distribute, import and export, and deal in all kinds of feeds and for such purpose to acquire, construct, own, lease, charter, establish, maintain and operate stores, outlets, canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses, and other machineries, equipment's, apparatus and appliances as may be required.

MGPC formerly Century Pacific Solar, Inc. was incorporated in the Philippines and was registered with SEC on August 10, 2020. MGPC is engaged in the business of exploration, development and utilization of renewable energy sources, including the generation and distribution of power therefrom, planning, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and processing and commercialization of by-products in its operations and to undertake such other powers and purposes as may be required.

PMCI was incorporated in the Philippines and was registered on December 9, 1997 to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in at wholesale and retail, all kinds of food and foods products, fruits, vegetables and other goods of same nature, and any all equipment, materials, and supplies used or employed in, or related to the manufacture of such finished product. On March 24, 2021 the Parent Company entered into a share purchase agreement with CPGI to acquire 100% equity interest in PMCI. The sale was completed when CPGI and the Parent Company signed the deed of absolute sale covering the PMCI shares on April 1, 2021.

CIC was incorporated in China and was registered on June 9, 2003. CIC is engaged in the selling of hardware and electrical apparatus, auto spare parts, building decoration materials and products, telecommunication equipment, stationery commodities, mechanical equipment, pre-package food; wholesales of beverage; development and sale of computer software and hardware; and consulting services.

CST was incorporated in China and was registered on August 24, 2005. CST is engaged in the wholesale, import and export of food, provision of ancillary services, relevant business consulting services subject to administrative approval and relevant authority.

CRL was originally incorporated in the BVI under The International Business Companies Act (CAP.291) on March 27, 2002. CRL is engaged in the purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company, to import, export, buy, sell, exchange, barter, let on hire, distribute, and otherwise deal in and turn to account goods, materials, commodities, produce and merchandise generally in their prepared, manufactured, semi-manufactured and raw state, to enter into, carry on and participate in financial transactions and operations of all kinds and to manufacture, construct, assemble, design, repair, refine, develop, alter, convert, process, and otherwise produce materials, fuels, chemicals, substance and industrial, commercial and consumer products of all kinds. CRL was re-registered under the BVI Business Companies Act (No 16 of 2004) on January 1, 2009 upon the compulsory implementation of the new Act.

CPNA was incorporated in the United States and was registered with the Secretary of State of California on April 20, 2017 as a domestic stock company type. CPNA is engaged in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporation Code.

Approval and Authorization for Issuance of Consolidated Financial Statements
The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 11, 2023.

2. Financial Reporting Framework and Basis of Preparation and Presentation

Statement of Compliance
The consolidated financial statements of the Parent Company and its subsidiaries (the "Group") have been prepared in accordance with Philippine Financial ReportingStandards (PFRSs).

Basis of Preparation and Presentation
The consolidated financial statements have been prepared on the historical cost basis,unless otherwise stated. The consolidated financial statements are presented in Philippine peso, the Group's functional currency.

3. Adoption of New and Revised Accounting Standards

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 January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, the adoption of these new standards did not have an impact on the Group's financial statements.
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a 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*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. The adoption of these pronouncements is not expected to have a significant impact on the Group's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *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*

4. **Significant Accounting and Financial Reporting Policies**

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. 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 use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control: a) has power over the investee; b) exposure or rights, to variable returns from its involvement with the investee; or c) the ability to use its power to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to ensure consistency with the accounting policies adopted by the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PFRS 9, *Financial Instruments*.

Business Combination Involving Entities under Common Control
Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group may account such business combinations under the acquisition method of accounting or pooling of interests method, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, shall be considered.

In cases where the business combination has no substance, the Group shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction, the difference in the amount recognized and the fair value consideration received, is also accounted for as an equity transaction. The Group recorded the difference as excess of consideration over carrying amount of disposed subsidiary and presented as separate component of equity in the combined balance sheets.

Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented as if the companies had always been combined.

Business Combination 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, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss included under "Remeasurement gain (loss) arising from business combination."

Any contingent consideration to be transferred by the acquirer will be 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 is measured at fair value with the changes in fair value recognized in the 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.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve (12) months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Goodwill is initially measured at cost where cost is the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 and included under "other income (expenses)."

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments.*

Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured exceeds the aggregate of the consideration transferred.

Before recognizing a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts to be recognized at the acquisition date for all of the following:

a. the identifiable assets acquired and liabilities assumed;
b. the noncontrolling interest in the acquiree, if any;
c. for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and
d. the consideration transferred.

If that excess remains after applying the requirements above, the acquirer shall recognize the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements 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 normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve (12) months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

Deferred tax assets are classified as noncurrent assets. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

Fair Value of Measurement
The Group discloses the fair values of financial instruments measured at amortized cost.

Fair value is the 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 to 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

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

<u>Financial Instruments</u>
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, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

     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 significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at 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.

     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.

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.

The Group has no financial assets at FVOCI with or with no recycling of cumulative gains and losses and financial assets at FVPL as at December 31, 2022 and 2021.

Subsequent measurement. Financial assets at amortized cost is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

This category includes cash and cash equivalents, trade and other receivables, due from related parties, security deposits and deposits on utilities as at December 31, 2022 and 2021.

- *Impairment.* The Group recognizes allowance for expected credit losses ("ECL") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flowsthat the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages, as follows:

a. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-monthECL).
b. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For 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 its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are over 120 days past due. 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 cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash and cash equivalents, due from related parties, security deposits, deposits on utilities and revolving funds, the Group recognizes a loss allowance based on either 12- month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.

- *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 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 either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has 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 rights 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 its 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 obligationsthat 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.

b. Financial Liabilities

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

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

     The Group's financial liabilities as at December 31, 2022 and 2021 are categorized under loans and borrowings. This category includes the Group's trade and other payables, borrowings, due to related parties and lease liabilities.

     The Group has no financial liabilities at FVPL as at December 31, 2022 and 2021.

   - *Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in profit or loss.

- *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 andthe recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of all the counterparties.

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 originalmaturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Inventories
Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in theperiod in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Inventories and its related provision for impairment are written off when the Group has determined that the related inventory is already obsolete and damaged.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in the consolidated statements of comprehensive income based on the result of Management's current assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Advances to Suppliers

Advances to suppliers represent advance payments made to suppliers for the purchase of raw materials. These are reclassified to inventories upon purchase.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the assets can be measured reliably.

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, Management shall exercise its judgment in determining the best estimate of fair value.

Biological assets are recognized as expense when consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.
- The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring thesite on which they are located.

Major spare parts qualify as property, plant and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method, other than construction inprogress, based on the estimated useful lives of the assets as follows:

Land improvements	5-15 years
Buildings	15 - 20 years
Building improvements	5-15 years
Plant machinery and equipment	2 - 20 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	2 - 15 years
Transportation and delivery equipment	3 - 10 years

Properties in the course of construction for production, rental, administrative purposes orfor purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation commences at the time the assets are ready for their intended use.

Land improvements, buildings and building improvements are depreciated over shorter of the lease term and estimated useful lives of the assets, whichever is shorter.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss.

Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Construction in progress represents property, plant and equipment under construction and is stated at cost including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of property, plant and equipment is derecognized upon disposal or when nofuture economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets
Intangible assets are initially measured at cost, which includes the purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks with indefinite and licensing agreements with definite useful lives, that are acquired separately at cost less accumulated amortization and accumulated impairment losses. Licensing agreement with definite useful lives is amortized over 25 years and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, 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 Long-lived Nonfinancial Assets
At the end of each reporting period, except for goodwill and intangible assets with indefinite useful lives, the Group assesses whether there is any indication that any of its tangible assets and intangible assets may have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Trademarks with indefinite useful life are tested for impairment annually either individually or at the CGU level. Such intangibles are not being amortized. The life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the life from indefinite to finite is made on a prospective basis.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessmentsof the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Except for goodwill, impairment losses recognized in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized in profit or loss.

For goodwill, impairment losses recognized in prior periods can no longer be reversed.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivablecan be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the 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 the consolidated financial statements when an inflow of economic benefit is probable.

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to be exercised. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The valuation of the share-based compensation reserve is determined by the number of share options exercised multiplied by the intrinsic value which is the difference between fair value of the shares at grant date and the exercise price.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is alsorecognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

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 actuaries.

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 and return on plan assets (excluding net interest on defined benefit liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements from actuarial gains and losses and return on plan assets are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which such remeasurements affect profit or loss.

Share capital
Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

Share premium
Share premium represents the excess over the par-value received on subscriptions forthe Group's shares which is represented in equity. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the share premium.

Direct costs incurred related to equity issuance are chargeable to share premium account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Currency translation adjustment
Currency translation adjustment represents the exchange differences resulting from translating the financial position and results of operations of GTC, CPNA, CIC, CRL andCST, whose functional currencies differ from the functional currency of the Group.

Retained earnings
Retained earnings represent accumulated profits and losses attributable to equity holders of the Group after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional provisions.

Dividends on Capital Stock
Cash dividends on common shares are recognized as liability and deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the shareholders.

The Group may declare dividends only out of its unrestricted retained earnings.

Other Components of Equity. Other components of equity comprise items of income and expense, comprising translation adjustments on foreign operations, are not recognized in net income in the consolidated statement of comprehensive income as required or permitted by other PFRS.

Revenue from Contracts from Customers
The Group recognizes revenue from the sale of its manufactured goods.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product to acustomer. The Group recognizes revenue when it transfers control of a product to a customer.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Sale of goods
The Group contracts to sells goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the wholesalers' and retailers' specific location. Following delivery, the wholesaler and retailer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler and retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Transaction price
The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goodsto a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer (or to other parties that purchase the Group's goods from the customer). Consideration payable to a customer also includes credit or other items that can be applied against amounts owed to the Group (or to other parties that purchase the Group's goods or services from the customer).

Variable consideration
The amount of consideration can vary because of discounts, rebates, refunds, credits, incentives, penalties or other similar items. The Group estimated the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to a customer.

The Group estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

Service income
Service income is recognized over time as the services are rendered. The service income pertains to the management fees presented as part of Other Income in the consolidated statement of comprehensive income.

Other income
Other income is income generated outside the normal course of business and is recognized at a point in time when control of the goods and services have been transferred to the customer .

Revenue outside the scope of PFRS 15
Interest income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an

expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs and expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

The Group as lessee

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.

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and 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 right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term between 5 to 20 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies insection impairment of non-financial 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 leaseliabilities 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 of machinery and equipment (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.

Foreign Currency

Foreign currency transactions

Transactions in currencies other than functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value wasdetermined. Gains and losses arising on translation are included in profit or loss forthe year, except for exchange differences arising on non-monetary assets and liabilities when the gains and losses of such non-monetary items are recognized directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the periodin which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity toprofit or loss on repayment of the monetary items.

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Philippine Peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising from that transaction are recognized in other comprehensive income.

Translation to foreign currency
The separate financial statements of GTC, CPNA, CIC, CRL and CST whose functional currencies differ from the functional currency of the Group are translated to Philippine peso using the prevailing current exchange rate for the statements of the financial position accounts, except those which are translated at historical costs, and average rate during the period for the statements of comprehensive income accounts. Any resulting difference from the translation is charged to currency adjustments in OCI.

Taxation
Income tax expense represents the sum of current tax expense and deferred tax.

Current tax
The current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT) rate, whichever is higher. CPSI and CPFPVI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income.

CPFI is registered with the Board of Investments (BOI), pursuant to Executive Order No. 226 or the Omnibus Investments Code of 1987, as amended by Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act entitled for income tax holiday for canned tuna and its by-product from January 1, 2021 to December 31, 2024 and frozen loins from June 16, 2022 to December 2024.

AWI registered its Cold Storage Facilities (Panda 1 and 2) with Board of Investments (BOI) for Income Tax Holiday (ITH) provided under Article 39(a) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended by R.A 7918. AWI operations under Panda 1 and 2 are entitled for ITH up to February 28, 2020 and June 30, 2023, respectively. Other income that arises outside from the registered activities of the AWI and local services in excess of 30% is subject to the statutory rate of 30%.

CPAVI is registered with Philippine Economic Zone Authority (PEZA) on June 1, 2021 entitled for gross income tax (GIT) incentive and other PEZA incentives. Registered activity is limited to engage in the manufacturing, processing, including toll manufacturing of coconut products and by-products and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the MIEZ. CPAVI also have an existing ITH for coco milk and coco water expansion project from July 1, 2022 to June 30 2025 and will be entitled to GIT incentive after the expiration of ITH.

GTC is registered with Philippine Economic Zone Authority (PEZA) on December 23, 2020 entitled for gross income tax (GIT) incentive and other PEZA incentives. Registered activity shall be limited to engage in the manufacturing, processing, including toll manufacturing of canned tuna, tuna in pouch, frozen loin and by-products such as fishmeal and fish oil and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the MIEZ.

Deferred tax
Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

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.

Deferred input VAT
The introduction of the Tax Reform for Acceleration and Inclusion (TRAIN) Act in 2018 brought with it an amendment that provides that the "amortization of input VAT" on purchased or imported

capital goods will no longer be allowed beginning January 1, 2022. Therefore, the related input VAT on capital goods acquired in 2022 may be fully recognized outright and be claimed as input tax credits against output tax during the month when the capital goods are purchased or imported, regardless of whether the aggregate acquisition cost in a calendar month exceeds ₱1.0 million.

Prior to the effectivity of the TRAIN Act, the Tax Code, as amended, provided that the input VAT on capital goods purchased or imported in a calendar month for use in a trade or business be spread evenly over 60 months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds ₱1 million; provided, however, that if the estimated useful life of the capital goods is less than five years, the input VAT be spread over such a period.

Under the TRAIN Act, the unutilized input VAT may still be amortized as scheduled until fully utilized

Earnings per Share
The Group computes its basic earnings per share by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the period attributable to ordinary equity holders of the Parent Company and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

Events after the Reporting Period
The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments thatreported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

For Management purposes, the Group is currently organized into seven business segments namely: Canned and Processed Fish, Canned and Frozen Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate. These divisions are the basis on which the Group reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial information on segment reporting is presented in Note 6.

5. Significant Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant Judgments in Applying Accounting Policies

The following are the significant judgments, apart from those involving estimations, that Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of functional and presentation currency
Each entity in the Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

The presentation currency of the Group is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Group's subsidiaries, as disclosed in Note 2 to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

The results of operations and financial position of GTC and CPNA, which are measured using US Dollar, and the results of operations and financial position of CIC, CST and CRL, which are measured using Chinese Yuan, were translated into Philippine Peso using the accounting policies in Note 4.

Acquisition of investments qualified as a business combination
In applying the requirements of PFRS 3, *Business Combinations*, an entity or an asset being acquired has to be assessed whether it constitutes a business. The assessment requires identification of inputs and processes applied to these inputs to generate outputs or economic benefits. To be capable of being conducted and managed for the purposes defined, an integrated set of activities and assets

requires two essential elements - inputs and processes applied to those inputs, which together are or will be used to create outputs."

The acquisition of PMCI was considered a business since it has commercial substance and was accounted for as a business combination (see Note 36).

Acquisition of assets that does not constitute a business
PFRS 3 also provides that if an entity acquires an asset or a group of assets, including any liabilities assumed, that does not constitute a business, then the transaction is outside the scope of PFRS 3 because it does not meet the definition of a business combination. Such transactions are accounted for as asset acquisitions, in which case, the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date.

The acquisition of "Ligo" trademark leverages only on the input obtained from the acquisition transaction, which does not fall under the definition of a "business" under PFRS 3 (see Note 11).

Determination of Lease Term of Contracts with Renewal option - Group as a Lessee
The Group has lease contracts that includes extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. 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.

The Group included the renewal period as part of the lease term for leases of land and buildings. The Group typically exercises its option to renew for these leases because of significant improvements on the leased assets and these assets including the underlying assets are critical to the business of the Group. As such, there will be a significant negative effect on production if a replacement asset is not readily available. The Group has determined that the lease term of these lease contracts ranges from 10 to 20 years.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates 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 control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment Assessment of Goodwill and Trademarks with Indefinite Lives.
The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademarks with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value in use or fair value less cost of disposal of the CGU to which goodwill and trademarks with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the

assumptions are also subjected to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the COVID-19 pandemic. The cash flow forecasts were based on financial budgets approved by the BOD covering a five-year period.

The impairment on goodwill and trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used in the impairment test of goodwill and trademarks with indefinite life are as follows:

1. Gross Revenue
   On the average, gross revenue of the CGU over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, the business growth had a direct correlation with economic growth. A 3% perpetuity growth rate was assumed at the end of the five-year forecast period.

2. Operating Expenses
   On the average, operating expenses were projected to increase in relation to revenue growth.

3. Gross Margins
   Increased efficiencies over the next five years are expected to result in margin improvements.

4. Discount Rate
   The discount rate used to arrive at the present value of future cash flows was the Group's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections range from 10.8% to 11.7% and 9.6% to 10.4% in 2022 and 2021, respectively.

The carrying amount of goodwill and trademarks with indefinite lives are as follows:

	2022	2021
Goodwill (Note 11)	**₱2,915,325,199**	₱2,915,325,199
Trademarks (Note 11)	**2,209,694,668**	490,039,373
	₱5,125,019,867	₱3,405,364,572

The recoverable amounts of the CGUs to which the goodwill and trademarks with indefinite lives are allocated are greater than their carrying amounts. No impairment loss was recognized on goodwill and trademarks for the years ended December 31, 2022, 2021 and 2020.

Any reasonable changes in the key assumptions will not cause the carrying amounts of the CGUs to exceed their recoverable amounts as at December 31, 2022 and 2021.

<u>Determining Method to Estimate the Variable Consideration</u>
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 to in exchange for transferring the promised goods to customer.

The Group determined that the most likely amount method is appropriate to use in estimating the variable consideration for the incentives given to the customers based on evaluation of actual trade promotional activities. The most likely amount is the single most likely amount in a range of possible consideration amounts.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any ofthe following:

- The amount of consideration is highly susceptible to factors outside the Group's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods.
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time;
- The Group's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value;
- The Group has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances; or
- The contract has a large number and broad range of possible consideration amounts.

<u>Estimating the Fair Value of "Ligo" Trademark</u>
The Group acquired the "Ligo" trademark in March 2022. The fair value of asset was determined using multi-period excess earnings valuation method, which assumed expected future earnings stream attributable to the identified income-generating asset discounted using the rate of return commensurate to the asset. The Group estimated the cash flows based on average life of the identified assets. Estimating the fair value of "Ligo" trademark involve significant assumptions about the future results of the business such as revenue growth rate and discount rate which were applied to cash flow forecasts.

Further details on "Ligo" trademark is disclosed in Note 11.

<u>Estimating the incremental borrowing rate on Leases</u>
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. 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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2022 and 2021, the Group's lease liabilities amounted to ₱1,542.0 million, and ₱1,411.8 million, respectively (see Note 30).

Determination of Fair Value of Financial Instruments
Where the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities are disclosed in Note 33.

Impairment of Financial Assets at Amortized Costs
The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS 9.

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9,the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 120 days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    a. The borrower is experiencing financial difficulty or is insolvent;
    b. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
    c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group's ECL calculation.

- *General Approach for cash and cash equivalents, other receivables, due from related parties, security deposits and deposits on utilities.* Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.
- *Simplified Approach for Trade Receivables.* The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. 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. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.
- *Grouping of instruments for losses measured on collective basis.* For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.

- *Macro-economic Forecasts and Forward-looking Information*. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Other than the considerations on the impact of COVID-19 on macro-economic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Total provision for ECL for trade and other receivables amounted to ₱8.6 million, nil, and ₱9.3 million in 2022, 2021, and 2020 respectively. Recovery of allowance for ECL amounted to ₱1.4 million, ₱15.0 million, and nil in 2022, 2021 and 2020, respectively (see Note 8). No provision for ECL was recognized in 2022, 2021 and 2020 on cash and cash equivalents, due from related parties, security deposits and deposits on utilities.

The carrying value of the Group's financial assets are as follows:

	2022	2021
Cash and cash equivalents (Note 7)	**₱2,149,448,030**	₱1,728,308,358
Trade and other receivables - net (Note 8)	**8,771,584,426**	7,905,701,602
Due from related parties (Note 25)	**197,448,146**	119,485,746
Security deposits (Note 14)	**147,044,018**	71,438,731
Deposits on utilities (Note 14)	**31,985,871**	8,346,166
Revolving funds (Note 14)	**12,978,180**	17,883,374
	₱11,310,488,671	₱9,851,163,977

Evaluation of Net Realizable Value of Inventories
The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the consolidated statement of comprehensive income.

The carrying values of inventories amounted to ₱17,728.9 million and ₱14,112.4 million, net of allowance for inventory obsolescence of ₱623.4 million and ₱378.0 million as at December 31, 2022 and 2021, respectively (see Note 9).

Estimation of Useful Lives of Long-Lived Nonfinancial Assets
The useful lives of long-lived nonfinancial assets are estimated based on the economic lives of the assets and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the long-lived nonfinancial assets are

reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the long-lived nonfinancial assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property, plant and equipment, intangible assets with definite useful life and right-of-use assets in 2022 and 2021. The carrying values of these assets, except non depreciable assets, are as follows:

	2022	2021
Property, plant and equipment (Note 13)	**₱8,317,986,438**	₱7,915,147,559
Licensing agreement (Note 11)	**423,144,846**	490,039,373
Right-of-use assets (Note 12)	**1,391,652,591**	1,298,679,221
	₱10,132,783,875	₱9,703,866,153

Determination of Impairment of Nonfinancial Assets
Impairment review is performedwhen certain impairment indicators are present. Management considered the impact of COVID-19 in its impairment assessment on the Group's property, plant and equipment, intangible assets with definite useful life, right-of-use assets and input VAT.

Determining the value in use of the nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued useand ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

The carrying values of the Group's nonfinancial assets are as follows:

	2022	2021
Property, plant and equipment (Note 13)	**₱8,317,986,438**	₱7,915,147,559
Intangible assets with definite useful life (Note 11)	**423,144,846**	490,039,366
Right-of-use assets (Note 12)	**1,391,652,591**	1,298,679,221
Input VAT (Note 10)	**282,148,131**	369,455,345
	₱10,414,932,006	₱10,073,321,491

Based on the assessment of management, except for input VAT, the Group's nonfinancial assets do not have any indication of impairment as at December 31, 2022, 2021 and 2020. No impairment loss was recognized in 2022, 2021 and 2020.

Moreover, impairment loss on input VAT amounting to nil, ₱31.0 million and ₱9.3 million were recognized in 2022, 2021 and 2020, respectively (see Note 10).

Determination of Pension Costs
The cost of defined benefit pension plans and presentvalue of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of 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 date.

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

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

Further details about the assumptions used are provided in Note 17.

Retirement benefit obligation and retirement asset amounted to ₱272.9 million and ₱7.1 million as at December 31, 2022, and retirement benefit obligation amounted to ₱508.8 million as at December 31, 2021 (see Note 17).

Recoverability of Deferred Tax Assets
The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assetswhich should be recognized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Group computes for deferred tax using the 25% corporate tax rate in 2022 and 2021, respectively.

Deferred tax assets recognized amounted to ₱737.3 million and ₱566.5 million as at December 31, 2022 and 2021, respectively (see Note 32).

Purchase Price Allocation in Business Combinations
The Group accounts for the acquired business using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated statement of financial position (or subsumed in the investment for acquisition of an associate), or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

Total consideration for the acquisition amounted to ₱24.0 million and the fair values of the identifiable net assets acquired from PMCI amounted to ₱65.1 million. The Group's acquisition resulted in the recognition of bargain purchase option amounting to ₱41.1 million (see Note 36).

6. **Segment Information**

Business segments
For Management purposes, the Group is organized into seven major business segments: Canned and Processed Fish, Canned and Frozen Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate. These divisions are the basis on which the Group reports its primary segment information to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The principal products and services of each of these divisions are as follows:

Business Segment	Products and Services
Canned and processed fish	Tuna Sardines Other seafood-based products
Canned and frozen meat	Corned beef Meatloaf Other meat-based products
Milk	Canned milk Powdered milk Other dairy products
Tuna export	Private label canned, pouched and frozen tuna Other tuna products
Coco water	Coconut beverages Coconut oil Coconut shells Other coconut products
Packaging	Packaging products
Corporate	Shared servicesWarehousing

The segments' results of operations of the reportable segments in 2022, 2021 and 2020 are as follows:

	Segment Revenue	**Segment Income Before Tax**
2022		
Canned and processed fish	**₱19,384,670,452**	**₱1,218,975,167**
Canned and frozen meat	**17,529,468,079**	**1,511,305,406**
Milk	**12,922,935,830**	**(619,869,793)**
Tuna export	**9,571,181,372**	**575,238,280**
Coco water	**5,572,335,763**	**918,757,326**
Packaging	**3,556,596,457**	**989,833,062**
Corporate	**2,912,712,176**	**4,636,919,876**
Segment total	**71,449,900,129**	**9,231,159,324**
Eliminations	**(9,190,979,885)**	**(3,453,602,545)**
	₱62,258,920,244	**₱5,777,556,779**

	Segment Revenue	Segment Income Before Tax
2021		
Canned and processed fish	₱16,550,746,889	₱989,674,081
Canned and frozen meat	15,819,756,290	1,596,396,115
Milk	10,655,423,578	(195,032,621)
Tuna export	7,815,247,676	456,849,411
Coco water	5,061,477,665	522,454,817
Packaging	2,561,985,633	644,899,484
Corporate	2,613,036,207	4,568,507,587
Segment total	61,077,673,938	8,583,748,874
Eliminations	(6,367,518,684)	(3,015,834,840)
	₱54,710,155,254	₱5,567,914,034

	Segment Revenue	Segment Income Before Tax
2020		
Canned and processed fish	₱15,935,223,188	₱838,377,406
Canned and frozen meat	12,383,595,068	1,549,909,501
Milk	10,548,290,713	308,406,055
Tuna Export	6,007,349,439	248,249,295
Coco Water	3,704,633,600	338,313,104
Packaging	2,211,214,721	662,020,085
Corporate	12,017,090,258	2,260,715,806
Segment total	62,807,396,987	6,205,991,252
Eliminations	(14,505,655,903)	(1,078,160,103)
	₱48,301,741,084	₱5,127,831,149

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. Segment income represents the profit before tax by each segment without allocation of central administration costs and directors' salaries, other gains and losses, as well as finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The segment assets and liabilities as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
Canned and processed Fish	**₱5,523,914,553**	**₱2,502,703,971**	₱5,048,615,688	₱2,660,756,353
Canned and frozen meat	**5,926,609,172**	**4,313,947,755**	5,426,966,633	4,190,239,239
Milk	**6,029,482,151**	**2,510,137,929**	5,605,441,476	2,722,756,131
Tuna export	**5,112,093,984**	**1,942,307,856**	5,019,638,053	2,380,947,628
Coco water	**4,854,715,538**	**765,638,260**	4,712,898,154	1,461,817,578
Packaging	**2,600,155,762**	**719,065,102**	2,574,554,315	1,532,763,298
Corporate	**30,463,992,795**	**13,170,308,423**	23,025,690,301	9,207,026,667
Segment total	**60,510,963,955**	**25,924,109,296**	51,413,804,620	24,156,306,894
Eliminations	**(12,177,172,761)**	**(6,369,310,926)**	(10,534,171,751)	(8,164,591,939)
	₱48,333,791,194	**₱19,554,798,370**	₱40,879,632,869	₱15,991,714,955

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments, other than other financial assets, and current and deferred tax assets, which are booked under Corporate segment. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.
- All liabilities are allocated to reportable segments, other than loans, other financial liabilities, current and deferred tax liabilities, which are booked under Corporate segment. Liabilities for which reportable segments are jointly liable are allocated inproportion to segment assets.
- Eliminations include transactions among the segments of the Parent Company.

	2022			
	Additions to Property,Plant, and Equipment	**Depreciation and Amortization**	**Interest Income**	**Finance Costs**
2022				
Canned and processed fish	**₱436,748,003**	**₱365,600,461**	**₱131,664**	**₱5,906,245**
Packaging	**245,606,789**	**77,006,437**	**38,034**	**1,846,048**
Canned and frozen meat	**118,051,391**	**193,542,645**	**532,272**	**32,220,415**
Milk	**33,882,000**	**115,615,953**	**87,147**	**9,377,513**
Tuna export	**237,444,427**	**275,339,984**	**530,308**	**17,019,331**
Coco water	**272,365,034**	**303,144,829**	**271,766**	**11,264,256**
Corporate	**46,825,542**	**174,292,521**	**6,907,014**	**237,539,406**
	₱1,390,923,186	**₱1,504,542,830**	**₱8,498,205**	**₱315,173,214**

	2021			
Canned and processed fish	₱457,903,103	₱215,403,466	₱135,366	₱7,506,963
Packaging	166,161,000	57,281,930	46,434	6,271,561
Canned meat	348,450,436	217,998,493	676,613	46,839,896
Milk	53,062,657	126,317,307	87,914	18,402,241
Tuna export	319,414,401	246,958,966	697,925	27,217,218
Coco water	761,391,370	263,509,312	246,128	20,971,792
Corporate	196,160,968	144,089,113	4,457,435	169,673,001
	₱2,302,543,935	₱1,271,558,587	₱6,347,815	₱296,882,672

	2020			
Canned and processed fish	₱763,410,756	₱144,789,997	₱120,786	₱3,497,508
Packaging	2,277,424	56,662,694	95,404	340,966
Canned meat	75,219,858	187,904,259	59,266	10,699,028
Milk	162,283,921	105,625,292	256,105	42,036,672
Tuna export	447,873,678	194,515,141	1,757,672	24,133,190
Coco water	198,206,867	255,086,619	304,302	4,846,176
Corporate	87,111,622	161,565,013	32,612,984	175,597,834
	₱1,736,384,126	₱1,106,149,015	₱35,206,519	₱261,151,374

Geographical Information
The Group operates in three principal geographical areas: Philippines, United States of America and China.

The Group's revenue from continuing operations from external customers by location of operation and information about its noncurrent assets by location of assets are detailed below:

	Revenue from external customers for the years ended December 31			Noncurrent assets December 31	
	2022	2021	2020	**2022**	2021
Philippines	**₱61,767,483,903**	₱54,187,471,491	₱47,774,384,077	**₱15,010,407,503**	₱14,387,506,103
USA	**278,321,091**	325,645,204	304,084,639	**1,673,703,890**	5,522,786
China	**213,115,250**	197,038,559	223,272,368	**107,037**	932,936
	₱62,258,920,244	₱54,710,155,254	₱48,301,741,084	**₱16,684,218,430**	₱14,393,961,825

7. Cash and Cash Equivalents

	2022	2021
Cash on hand	**₱6,427,106**	₱239,772,151
Cash in banks	**1,586,900,921**	1,161,654,396
Cash equivalents	**556,120,003**	326,881,811
	₱2,149,448,030	₱1,728,308,358

Cash on hand includes petty cash fund and undeposited collections.

Cash in banks earned average interest rate ranging from 0.10% to 0.125% per annum in 2022 and 2021, and is unrestricted and immediately available for use in the current operations of the Group.

Cash equivalents represent short-term fund placements and investments in unit-trust funds (UITFs) with local banks. Short-term fund placements will mature in three months or less from the date of acquisition with annual interest rates ranging from 1.25% to 2.25% in 2022 and from 1.32% to 2.25% in 2021. These placements are from excess cash and can be withdrawn anytime.

Interest income earned from bank deposits and placements amounted to ₱7.0 million, ₱5.1 million and ₱33.9 million in 2022, 2021, and 2020, respectively.

8. Trade and Other Receivables

	2022	2021
Trade receivables from third parties	**₱8,506,002,726**	₱7,376,001,134
Allowance for ECLs	**(25,774,637)**	(18,581,661)
Allowance for sales return	**(69,168,533)**	(8,566,867)
	8,411,059,556	7,348,852,606
Advances to officers and employees	**43,634,707**	50,926,519
Others	**316,890,163**	505,922,477
	₱8,771,584,426	₱7,905,701,602

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 30 to 90 days term or less. No interest is charged on trade receivables.

Advances to officers and employees are non-interest bearing and are liquidated within one month. Advances to officers include salary loans which earned average interest rate of 8% per annum. Interest income earned from salary loans amounted to ₱1.5 million, ₱1.2 million and ₱1.3 million in 2022, 2021, and 2020, respectively.

Other receivables, which consist mainly of statutory receivables and receivables from various parties for transactions other than sale of goods, are non-interest bearing and generally have terms of 30 to 45 days.

Movements in the allowance for ECLs and allowance for sales returns as at December 31 are as follows:

	Expected Credit Losses	**Allowance for Sales Return**	**2022**
Balance, January	**₱18,581,661**	**₱8,566,867**	**₱27,148,528**
Provision	**8,586,354**	**66,741,786**	**75,328,140**
Reversal	**(1,393,378)**	**(6,140,120)**	**(7,533,498)**
Balance, December	**₱25,774,637**	**₱69,168,533**	**₱94,943,170**

			2021
Balance, January	₱33,558,388	₱15,112,940	₱48,671,328
Reversal	(14,976,727)	(6,546,073)	(21,522,800)
Balance, December	₱18,581,661	₱8,566,867	₱27,148,528

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted upto the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further allowance for ECLs required in excess of those that were already provided.

9. Inventories

	2022	2021
Raw materials	**₱8,806,848,079**	₱7,325,777,774
Finished goods	**8,411,502,602**	6,312,035,712
Spare parts and supplies	**944,883,490**	669,289,839
Work in process	**189,050,789**	183,294,145
	18,352,284,960	14,490,397,470
Allowance for obsolescence	**(623,411,093)**	(377,997,039)
	₱17,728,873,867	₱14,112,400,431

The Group's inventories are recorded at their respective costs.

Cost of inventories recognized in the consolidated statements of comprehensive income in 2022, 2021 and 2020 amounted to ₱47,885.2 million, ₱41,958.4 million, and ₱36,374.0 million, respectively. Allowance for inventory obsolescence relates to 100% provision of inventories that are no longer resaleable.

Movements in the allowance for obsolescence of inventories are as follows:

	2022	2021	2020
Balance, January 1	**₱377,997,039**	₱284,142,265	₱183,178,386
Provision on slow moving inventories (Notes 20 and 22)	**150,500,847**	–	83,254,371
Provision on write-down (Note 23)	**94,913,207**	220,130,994	391,036,678
Reversal	–	(126,276,220)	(373,327,170)
Balance, December 31	**₱623,411,093**	₱377,997,039	₱284,142,265

10. Prepayments and Other Current Assets

	2022	2021
Advances to suppliers	**₱2,066,499,727**	₱1,903,333,201
Prepaid taxes	**339,683,582**	249,390,397
Input value-added tax (VAT)	**290,365,616**	384,290,330
Prepaid insurance	**18,603,189**	10,670,666
Prepaid rent	**9,736,083**	6,451,772
Others	**85,547,583**	80,473,526
	2,810,435,780	2,634,609,892
Allowance for VAT claims	**(8,217,485)**	(14,834,985)
	₱2,802,218,295	₱2,619,774,907

Advances to suppliers pertain to advance payments for the purchase of raw materials are generally applied against future billings within next year.

Prepaid taxes include creditable withholding taxes withheld by the Group's customers and tax credit certificates (TCC) issued by the Bureau of Customs (BOC) to GTC and SMDC. TCCs are granted to Board of Investment (BOI) registered companies and are given for taxes and duties paid on raw materials used for the manufacture of their export products. GTC can apply its TCC against tax liabilities other than withholding tax or can be refunded as cash.

Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment amounting to ₱1.00 million or more.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

The Group recognized provision for impairment on input VAT amounting to nil, ₱31.0 million and ₱9.3 million in 2022, 2021 and 2020, respectively, as disclosed in Note 23.

Movement in the allowance for VAT claims are as follows:

	2022	2021	2020
Balance, January 1	**₱14,834,985**	₱6,987,429	₱12,003,841
Provision (Note 23)	–	31,047,893	9,316,412
Write off	**(6,617,500)**	(23,200,337)	(14,332,824)
Balance, December 31	**₱8,217,485**	₱14,834,985	₱6,987,429

Others include advance payments related to maintenance on software and system used by the Group and biological assets which comprise fingerlings and mature milk fish.

Movements of the carrying amounts of the biological assets are shown below:

	2022	2021
Balance, January 1	**₱–**	₱65,726,630
Purchased fingerlings	**8,396,572**	44,736,192
Consumed feeds	**37,401,558**	(150,000)
Direct labor	**1,581,640**	(1,802,394)
Overhead	**5,866,567**	(2,041,504)
Total cost	**53,246,338**	106,468,924
Decreases due to harvest	**(43,683,753)**	(106,468,924)
Balance, December 31	**₱9,562,584**	₱–

11. Goodwill and Intangible Assets

	2022	2021
Goodwill	**₱2,915,325,199**	₱2,915,325,199
Trademarks	**2,209,694,668**	490,039,373
Licensing agreement	**423,144,846**	444,660,696
	₱5,548,164,713	₱3,850,025,258

Goodwill

The goodwill is associated with the excess of the investment cost over the fair value of the net assets of CPAVI at the time of acquisitions.

Based on Management review of recoverable amount, goodwill arising from the acquisition of CPAVI is not impaired in 2022, 2021 and 2020. Meanwhile, the goodwill arising from the acquisition of CIC and CST was fully impaired as at December 31, 2022 and 2021.

The Group performs an impairment review on goodwill annually. The structure of the impairment review is at CGU level.

Licensing Agreement

In 2017, CPFI has acquired the Philippine license for the Hunt's brand from Hunt-Universal Robina Corporation ("HURC"). HURC is a joint venture corporation of Universal Robina Corporation ("URC") and ConAgra Grocery Products Company, LLC for the purpose of the manufacture, sell and distribute of Hunt's licensed products.

On the same year, CPFI entered into a trademark licensing agreement with ConAgra Foods RDM, Inc. ("ConAgra"). The trademark license will entitle the CPFI an exclusive revocable right and license to manufacture and sell in the Philippines and other licensed territories thelicensed products in accordance with the formulas and specifications furnished by ConAgra and to affix to the products the licensed marks after the grant date and during the term of the agreement. The licensing agreement shall have an initial term of 25 years subject to renewal of 3 years thereafter subject to the terms of the licensing agreement.

On each contract year, CPFI shall pay ConAgra the following:

- Guaranteed royalty to be paid quarterly and serves as a non-refundable advance towards the earned royalty for the licensed products; and
- Earned royalty is non-refundable and to be paid based on an agreed percentage of net sales per contract year.

Further, under the licensing agreement, CPFI purchased from the plant machinery and equipment (the "assets") that can be used to manufacture the licensed products.

The total consideration paid to ConAgra and URC for the Hunt's business amounted to ₱573.5 million comprising payments for the license, asset purchase and compensation. Total consideration has been allocated to the identifiable assets on the basis of the relative fair values at acquisition date as follows:

	Amount
Plant, machinery and equipment	₱35,651,000
Intangible asset on licensing agreement	537,896,000
Identifiable assets acquired	₱573,547,000

No goodwill resulted from the acquisition of Hunt's business.

In 2022 and 2021, the remaining useful life of the intangible asset acquired is 19.33 years and 20.33 years, respectively.

Movements in carrying amounts of the Group's intangible assets arising from the licensing agreement are as follows:

	2022	2021
Cost		
Beginning and ending balance	**₱537,896,000**	₱537,896,000
Accumulated Depreciation		
Beginning balance	**93,235,307**	71,719,467
Amortization	**21,515,840**	21,515,840
Ending balance	**114,751,147**	93,235,307
Carrying Amount	**₱423,144,853**	₱444,660,693

As at December 31, 2022, 2021 and 2020, royalty fee expense to ConAgra amounted to ₱22.1 million, ₱21.4 million, and ₱21.6 million (see Note 22).

Management believes that there are no impairment indicators on its intangible assets in 2022 and 2021.

Trademarks
In July 2008, the Group purchased Kaffe de Oro and Home Pride trademarks amounting to ₱40.0 million from General Milling Corporation (GMC) owned and registered with the Intellectual Property Office.

In 2016, the Group acquired the "KAMAYAN" trademark from Concentrated Foodline Corporation for a total purchase price of USD1.3 million or ₱61.5 million. The deed of assignment for the said trademark was dated August 17, 2016 and the purchase price was paid in full in the same year.

In April 2021, the Group acquired the "Swift" trademark as a result of the acquisition of PMCI (see Note 1).

The Group has recognized nil, nil and ₱34.7 million impairment loss on trademarks in 2022, 2021 and 2020 respectively as disclosed in Note 23.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the asset.

Royalties
The Group has royalty agreement with All Market Singapore Inc., with royalty fee of ₱12.9 million, ₱7.6 million and ₱8.5 million in 2022, 2021 and 2020, respectively. Furthermore, the Group has also trademark licensing agreement with Shakey's Pizza Asia Ventures, Inc., with royalty fees of ₱1.7 million and ₱1.5 million in 2022 and 2021, respectively (see Note 22).

Acquisition of "Ligo" Assets
In March 2022, the Group and CPGI entered into an Asset Purchase Agreement (Agreement) to purchase and acquire the operational assets of A. Tung Chingco Manufacturing Corporation, Dragon Land Holdings Corp., Gold Star Seafoods and their other related parties (collectively "ATCMC Group"). The Agreement involved assets related to the manufacturing of 'Ligo's' product line up, which is composed of shelf-stable marine products.

The Agreement was accounted for as acquisition of group of assets and the purchase price was allocated to the respective assets based on their relative fair values. The Group recognized the "Ligo" trademark while CPGI recognized the other "Ligo" assets such as land and property, plant and equipment (e. g., buildings, improvements, equipment, machineries, and other fixed assets). The increase in the value of trademark as of December 31, 2022 represents the acquisition cost of the acquired "Ligo" trademark.

12. **Right of Use Asset**

	Warehouse	Office Space	Equipment	Plant	Total
Cost					
Balance January 1, 2021	₱700,789,353	₱48,217,155	₱282,360,418	₱177,469,378	₱1,208,836,304
Additions	470,578,869	23,291,723	224,562,149	139,900,732	858,333,473
Termination	(129,788,074)	–	(84,606,878)	(9,487,642)	(223,882,594)
Balance, December 31, 2021	1,041,580,148	71,508,878	422,315,689	307,882,468	1,843,287,183
Additions	258,429,279	4,564,353	46,530,621	101,697,736	411,221,989
Termination	(89,789,242)	(876,771)	(99,657,337)	–	(190,323,350)
Balance, December 31, 2022	**1,210,220,185**	**75,196,460**	**369,188,973**	**409,580,204**	**2,064,185,822**
Accumulated Depreciation					
Balance January 1, 2021	282,031,073	17,484,833	155,162,901	75,857,413	530,536,220
Depreciation	140,923,980	10,205,708	58,579,763	25,484,774	235,194,225
Termination	(129,245,989)	–	(82,338,783)	(9,537,711)	(221,122,483)
Balance December 31, 2021	293,709,064	27,690,541	131,403,881	91,804,476	544,607,962
Depreciation	232,007,430	10,691,399	40,466,612	30,782,389	313,947,830
Termination	(89,789,242)	(876,770)	(95,356,549)	–	(186,022,561)
Balance, December 31, 2022	**435,927,252**	**37,505,170**	**76,513,944**	**122,586,865**	**672,533,231**
Carrying Amount					
December 31, 2022	**₱774,292,933**	**₱37,691,290**	**₱292,675,029**	**₱286,993,339**	**₱1,391,652,591**
Carrying Amount					
December 31, 2021	₱747,871,084	₱43,818,337	₱290,911,808	₱216,077,992	₱1,298,679,221

Management believes that there are no impairment indicators on its right-of-use assets as at December 31, 2022, 2021 and 2020.

<u>Amounts recognized in profit or loss</u>
Amortization charged to cost of goods sold under factory overhead and operating expenses in relation to right of use assets are as follows:

	2022	2021	2021
Cost of goods sold	**₱199,706,445**	₱147,389,023	₱150,770,805
Operating expenses	**90,855,443**	78,474,137	98,609,155
Other expenses	**23,385,9423**	9,331,065	7,410,318
Total amortization	**₱313,947,83031**	₱235,194,225	₱256,790,278

13. Property, Plant and Equipment

	Land Improvements	Building and Building Improvement	Plant Machinery and Equipment	Office Furniture, Fixtures and Equipment	Laboratory, Tools and Equipment	Transportation and Delivery Equipment	Construction in Progress	Total
Cost								
Balance, January 1, 2021	₱58,146,005	₱3,296,881,959	₱7,065,207,715	₱79,603,973	₱563,231,891	₱130,685,219	₱462,700,178	₱11,656,456,940
Additions	–	59,366,992	678,234,714	7,812,179	62,622,764	43,359,981	1,451,147,305	2,302,543,935
Reclassifications	–	387,279,600	846,919,816	7,858,967	12,569,835	80,977	(1,254,709,195)	–
Disposals	–	(13,600,881)	(33,842,935)	(711,950)	(10,195,053)	(7,722,443)	–	(66,073,262)
Balance, December 31, 2021	**58,146,005**	**3,729,927,670**	**8,556,519,310**	**94,563,169**	**628,229,437**	**166,403,734**	**659,138,288**	**13,892,927,613**
Additions	**2,700**	**174,094,520**	**792,037,057**	**7,010,066**	**75,564,837**	**18,757,350**	**323,456,656**	**1,390,923,186**
Reclassifications	**867,881**	**92,513,438**	**392,198,158**	**1,640,976**	**21,576,211**	**2,784,943**	**(511,581,607)**	–
Disposals	**–**	**(1,401,189)**	**(8,492,389)**	**(495,250)**	**(27,645,516)**	**(12,905,820)**	**4,816,684**	**(46,123,480)**
Balance, December 31, 2022	**59,016,586**	**3,995,134,439**	**9,732,262,136**	**102,718,961**	**697,724,969**	**175,040,207**	**475,830,021**	**15,237,727,319**
Accumulated Depreciation and Impairment Losses								
Balance, January 1, 2021	50,212,767	901,518,640	2,856,872,408	61,932,683	407,057,761	88,105,788	–	4,365,700,047
Depreciation	1,997,706	196,519,391	714,357,336	11,381,748	69,853,858	20,738,483	–	1,014,848,522
Reclassification	–	16,781,394	(17,001,257)	–	219,863	–	–	–
Disposal	–	(13,374,028)	(31,228,007)	(661,511)	(9,258,480)	(7,384,777)	–	(61,906,803)
Balance, December 31, 2021	**52,210,473**	**1,101,445,397**	**3,523,000,480**	**72,652,920**	**467,873,002**	**101,459,494**	**–**	**5,318,641,766**
Depreciation	**1,439,430**	**217,518,050**	**837,879,203**	**11,329,687**	**78,260,896**	**22,651,894**	**–**	**1,169,079,160**
Reclassifications	**–**	**(46,098)**	**(2,312,848)**	**(136,089)**	**138,207**	**2,356,828**	**–**	**–**
Disposal	**–**	**(886,505)**	**(7,390,175)**	**(494,680)**	**(24,426,783)**	**(10,611,923)**	**–**	**(43,810,066)**
Balance, December 31, 2022	**53,649,903**	**1,318,030,844**	**4,351,176,660**	**83,351,838**	**521,845,322**	**115,856,293**	**–**	**6,443,910,860**
Carrying Amounts As at December 31, 2022	**₱5,366,683**	**₱2,677,103,595**	**₱5,381,085,476**	**₱19,367,123**	**₱175,879,647**	**₱59,183,924**	**₱475,830,021**	**₱8,793,816,459**
Carrying Amounts As at December 31, 2021	₱5,935,532	₱2,628,482,273	₱5,033,518,830	₱21,910,249	₱160,356,435	₱64,944,240	₱659,138,288	₱8,574,285,847

Details of depreciation charged to profit or loss are disclosed below:

	2022	2021	2020
Cost of goods sold (Note 20)	**₱1,109,397,202**	₱927,408,467	₱770,227,299
Operating expenses (Note 22)	**59,673,172**	60,061,937	57,608,710
Reimbursable expenses	**8,786**	27,378,118	6,887
	₱1,169,079,160	₱1,014,848,522	₱827,842,896

Construction in progress pertains to accumulated costs incurred on the ongoing construction of the Group's new production plant and administration building as part of the Group's expansion program.

The Group recognized gain on sale of certain equipment amounting to ₱1.8 million, ₱4.2 million, and ₱2.8 million in 2022, 2021 and 2020, respectively, as disclosed in Note 21.

Management believes that there are no impairment indicators on its property, plant and equipment as at December 31, 2021 and 2022.

14. Other Noncurrent Assets

	2022	2021
Security deposits (Note 30)	**₱147,044,018**	₱71,438,731
Deposits for containers	**32,885,250**	32,352,573
Deposits on utilities	**31,985,871**	8,346,166
Revolving funds	**12,978,180**	17,883,374
	₱224,893,319	₱130,020,844

Security deposits pertain to deposits required under the terms of the lease agreements of the Group with certain lessors.

Deposits for containers pertain to deposits for borrowed containers from shipping lines which are being used for the delivery of goods/raw materials.

Deposits on utilities pertain to deposits to various utility providers and refundable upon termination of the related utility services.

Revolving funds are provided to the service provider and this will be refunded upon termination of the related services.

15. Short-Term Loans Payable and Long-term Borrowings

Short-term loans

	2022	2021
Balance at beginning of year	**₱2,800,000,000**	₱1,949,466,680
Availments	**5,010,000,000**	5,800,000,000
Payments	**(3,170,000,000)**	(4,949,466,680)
Balance at end of year	**₱4,640,000,000**	₱2,800,000,000

The Group acquired several short-term loans amounting to ₱5,010.0 million and ₱5,800.0 million as at December 31, 2022 and 2021, respectively, with interest ranging from 2.10% to 5.70% per annum in 2022 and 1.95% to 3.0% per annum in 2021.

Interest expense pertaining to short-term loans amounting to ₱94.0 million, ₱65.0 million, and ₱93.3 million was recognized in 2022, 2021 and 2020, respectively.

Long-term Borrowings

	2022	2021
Balance at beginning of year	**₱1,991,891,353**	1,584,000,000
Availments	**1,191,000,000**	1,985,000,000
Payments and amortization	**(8,677,358)**	(1,577,108,647)
Balance at end of year	**3,174,213,995**	1,991,891,353
Less current portion	**9,390,325**	9,764,285
Noncurrent portion	**₱3,164,823,670**	₱1,982,127,068

Movement of the Group's debt issuance cost is as follows:

	2022	2021
Balance at beginning of year	**₱8,108,647**	₱–
Additions	**9,000,000**	15,000,000
Amortization	**(11,322,642)**	(6,891,353)
Balance at end of year	**₱5,786,005**	₱8,108,647

The Group has entered into a ₱2.0 billion, ten-year term loan facility with Banco de Oro (BDO) in 2021. The proceeds were used to refinance the existing long-term borrowings.

On March 18, 2022, the Group entered into a ₱1.2 billion, ten-year term loan with Bank of the Philippine Islands (BPI) to finance capital expenditures for business expansion.

Shown below are the details of this long-term borrowing:

	Loan 1	Loan 2	Loan 3
Principal	₱1,000.0 million	₱1,000.0 million	₱1,200.0 million
Date	April 5, 2021	May 5, 2021	March 18, 2022
Interest rate	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): The higher of (i) 5-year BVAL on the relevant interest settling date plus a spread of 0.80% p.a. and (ii) 3.90% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i)5Y interest rate; and (ii)5-year BVAL rate at the repricing date plus a spread of 0.80% p.a.	a. Fixed pricing for the initial five-year period("5Y initial interest rate"): 4.04% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of: (i) 5Y interest rate; and (ii) 5-year BVAL at the repricing date plus a spread of 0.80% p.a.	a. From 1Y to 3Y equivalent to thehigher of: (1) the3 day average of the 3-year PHP BVAL + 0.30% spread per annum; and (2) 3.50 per annum b. From 4Y to 6Y equivalent to the higher of: (1) the 3 day average ofthe 3-year PHP BVAL + 0.50% spread per annum; and (2) 3.50 per annum c. From 7Y to maturity date equivalent to the higher of: (1) the3 day average ofthe 4-year PHP BVAL + 0.50% spread per annum; and (2) 3.50 per annum
Prepayment penalty	The Borrower may, subject to the penalty of 3% for Peso Borrowing and 1% for Foreign Borrowing, prepay the Term Loan in part or full together with accrued interest thereof to prepayment date.		
Principal payment	Semi-annual	Semi-annual	Annual

Management has assessed that the interest rate floor on the loans is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date. On the other hand, the prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

Until termination of the facility and payment in full of the loan and all other amounts due hereunder, the Group is required to comply with certain covenants, unless the lender shall otherwise give its prior consent in writing. These include preservation of rights, privileges and franchises, maintenance of adequate books, accounts and records, compliance of all laws, statutes, rules and regulations and promptly provide written notice to the bank of any dispute or unresolved case.

In addition, the Group must not make changes in the character of its business, in its ownership or control or capital stock, not permit any indebtedness to be secured by any lien, not declare dividends upon occurrence of and Event of Default, not sell, lease or transfer substantially all of its assets with any other person, not extend loan to any corporation owned by the Borrower or to any of its directors, not act as guarantor or surety and will not undertake any capital expenditure outside ordinary course of business.

The Group is also required to maintain a maximum of debt-to-equity ratio which shall be at 3:1 and minimum debt service coverage (DSC) ratio of 1.05x. DSC of the Group is 23.49x and 23.26x as of December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Group is in compliance with the aforementioned covenants.

Interest expense pertaining to long-term loans amounted to ₱119.5 million, ₱88.3 million, and ₱122.3 million in 2022, 2021 and 2020, respectively.

Total finance costs incurred on these loans amounted to ₱224.8 million, ₱153.3 million, and ₱215.6 million in 2022, 2021 and 2020, respectively, as presented in the consolidated statements of comprehensive income.

Total accrued interest on these loans amounted to ₱39.4 million and ₱19.0 million as at December 31, 2022 and 2021, respectively, as part of accrued expenses.

16. Trade and Other Payables

	2022	2021
Trade payables to third parties	**₱3,339,891,514**	₱3,934,653,873
Accrued expenses	**5,620,272,133**	4,674,999,725
Withholding taxes payable	**218,827,436**	202,318,588
Non-trade payables	**341,895,248**	240,154,473
Others	**276,198,692**	52,514,577
Total	**₱9,797,085,024**	₱9,104,641,236

The credit period on purchases of certain goods from suppliers ranges from 30 to 120 days. No interest is charged on trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

Non-trade payables pertain to payables to government and reimbursements to employees which are payable on demand and no interest is charged.

Details of accrued expenses are shown below:

	2022	2021
Product-related costs	**₱3,149,755,908**	₱2,130,438,524
Advertising and promotion	**2,026,964,694**	2,095,657,177
Professional services and other fees	**257,407,685**	265,557,558
Employee benefits	**44,861,719**	88,881,437
Rent	**51,606,401**	35,483,892
Interest (Note 15)	**39,423,918**	18,952,943
Utilities	**8,564,641**	4,971,792
Others	**41,687,167**	35,056,402
	₱5,620,272,133	₱4,674,999,725

Other payables include liabilities related to utilities, various agencies and regulatory bodies.

17. Retirement Benefit Obligation

The Group has set up the Century Pacific Group of Companies Multiemployer Retirement Plan which is a funded, non- contributory and of the defined benefit type which provides a retirement benefit ranging from 100% to 130% of plan salary for every credited service. Benefits are paid in a lump sum upon retirement or separationin accordance with terms of the plan.

Under the existing regulatory framework, Republic Act (RA) No. 7641, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the fund.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed by the Group and the duly appointed Retirement Plan Trustee, is responsiblefor the general administration of the retirement plan and the management of the retirement plan.

As at December 31, 2022, 2021 and 2020, the Group's retirement fund has investments in various shares of stocks under the stewardship of a reputable bank. All of the Fund's investing decisions are made by the Board of Trustees which is composed of certain officers of the Group. The power to exercise the voting rights rests with the Board of Trustees.

The plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary rate risk.

Investment risk
The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of debt instruments of government security bonds, equity instruments and fixed income instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in government security bonds.

Interest rate risk
A decrease in the government security bond interest rate will increase the retirement benefit plan obligation. However, this will be partially offset by an increase in return on the plan's debt investment.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

Salary rate risk
The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary for the year ended December 31, 2022.

The present value of the defined benefit obligation and the related current service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuation as at December 31, 2022, 2021 and 2020 were as follows:

	2022		2021		2020	
	Discount Rate	**Expected Rateof Salary Increase**	Discount Rate	Expected Rateof Salary Increase	Discount Rate	Expected Rateof Salary Increase
CPFI	**7.32%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
GTC	**7.35%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
CPAVI	**7.38%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
PMCI	**7.39%**	**6.00%**	–	–	–	–
SMDC	–	–	–	–	5.24%	4.00%

The mortality rate used for the above subsidiaries is based on The 2001 CSOTable – Generational (Scale AA, Society of Actuaries).

Amounts recognized in the consolidated statements of comprehensive income inrespect of this retirement benefit plan are as follows:

	2022	2021	2020
Service costs:			
Current service cost	**₱114,092,161**	₱120,557,846	₱62,800,854
Net interest expense	**22,392,637**	33,551,212	7,287,037
Components of defined benefit costs recognized in profit or loss	**136,484,798**	154,109,058	70,087,891
Remeasurement on the net defined benefit asset:			
Loss on plan assets (excluding amounts included in net interest expense)	**62,505,072**	41,958,949	15,795,087
Effect of asset ceiling	**2,341,551**	–	6,148,440
Actuarial (gains) losses:			
from changes in financial assumption	**(234,457,464)**	(147,661,400)	305,713,517
from changes in experience adjustment	**(32,512,637)**	9,895,495	109,744,993
Components of defined benefit costs recognized in other comprehensive income	**(202,123,478)**	(95,806,956)	437,402,037
	(₱65,638,680)	₱58,302,102	₱507,489,928

The amounts included in the consolidated statements of financial position arising from the Group's retirement benefit plans are as follows:

Net Retirement Asset

	2022
Present value of retirement benefit obligation	₱5,582,272
Fair value of plan assets	₱15,052,242
Present value of retirement benefit obligation	(5,582,272)
Effect of the asset ceiling	(2,341,551)
Retirement asset - net	₱7,128,419

Net Retirement Obligation

	2022	2021
Present value of retirement benefit obligation	**₱822,933,356**	₱976,188,800
Fair value of plan assets	**(550,054,859)**	(467,412,274)
Retirement benefit obligation - net	**₱272,878,497**	₱508,776,526

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 present value of the reduction in future contributions is determined using the discount rate applied to measure the year-end defined benefit obligation.

Movements in the present value of retirement benefit obligations are as follows:

	2022	2021
Balance, January 1	**₱976,188,800**	₱947,256,761
PMCI acquisition	**–**	20,370,554
Current service cost	**114,092,161**	120,557,846
Interest cost	**49,433,648**	40,741,357
Benefits paid	**(44,228,880)**	(14,971,813)
Remeasurement loss/(gain):		
from changes in financial assumption	**(234,457,464)**	(147,661,400)
from changes in experience adjustment	**(32,512,637)**	9,895,495
Balance, December 31	**₱828,515,628**	₱976,188,800

Movements in the fair value of plan assets are as follows:

	2022	2021
Balance, January 1	**₱467,412,274**	₱334,502,872
PMCI acquisition	**–**	5,090,987
Contributions paid into the plan	**177,559,032**	177,559,032
Benefits paid	**(44,228,880)**	(14,971,813)
Interest income	**27,041,011**	7,190,145
Return on plan assets (excluding amounts included in net interest expense/income)	**(62,505,072)**	(41,958,949)
Others	**(171,264)**	–
Balance, December 31	**₱565,107,101**	₱467,412,274

The following is the composition of plan assets as at the December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	**₱35,714,769**	₱2,943,618
Debt instruments - government bonds	**315,386,273**	334,824,908
Debt instruments - other bonds	**61,314,120**	9,251,372
Unit investment trust funds	**152,212,518**	108,913,879
Others	**479,421**	11,478,497
	₱565,107,101	₱467,412,274

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes at any time.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Management is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Management's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

Actual return on plan assets as at December 31, 2022 and 2021 are as follows:

	2022	2021
Interest income	**₱27,041,011**	₱7,190,145
Remeasurement loss	**(62,505,072)**	(41,958,949)
Actual return	**(₱35,464,061)**	(₱34,768,804)

Movements in the OCI relating to retirement obligation for 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Accumulated OCI, beginning	**₱497,556,194**	₱593,363,150	₱155,960,213
Actuarial losses on DBO	**(266,970,101)**	(137,765,905)	415,458,510
Remeasurement losses on plan assets	**62,505,072**	41,958,949	15,795,987
Effect of asset ceiling	**2,341,551**	–	6,148,440
	(202,123,478)	(95,806,956)	437,402,937
Accumulated OCI, end	**₱295,432,716**	₱497,556,194	₱593,363,150

Amounts of OCI, net of tax recognized in the consolidated statements of comprehensive income for 2022, 2021 and 2020 are computed below:

	2022	2021	2020
Actuarial (gain) / losses on DBO	**(₱266,970,101)**	(₱137,765,905)	₱415,458,510
Remeasurement losses on plan assets	**62,505,072**	41,958,949	15,795,087
Effect of asset ceiling	**2,341,551**	–	6,148,440
	(202,123,478)	(95,806,956)	437,402,037
Effect of CREATE law	–	23,399,092	–
Deferred tax	**40,514,925**	18,572,359	(116,686,291)
OCI, net of tax	**(₱161,608,553)**	(₱53,835,505)	₱320,715,746

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Details on the expected contribution to the defined benefit pension plan in 2022 and the weighted average duration of the defined benefit obligation at the end of the reporting period of the Group are as follows:

	Expected contribution	Duration of the plan(in years)
CPFI	₱41,889,504	12.5
PMCI	5,712,336	17.5
GTC	16,171,860	13.1
CPAVI	13,290,468	16.1

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31, 2022 and 2021:

	Impact on post-employment defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2022			
CPFI			
Discount rate	+/- 1%	**(₱63,877,730)**	**₱75,143,388**
Salary increase rate	+/- 1%	**75,387,431**	**(65,178,286)**
PMCI			
Discount rate	+/- 1%	**(867,703)**	**1,085,794**
Salary increase rate	+/- 1%	**1,090,225**	**(885,325)**
GTC			
Discount rate	+/- 1%	**(8,216,688)**	**9,803,253**
Salary increase rate	+/- 1%	**9,838,325**	**(8,384,846)**
CPAVI			
Discount rate	+/- 1%	**(4,924,694)**	**6,150,718**
Salary increase rate	+/- 1%	**6,175,159**	**(5,024,369)**
2021			
CPFI			
Discount rate	+/- 1%	(₱84,803,159)	₱101,402,687
Salary increase rate	+/- 1%	99,393,660	(84,847,517)
PMCI			
Discount rate	+/- 1%	(1,856,335)	2,349,378
Salary increase rate	+/- 1%	2,302,280	(1,857,752)
GTC			
Discount rate	+/- 1%	(13,767,854)	11,279,819
Salary increase rate	+/- 1%	13,496,674	(11,288,591)
CPAVI			
Discount rate	+/- 1%	(8,445,650)	10,764,141
Salary increase rate	+/- 1%	10,546,604	(8,451,350)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

18. **Equity**

Share capital

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
At P1 par value	**6,000,000,000**	**₱6,000,000,000**	6,000,000,000	₱6,000,000,000
Issued, fully-paid and outtstanding:				
Balance, January 1	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595
Issuance	**–**	**–**	–	–
Balance, December 31	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595

The Parent Company has one class of common shares which carry one vote per share and carry a right to dividends.

Share premium as at December 31, 2022 and 2021 amounted to ₱4,936.9 million which pertains to the excess proceeds from issuance of share capital over the par value, net of issuance cost.

The history of the share issuances from the initial public offering IPO of the Parent Company is as follows:

Transaction	Subscriber	Registration	Number of Shares Issued
Issuance at incorporation	Various	2013	1,500,000,000
IPO	Various	2014	229,650,000
Issuance subsequent to IPO	Various	2014	500,004,404
Equity settled share-based compensation	Various	2014	1,367,200
Issuance	Various	2015	128,205,129
Equity-settled share-based compensation	Various	2015	1,059,200
Stock grants	Various	2015	400,000
Stock dividends	Various	2016	1,180,342,962
Equity-settled share-based compensation	Various	2017	1,229,700
			3,542,258,595

On December 21, 2022, the BOD authorized to appropriate retained earnings for capital expenditures, which is expected to be completed in 2023, specifically for the construction of a new tuna plant, corporate projects, and other projects in connection with the canned meat, sardines, and mixed business of the Parent Company and its subsidiaries. Appropriations as at December 31, 2022 and 2021 are as follows:

	2022	2021
CPFI	**₱4,236,038,578**	₱1,700,000,000
CPAVI	**1,500,000,000**	285,762,849
CPFPVI	**1,200,000,000**	266,813,500
GTC	**1,500,000,000**	479,023,358
AWI	**300,000,000**	300,000,000
Balance, December 31	**₱8,736,038,578**	₱3,031,599,707

Appropriations in 2021 was reversed upon completion of the project in 2022. In 2022, the appropriations pertains to the 2023 capital expenditures.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱78.5 million, and ₱72.0 million as of December 31, 2022 and 2021, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies. The Group's retained earnings as of December 31, 2022 and 2021 also includes gain on acquisition of a subsidiary amounting to ₱41.1 million which is not available for dividend declaration (see Note 27).

19. **Net Sales**

	2022	2021	2020
Sales	**₱70,042,486,406**	₱61,593,444,681	₱54,962,504,209
Sales discount	**(3,958,461,644)**	(3,532,113,523)	(3,150,546,558)
Variable considerations	**(1,398,228,397)**	(1,362,905,020)	(1,144,916,550)
Considerations payable to a customer	**(2,426,876,121)**	(1,988,270,884)	(2,365,300,017)
	₱62,258,920,244	₱54,710,155,254	₱48,301,741,084

Details of the variable considerations and considerations payable to a customer are shown below:

	2022	2021	2020
Variable Considerations:			
Sales returns	**₱744,697,145**	₱740,198,406	₱538,232,250
Contractual trade terms	**505,219,931**	409,709,929	425,849,701
Price adjustments	**65,768,579**	121,086,657	60,530,573
Prompt payment discount	**82,542,742**	91,910,028	120,304,026
	₱1,398,228,397	₱1,362,905,020	₱1,144,916,550
Considerations Payableto a Customer:			
Trade promotions	**₱2,059,092,614**	₱1,735,434,869	₱2,120,921,527
Display allowance	**97,643,592**	122,906,442	88,470,922
Distribution program	**244,367,265**	59,170,603	46,987,541
Other trade promotions	**25,772,650**	70,758,970	108,920,027
	₱2,426,876,121	₱1,988,270,884	₱2,365,300,017

20. **Cost of Goods Sold**

	2022	2021	2020
Raw materials used	**₱42,766,124,375**	₱35,095,974,527	₱34,940,027,618
Direct labor	**1,974,029,524**	1,828,041,256	2,078,533,942
Factory overhead			
Supplies	**1,597,996,728**	1,070,027,368	978,687,602
Depreciation (Notes 12 and 13)	**1,309,010,330**	1,074,797,490	920,998,104
Outside manpower services	**663,733,986**	697,640,273	528,396,099
Utilities	**640,974,024**	535,815,072	504,252,162
Compensation (Note 17)	**599,684,245**	465,360,335	413,783,823

(Forward)

	2022	2021	2020
Rental and storage fee	**₱361,301,467**	₱411,520,725	₱321,690,086
Provisions for slow moving inventories (Note 109)	**150,500,847**	–	74,267,890
Repairs and maintenance	**80,870,838**	115,506,372	88,418,402
Insurance	**68,008,936**	91,435,125	88,693,141
Freight trucking	**43,083,232**	31,979,216	26,305,725
Travel	**35,966,704**	23,086,055	34,200,981
Professional fees	**32,052,328**	26,480,866	34,051,318
Toll packing fees	**30,735,150**	92,326,997	57,354,697
Taxes and licenses	**11,302,794**	13,574,333	11,655,051
Miscellaneous	**69,341,313**	196,659,635	13,276,907
Total manufacturing cost	**50,434,716,821**	41,770,225,645	41,114,593,548
Changes in finished goods and work in-process	**(2,549,554,189)**	188,132,614	(4,740,559,127)
	₱47,885,162,632	₱41,958,358,259	₱36,374,034,421

21. **Other Income**

	2022	2021	2020
Foreign currency gain -net	**₱409,288,365**	₱118,867,076	₱–
Gain from sale of scrap	**144,182,612**	79,394,940	107,664,525
Reversal of accruals	**121,704,066**	107,629,495	107,184,824
Recovery from insurance	**62,712,630**	–	–
Charges to suppliers	**45,932,957**	–	–
Service income (Note 25)	**8,062,094**	14,827,894	43,433,358
Gain on sale of property, plant and equipment	**746,662**	4,166,459	2,773,474
Reversal of allowance for inventory obsolescence (Note 9)	**–**	126,276,220	236,896,318
Gain on bargain purchase (Note 36)	**–**	41,071,822	–
Co-packing fee	**–**	27,960,019	24,779,436
Shared services fee (Note 25)	**–**	4,119,686	13,800,000
Others	**43,723,944**	27,115,337	43,949,945
	₱836,353,330	₱551,428,948	₱580,481,880

22. **Operating Expenses**

	2022	2021	2020
Advertising and trade promotion	**₱2,247,386,603**	₱2,073,734,006	₱1,918,652,901
Freight and handling	**2,329,478,038**	1,970,418,570	1,685,152,882
Salaries and employee benefits (Note 26)	**1,829,157,265**	1,623,403,959	1,422,494,782
Legal and professional fees	**637,342,063**	213,065,207	181,958,235
Taxes and licenses	**216,267,737**	228,223,739	139,911,379
Outside services	**233,455,306**	203,277,889	149,216,711
Travel and entertainment	**153,378,858**	129,021,492	110,237,103
Rent (Note 30)	**189,455,114**	122,411,520	105,042,504
Repairs and maintenance	**142,919,276**	121,466,767	110,952,789

(Forward)

	2022	2021	2020
Depreciation and amortization (Note 11, 12, and 13)	**₱172,044,455**	₱160,051,913	₱177,733,705
Supplies	**63,692,264**	66,171,978	64,300,244
Utilities	**69,207,595**	28,356,286	89,805,547
Royalties (Note 11)	**36,806,126**	30,537,456	30,169,950
Insurance	**31,130,495**	21,593,081	16,979,298
Fees and dues	**26,150,006**	24,618,732	10,956,722
Expected credit losses (Note 8)	**–**	–	9,270,257
Provisions for slow moving inventories (Note 9)	**–**	–	8,986,481
Others	**336,010,548**	47,849,291	118,990,352
	₱8,713,881,749	₱7,064,201,886	₱6,350,811,842

23. **Other Expenses**

	2022	2021	2020
Penalties and other taxes	**₱199,179,391**	₱18,065,268	₱50,531,194
Loss on inventory write-down (Note 9)	**94,913,207**	220,130,994	391,036,678
Documentary stamp tax	**36,433,970**	24,002,187	30,784,527
Input tax for government and exempt sales	**28,042,057**	7,936,764	10,441,225
Rent (Note 30)	**25,897,447**	12,072,389	2,810,543
Reimbursables	**9,139,115**	17,110,689	50,027,402
Bank charges	**6,767,595**	8,605,373	5,835,534
Provision on impairment of input tax (Note 10)	**–**	31,047,893	9,316,412
Foreign currency loss - net	**–**	–	174,174,228
Loss on impairment of trademark (Note 11)	**–**	–	34,700,000
Loss on disposal of property, plant and equipment (Note 13)	**–**	–	269,848
Others	**11,624,623**	41,603,608	43,673,106
	₱411,997,405	₱380,575,165	₱803,600,697

24. **Employee Benefits**

Aggregate employee benefits expense comprised of:

	2022	2021	2020
Cost of goods sold:			
Short-term benefits	**₱570,829,485**	₱443,415,447	₱393,977,584
Post-employment benefits (Note 17)	**28,854,761**	21,944,888	19,806,239
	599,684,246	465,360,335	413,783,823
Operating expenses:			
Short-term benefits	**1,720,435,028**	1,503,209,482	1,372,213,130
Post-employment benefits (Note 17)	**108,722,237**	120,194,477	50,281,652
	1,829,157,265	1,623,403,959	1,422,494,782
	₱2,428,841,511	₱2,088,764,294	₱1,836,278,605

25. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and (c) individuals owning, directly orindirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Transactions*, as summarizedbelow.

	Relationship
Century Pacific Group, Inc.	Ultimate Parent Company
The Pacific Meat Company, Inc.	Subsidiary
Yoshinoya Century Pacific, Inc.	Fellow subsidiary
Century Pacific Vietnam Co. Ltd.	Fellow subsidiary
Century Pacific Vietnam Co., Ltd. (CPVL)	Fellow Subsidiary
RSPO Foundation, Inc.	Fellow subsidiary
Rian Realty Corporation (RRC)	Fellow subsidiary
Pacifica Agro Industrial Corp. (PAIC)	Fellow subsidiary
Millennium Land Development Corporation (MLDC)	Fellow subsidiary
Shining Ray Limited (SRL)	Fellow subsidiary
Pacific Pabahay Homes, Inc. (PPHI)	Fellow subsidiary
Centrobless Corp. (CBC)	Fellow subsidiary
Shakey's Asia Foods, Holding Inc. (SAFHI)	Fellow subsidiary
DBE Project Inc.	Fellow subsidiary
Shakey's Pizza Asia Ventures, Inc. (SPAVI)	Fellow subsidiary
Bakemasters, Inc.	Fellow subsidiary
Shakey’s Pizza Commerce, Inc.	Fellow subsidiary
Wow Brand Holdings, Inc.	Fellow subsidiary

The summary of the Group's transactions and outstanding balances with related parties as at and for the years ended December 31, 2022 and 2021 are as follows:

	Amount of Transactions During the Year			Outstanding Receivable (Payable)	
Related Party Category	**2022**	2021	2020	**2022**	2021
Ultimate Parent Company					
Interest	**₱–**	₱1,250,000	₱–	**₱–**	₱–
Service fee (Note c)	**921,331**	160,416	107,746	**28,741**	47,379
Sale of fixed assets (Note e)	–	–	–	–	–
Cost reimbursements (Note c)	**126,093**	18,015,364	–	–	(19,816,900)
Rental expense (Note g)	**70,902,313**	68,954,185	68,106,971	**(5,231,197)**	(23,161,004)
Dividends (Note 29)	**803,304,000**	803,304,000	803,304,000	–	-
Miscellaneous deposit (Note g)	–	–	–	**18,324,508**	18,324,508
Cash advance (Note f)	–	300,000,000	–		–
Fellow Subsidiaries					
Shared services fee (Note d)	–	4,119,686	13,800,000	–	–
Sale of inventories (Note a)	**294,229,875**	245,506,197	341,424,585	**176,010,744**	93,977,223
Purchase of inventories (Note b)	**4,810,448**	32,623,226	80,036,909	**(16,422,446)**	(20,060,772)
Service fee (Note c)	**7,140,763**	14,667,478	43,325,612	**2,235,003**	6,287,486
Cost reimbursements (Note c)	**74,665,655**	67,850,087	27,205,209	**(4,265,194)**	(21,612,599)
Rental expense (Note g)	**3,407,722**	3,250,787	3,133,623	–	(289,862)
Miscellaneous deposit (Note g)	–	–	–	**849,150**	849,150
Royalty fee	**1,747,904**	–	–	–	–
Sale of property, plant and equipment (Note e)	–	5,255,487	774,719	–	–
Due from Related Parties				**₱197,448,146**	₱119,485,746
Due to Related Parties				**(₱25,918,837)**	(₱84,941,137)

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As at December 31, 2022 and 2021, no related party has recognized any impairment losses of receivables relating to amounts advanced to another related party. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

a. The Parent Company enters into sale transactions with its ultimate consolidated and fellow subsidiaries for the distribution of products to certain areas where Management deems it necessary to establish customers.

b. The Parent Company purchases goods from its related parties. These purchase transactions are pass through transactions, hence, they were made without mark-up.

c. The Parent Company shares cost with its related parties relating to repairs and maintenance, supplies, fees and dues, utilities and other operating expenses. Service fee from related parties amounted to ₱8.1 million, ₱14.8 million and ₱43.4 million in 2022, 2021 and 2020, respectively, as disclosed in Note 23. Shared cost reimbursement from related parties amounted to ₱74.8 million, ₱85.9 million, and ₱27.2 million in 2022, 2021 and 2020, respectively.

d. The Parent Company entered into a Master Service Agreement (MSA) with related parties to provide corporate office services. In accordance with the terms of the MSA, the Parent Company provides management service for manpower, training and development. For and in consideration thereof, the Parent Company shall charge the related parties their share of the costs on a monthly basis for the services rendered.

   The MSA shall be in effect from date of execution and shall automatically renew on a month-to-month basis, unless terminated by either party through the issuance of a written advice to that effect at least 30 days prior to the intendeddate of termination.

   Shared services fee amounted to nil, ₱4,119,686 and ₱13,800,000 in 2022, 2021 and 2020, respectively, which is included in other income account in the consolidated statements of comprehensive income shown in Note 23.

e. The Group entered into sale of property, plant and equipment in 2021 to RSPO for ₱172,000, MLDC for ₱5,052,533 and PMCI for ₱30,594 and in 2020 to PMCI for ₱774,719 and PPHI for ₱19,976 in 2019. All property, plant and equipment are sold at carrying value.

f. The Group, in the normal course of business, borrowed from its Ultimate the Parent Company funds for working capital requirements. These advances are non-interest bearing and short-term in nature.

g. In 2022, 2021 and 2020, the Group has a lease agreement with CPGI and RRC for the use of land, warehouses and office space as a lessee (see Notes 12 and 30).

   Total amount of receivables to the Ultimate Parent and Fellow Subsidiaries as at December 31, 2022 and 2021 amounted to ₱197.4 million and ₱119.5 million, respectively. Total amount of intercompany payables to Ultimate Parent and Fellow Subsidiaries as at December 31, 2022 and 2021 amounted to ₱25.9 million and ₱84.9 million, respectively.

Remuneration of Key Management Personnel

The remuneration of key management personnel of the Group are set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*:

	2022	2021	2020
Short-term employee benefits	**₱918,366,553**	₱719,414,468	₱851,844,534
Post-employment benefit	**37,738,693**	17,433,729	26,293,802
	₱956,105,246	₱736,848,197	₱878,138,336

The short-term employee benefits of the key management personnel are included aspart of compensation and other benefits in the consolidated statements of comprehensive income.

The Group has provided share-based payments to its key management employees for the years ended December 31, 2022 and 2021 as disclosed in Note 26. There are no declared availments in 2022 and 2021.

26. Share-Based Payments

Employee Stock Purchase Plan (ESPP)

The ESPP gives benefit-eligible employees an opportunity to purchase the common shares of the Parent Company at a price lower than the fair market value of the stock at grant date. The benefit-eligible employee must be a regular employee of the Parent Company who possesses a strong performance record. The benefit-eligible employee shall be given the option to subscribe or purchase up to a specified number of shares at a specified option price set forth in which they have the option to participate or not. There are designated ESPP purchase periods and an employee may elect to contribute an allowable percentage of the base pay through salary deduction.

The plan took effect upon the shareholder's approval on September 26, 2014 and was approved by the SEC on December 19, 2014.

On June 3, 2015, the Parent Company's BOD authorized to amend the existing ESPP to increase the underlying shares from 3,269,245 shares to 8,269,245 shares and was approved by the SEC on May 31, 2016.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee.

As at December 31, 2022 and 2021, the aggregate number of shares that may be granted to any single individual during the term of the ESPP in the form of stock purchase plans shall be determined in the following capping of shares as follows:

Level	Maximum Shares Allocated
Vice-President or Board members	40,000
Assistant Vice-Presidents	18,333
Managers	6,000
Supervisor	2,500
Rank and File	1,250
	68,083

Details of the share options outstanding during the year are as follows.

	2022		2021	
	Number of share options	**Weighted average exercise price in PHP**	Number of share options	Weighted average exercise price in PHP
Outstanding at beginning and end of year	**4,213,145**	**₱14.41**	4,213,145	₱14.41
Exercisable at the end of the year	**4,213,145**		4,213,145	

Of the total shares available under the ESPP, employees subscribed to 1,229,700 shares at ₱14.10 per share, 400,000 at ₱16.54 per share, 1,059,200 shares at ₱14.82 per share and 1,367,200 shares at ₱13.75 per share for a total of ₱17,338,770, ₱6,616,000, ₱15,694,380 and ₱18,779,000 in 2017, 2016, 2015 and 2014. There were no share options offered for purchase or subscription from the management in 2022, 2021, and 2020. Accordingly, the share options have no expiry if the employee is eligible and will exercise the right to purchase or subscribe specified number of shares at a specified option price once offer is available.

27. Dividends

The Parent Company declared the following cash dividends to its equity shareholders:

Year	Date of Declaration	Date of Record	Date of Payment	Dividends Per Share	Total Dividends
2022	June 30, 2022	July 29, 2022	August 15,2022	₱0.36	₱1,275,213,094
2021	April 6, 2021	April 12, 2021	May 6, 2021	₱0.36	₱1,275,213,094
2020	June 30, 2020	July 30, 2020	August 14, 2020	₱0.36	₱1,275,213,094

Of the total cash dividend declared, the dividends paid to CPGI in 2022 and 2021 amounted to ₱803,304,000 and ₱803,304,000 respectively.

28. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2022	2021	2020
Profit for the year	**₱4,999,168,825**	₱4,673,016,414	₱3,879,443,853
Weighted average number of common shares	**3,542,258,595**	3,542,258,595	3,542,258,595
Basic and diluted earnings per share	**₱1.4113**	₱1.3192	₱1.0952

As at December 31, 2022, 2021, and 2020, the Parent Company has no potential dilutive shares, accordingly, basic earnings per share of ₱1.41, ₱1.32 and ₱1.10 in 2022, 2021, and 2020, respectively, are the same as diluted earnings per share.

29. Commitments and Contingencies

Credit Facilities
The credit facilities of the Group with several major banks are basically short-term omnibus lines intended for working capital use. Included in these omnibus bank line are revolving promissory note line, import letters of credit and trust receipts line, export packing credit line, domestic and foreign bills purchase line, and foreign exchange line.

The credit facilities extended to the Group as at December 31, 2022 included a surety provision where loans obtained by the Group and its related parties, CPGI and PMCI, are covered by cross-corporate guarantees. As at December 31, 2022, the total credit line facility amounted to ₱10,551,000,000 of which ₱4,800,000,000 is already used, as disclosed in Note 15.

Capital Commitments
As at December 31, 2022 and 2021, the Group has construction-in progress relating to its ongoing civil works and installation of new machinery and equipment as part of the plant expansion and upgrade of the Group. The construction is expected to be completed in 2023 and has remaining estimated costs to complete as follows:

	2022	2021
CPAVI	**₱258,456,975**	₱484,718,428
CPFI	**165,841,072**	290,895,082
GTC	**17,158,543**	298,071,275
	₱441,456,590	₱1,073,684,785

The Group shall finance the remaining estimated costs from internally generated cash from operations.

Contingencies
As at April 11, 2023, there are legal claims against the Group which have not yet been resolved. In the opinion of management and the Group's outside legal counsel, the ultimate resolution of these claims will not have a material effect on the Group'sfinancial position and financial performance.

30. Lease Agreements the Group as a Lessee

The Group leased land, building, warehouses, office spaces, plant and equipment with an average lease term of 1 to 10 years. The Group has options to purchase the equipment for a nominal amount at the end of the lease terms.

Rental expenses charged to cost of goods sold under factory overhead and operating expenses in relation to short-term and low value leases are recognized as follows:

	2022	2021	2020
Cost of goods sold - rental expense	**₱203,792,048**	₱172,920,475	₱321,690,086
Operating expenses – rental expense	**189,455,114**	122,411,520	105,042,504
Other expenses – rental expense	**25,897,447**	12,072,389	2,810,543
	₱419,144,609	₱307,404,384	₱429,543,133

The lease liabilities of the Group in relation to the right of use assets recorded in accordance to PFRS 16 based on undiscounted cash flows fall due as follows:

	2022	2021
Within one year	**₱489,605,191**	₱382,939,799
More than 1 year to 2 years	**419,873,388**	387,118,841
More than 2 years to 3 years	**346,818,300**	346,672,949
More than 3 years to 4 years	**304,552,278**	331,746,901
More than 4 years to 5 years	**279,907,063**	367,526,808
More than 5 years	**1,164,298,913**	1,371,753,418
	₱3,005,055,133	₱3,187,758,716

Presented in the consolidated statements of financial position as:

	2022	2021
Current	**₱293,030,338**	₱247,628,625
Noncurrent	**1,248,956,896**	1,164,210,050
	₱1,541,987,234	₱1,411,838,675

The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	**₱1,411,838,675**	₱737,049,381
Additions	**406,921,200**	855,573,363
Interest expense	**90,364,260**	143,541,570
Payments	**(367,136,901)**	(324,325,639)
Balance at end of year	**₱1,541,987,234**	₱1,411,838,675

Interest rates underlying all obligations are fixed at respective contract dates ranging from 3.125% to 8.88% and 3.16% to 7.32% in 2022 and 2021, respectively. Total finance cost for these leases was included as part of finance costs presented in the consolidated statements of comprehensive income.

As at December 31, 2022 and 2021, total security deposits recognized in the consolidated statements of financial position as part of noncurrent assets amounted to ₱86,848,435 and ₱71,438,731, respectively (see Note 14).

31. Income Taxes

Components of income tax expense charged to profit or loss are as follows:

	2022	2021	2020
Current tax expense	**₱981,492,487**	₱745,476,750	₱1,515,088,355
Deferred tax benefit (Note 32)	**(203,104,533)**	149,420,870	(266,701,059)
	₱778,387,954	₱894,897,620	₱1,248,387,296

The reconciliation of the provision for income tax computed by applying the statutory tax rate with the provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2022	2021	2020
Tax on pretax income at statutory tax rate	**₱1,444,389,195**	₱1,391,978,509	₱1,538,349,347
Tax effects of:			
Effects of using OSD instead of itemized deductions	**(305,508,673)**	(235,080,123)	(235,108,756)
Income under income tax holiday	**(293,206,308)**	(254,421,316)	(77,803,837)
Income subject to lower tax rates	**(276,699,903)**	(226,263,007)	–
Non-deductible expenses	**218,509,394**	192,848,077	39,319,548
Effects of previously unrecognized deferred tax asset	**(4,500,000)**	43,193,910	(111,316)
Nontaxable income	**(2,827,058)**	(4,445,209)	(5,371)
Interest income subject to final tax	**(1,768,693)**	(944,301)	(10,193,718)
Adjustment on the effect of CREATE	**–**	(11,968,920)	–
Income exempted from income tax	**–**	–	(6,058,601)
	₱778,387,954	₱894,897,620	₱1,248,387,296

32. **Deferred Taxes**

Net deferred tax assets as at December 31, 2022 and 2021 comprise the following:

	2022	2021
Deferred tax assets	**₱737,325,600**	₱566,545,242
Deferred tax liabilities	**(18,762,671)**	(25,594,587)
	₱718,562,929	₱540,950,655

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2022	2021
Deferred tax assets recognized in the profit and loss:		
Provisions	**₱451,315,896**	₱309,599,097
Allowance for write-down of inventory	**120,125,861**	74,464,209
Lease liabilities - net	**43,722,403**	26,215,951
Allowance for doubtful accounts	**6,552,492**	4,673,429
Unrealized foreign currency loss	**1,951,821**	–
NOLCO	**16,763,076**	1,820,567
MCIT	**4,701,430**	5,602,786
Allowance for impairment	**–**	1,629,321
	645,132,979	424,005,360

(Forward)

	2022	2021
Deferred tax liabilities:		
Gain in changes in fair value	**(₱17,041,918)**	(₱17,041,918)
Unrealized foreign exchange gain	**(274,252)**	(6,525,507)
Debt issuance cost	**(1,446,501)**	(2,027,162)
	(18,762,671)	(25,594,587)
Deferred tax asset recognized directly in equity:		
Post-employment benefit obligation	**92,192,621**	142,539,882
	₱718,562,929	₱540,950,655

NOLCO that can be applied against future taxable income is as follows:

Year Incurred	Expiration	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2020	2025	₱460,832	₱–	₱–	₱–	₱460,832
2021	2026	6,954,944	–	–	–	6,954,944
2022	2025	59,636,528	–	–	–	59,636,528
		₱67,052,304	₱–	₱–	₱–	₱67,052,304

The MCIT that can be applied against future RCIT is as follows:

Year Incurred	Expiration	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2022	2025	₱989,069	₱–	₱–	₱–	₱989,069
2021	2024	2,618,397	–	–	–	2,618,397
2020	2023	1,093,964	–	–	–	1,093,964
2019	2022	1,890,425	–	(1,890,425)	–	–
		₱6,591,855	₱–	₱1,890,425	₱–	₱4,701,430

33. **Fair Value of Financial Instruments**

As of December 31, 2022 and 2021, the carrying amounts approximate the fair values for the Group's financial assets and liabilities due to its short-term maturities except as follows:

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liability for which fair value is disclosed-				
Borrowings	**₱7,814,213,995**	**₱6,892,812,472**	₱4,791,891,353	₱4,670,417,509

The fair value of borrowings was obtained by discounting the instrument's expected cash flows using prevailing market rates ranging from 7.21% to 7.60% as at December 31, 2022 and 1.91% to 5.92% as at December 31, 2021. Fair value category is Level 2, significant observable inputs.

There have been no transfers between Level 1 and Level 2 in 2022 and 2021.

34. **Financial Risk Management Objectives and Policies**

The Group's activities expose it to a variety of financial risks: market risk (which include foreign currency exchange risk and interest rates risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

Market risk

Market risk happens when the changes in market prices, such as foreign exchange rates and interest rates will affect the Group's profit or the value of its holdings of financial instruments. The objective and management of this risk are discussed below.

Foreign currency exchange risk
Foreign currency exchange risk arises when an investment's value changes due to movements in currency exchange rate. Foreign exchange risk also arises from future commercial transactions and recognized assets and liabilities that are denominated in acurrency that is not the Group's functional currency.

The Group undertakes certain transactions denominated in US Dollar (USD) and Chinese Yuan (CNY), hence, exposures to exchange rate fluctuations arise with respectto transactions denominated in such currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The net carrying amounts of the Group's foreign currency denominated monetary assets and financial liabilities at the end of each reporting period are as follows:

	2022	2021
Cash and cash equivalents	**₱329,884,354**	₱510,223,950
Trade and other receivables	**2,230,157,384**	2,168,568,350
Trade and other payables	**(1,209,968,451)**	(259,176,990)
	₱1,350,073,287	₱2,419,615,310

Breakdown of Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2022		2021	
	USD	**CNY**	USD	CNY
Cash and cash equivalents	**249,675,549**	**80,208,804**	456,720,716	53,503,235
Trade and other receivables	**2,221,091,638**	**9,065,746**	2,132,754,887	35,813,463
Trade and other payables	**(926,715,551)**	**(283,252,900)**	(240,849,684)	(18,327,306)
	1,544,051,636	**(193,978,350)**	2,348,625,919	70,989,392

The following table demonstrates the sensitivity to a reasonably possible change, based on prior year percentage change in exchange rates in Philippine peso (PHP) rate to USD and CNY with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of financial assets and liabilities).

	Change in currency	Effect on income/equity
December 31, 2022		
Philippine Peso	+/-5.65%	₱76,279,141
December 31, 2021		
Philippine Peso	+/-5.65%	₱132,697,364

The following table details the Group's sensitivity to a 5.65% increase (decrease) in the functional currency of the Group against the USD and CNY. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 5.65% and it represents Management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5.65% change in foreign currency rate.

The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit when the functional currency of the Group strengthens 5.65% against the relevant currency. For a 5.65% decline of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the profit as shown below:

	2022	2021
	Effect in profit and loss	Effect in profit and loss
Cash and cash equivalents	**(₱18,638,466)**	(₱28,827,653)
Trade and other receivables	**(126,003,892)**	(122,524,112)
Trade and other payables	**68,363,217**	14,643,500
	(₱76,279,141)	₱136,708,265

Further, the Management assessed that the sensitivity analysis is not a representative of the currency exchange risk.

Interest rate risk

Interest rate risk refers to the possibility that the value of a financial instrument will fluctuate due to change in the market interest rates.

Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on BVAL plus a certain mark-up. The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31, 2022 and 2021 follows:

Change in Interest Rates (in Basis Points)	**2022**	2021
300bp rise	**(₱234,426,420)**	(₱143,756,740)
225bp rise	**(175,819,815)**	(119,797,283)
300bp fall	**234,426,420**	143,756,740
225bp fall	**175,819,815**	119,797,283

1 basis point is equivalent to 0.01%.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Credit risk
Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy ofonly dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is confirmed to independent rating agencies whereavailable and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewedand approved by the risk management committee annually.

The Group trades only with recognized, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoingbasis with the result that the Group's exposure to bad debts is not significant. The Group does not grant credit terms without the specific approval of the credit departments.

Trade receivables consist of a large number of customers, spread across geographicalareas. The remaining financial assets does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. There is noconcentration of credit risk to any other counterparty at any time during the year.

The table below shows the Group's maximum exposure to credit risk:

	2022	2021
Cash in banks and cash equivalents	**₱2,149,448,030**	₱1,728,308,358
Trade and receivables	**8,771,584,426**	7,905,701,602
Due from related parties	**197,448,146**	119,485,746
Security deposits	**147,044,018**	71,438,731
Deposits for containers	**32,885,250**	32,352,573
Deposits on utilities	**31,985,871**	8,346,166
Revolving funds	**12,978,180**	17,883,374
	₱11,343,373,921	₱9,883,516,550

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group’s credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information issupplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information andthe Group’s own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The aging analysis of financial assets are as follows:

2022			**Days past due**				
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
ECL rate	**0.004%**	**0.013%**	**0.008%**	**0.035%**	**0.090%**	**2.133%**	
Estimated total gross carrying at default	**₱4,856,155,922**	**₱1,562,782,019**	**₱350,978,941**	**₱286,407,607**	**₱278,093,173**	**₱1,171,585,064**	**₱8,506,002,726**
ECL	**₱200,933**	**₱204,702**	**₱29,688**	**₱101,453**	**₱251,076**	**₱24,986,785**	**₱25,774,637**

2021			Days past due				
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
ECL rate	0.000%	0.002%	0.004%	0.006%	0.008%	8.952%	
Estimated total gross carrying at default	₱4,791,194,312	₱1,492,313,217	₱583,908,587	₱213,735,551	₱79,669,775	₱206,612,825	₱7,367,434,267
ECL	₱19,440	₱24,054	₱21,734	₱13,312	₱6,447	₱18,496,674	₱18,581,661

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Internal credit rating	12m or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount
2022					
Trade receivables (Note 8)	(i)	Lifetime ECL (simplified approach)	**₱8,797,359,063**	**₱25,774,637**	**₱8,771,584,426**
Due from related parties (Note 25)	Performing	12m ECL	**197,448,146**	**–**	**197,448,146**
Security deposits (Note 14)	Performing	12m ECL	**147,044,018**	**–**	**147,044,018**
Deposits for containers (Note 14)	Performing	12m ECL	**32,885,250**		**32,885,250**
Deposits on utilities (Note 14)	Performing	12m ECL	**31,985,871**	**–**	**31,985,871**
Revolving funds (Note 14)	Performing	12m ECL	**12,978,180**	**–**	**12,978,180**
			₱9,219,700,528	**₱25,774,637**	**₱9,193,925,891**
2021					
Trade receivables (Note 8)	(i)	Lifetime ECL (simplified approach)	₱7,367,434,267	₱18,581,661	₱7,348,852,606
Due from related parties (Note 25)	Performing	12m ECL	119,485,746	–	119,485,746
Deposits for containers (Note 14)	Performing	12m ECL	32,352,573	–	119,485,746
Security deposits (Note 14)	Performing	12m ECL	71,438,731	–	71,438,731
Deposits on utilities (Note 14)	Performing	12m ECL	8,346,166	–	8,346,166
			₱7,599,057,483	₱18,581,661	₱7,667,608,995

(i) For trade receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as faras possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on contractual undiscounted principal payments of financial liabilities, based on the earliest date on which the Group can be required to pay.

	Within One Year	More Than 1 Year to 5 Years	More Than 5 to 10 Years	Total
2022				
Trade and other payables*	**₱9,236,362,339**	**₱–**	**₱–**	**₱9,236,362,339**
Borrowings**	**4,680,000,000**	**98,000,000**	**3,042,000,000**	**7,820,000,000**
Lease liabilities	**489,605,191**	**1,351,151,029**	**1,164,298,913**	**3,005,055,133**
Due to related parties	**25,918,837**	**–**	**–**	**25,918,837**
	₱14,411,886,367	**₱1,449,151,029**	**₱4,226,298,913**	**₱20,087,336,309**
2021				
Trade and other payables*	₱8,662,168,175	₱–	₱–	₱8,662,168,175
Borrowings**	2,820,000,000	80,000,000	1,900,000,000	4,800,000,000
Lease liabilities	382,939,799	1,433,065,499	1,371,753,418	3,187,758,716
Due to related parties	84,941,137	–	–	84,941,137
	₱11,950,049,111	₱1,513,065,499	₱3,271,753,418	₱16,734,868,028

**Excluding withholding taxes payable and non-trade payable*
***Excluding interest*

The Group's has cash and cash equivalents, trade and other receivables and due from related parties amounting to ₱11,118.5 million and ₱9,753.5 million as of December 31, 2022 and 2021, respectively, that are readily available to meet the Group's liquidity needs. The Group also expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from equity or debt financing and cash flows from operations. As at December 31, 2022, the Group has undrawn credit line facility that may be available in the future for the operating activities and settling capital commitments amounting to ₱5,750.0 million.

Government payables, which are not considered as financial liabilities, are excluded in the carrying amount of trade and other payables for the purpose of presenting the liquidity risk.

35. Capital Risk Management

The Group's objectives when managing capital are to increase the value of shareholder's investment and maintain high growth by applying free cash flows to selective investments that would further the Group's growth. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure. There have been no changes for the Group's overall strategy.

The BOD has overall responsibility for monitoring working capital in proportion to risk. Financial analytical reviews are made and reported in the Group's financial reports for the BOD's review on a regular basis. In case financial reviews indicate that the working capital sourced from the Group's own operations may not support future operations of projected capital investments, the Group obtains financial support from its related parties.

The Group's management aims to maintain certain financial ratios that it deems prudent such as debt-to-equity ratio (not to exceed 2.5:1) and current ratio (at least 1.0:1). The Group regularly reviews its financials to ensure the balance between equity and debt is monitored.

In addition, when the Group is able to meet its targeted capital ratios and has a healthy liquidity position, the Group aims to pay dividends to its shareholders of up to 30% of previous year's net income.

The Group's debt-to-equity and current ratios as at December 31, 2022 and 2021 are as follows:

	2022	2021
Total liabilities	**₱19,554,798,370**	₱15,991,714,955
Total equity	**28,778,992,824**	24,887,917,914
Debt-to-equity ratio	**0.68:1**	0.64:1
Total current assets	**₱31,649,572,764**	₱26,485,671,044
Total current liabilities	**14,868,139,307**	12,336,601,311
Current ratio	**2.13:1**	2.15:1

Pursuant to the PSE's rules in minimum public ownership, at least 20% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2022 and 2021, the public ownership is 31.22 %.

36. **Business Combination**

On April 1, 2021, the Parent Company and CPGI entered into a share purchase agreement (the “Agreement”), wherein CPGI, the Seller, has agreed to sell, assign and convey to CPFI, the buyer, all its rights, title and interest in and to the common sharesof PMCI for a total consideration of ₱24.0 million.

PMCI is an emerging player in the large-refrigerated food category. It comes equipped with its own manufacturing facilities, cold chain distribution, and a robust innovation pipeline of refrigerated better-for-you products.

As allowed by PFRS 3, provisional accounting has been applied by the Group. The intangible asset, particularly the trademark, recognized in the December 31, 2021 consolidated financial statements was based on a provisional assessment of its fair value, the valuation of which had not been completed by the date the 2021 financial statementswere approved for issue by the Board of Directors.

The transaction has been accounted for as an acquisition since it has commercial substance. The purchase price consideration has been allocated based on relative fair values at date of acquisition using the provisional accounting as follows:

	Fair values recognized
Current Assets:	
Cash and cash equivalents	₱271,032,463
Trade and other receivables	208,001,888
Inventories	308,822,043
Other current assets	58,644,327
Total Current Assets	846,500,721
Noncurrent Assets	
Property, plant and equipment	184,314,100
Intangible asset	423,264,486
Other noncurrent assets	4,563,029
Total Noncurrent Assets	612,141,615
Deferred tax liability	17,019,216
Other liabilities	1,376,551,298
Total Liabilities	1,393,570,514
Identifiable Net Assets Acquired	₱65,071,822
Identifiable Net Assets Acquired	₱65,071,822
Less: Purchased consideration transferred	24,000,000
Bargain purchase option	₱41,071,822

The fair values of the identifiable net assets acquired from PMCI amounted to ₱65.1 million. The fair value of the property, plant and equipment amounting to ₱184.3 million was measured using the replacement cost method while the fair value of the trademark amounting to ₱423.3 million was measured using the relief from royalty method. The revenue growth and discount rates used to measure the fair value of trademark are 10.5% and 9.08%, respectively. The transaction resulted in the recognition of gain on bargain purchase of ₱41.1 million. As of December 31, 2022, the fair values of the assets acquired were finalized; no changes from the initial recognition were recognized by the Group.

The revenue from contracts with customer and net loss included in the consolidated statement of comprehensive income since April 1, 2021, contributed by the acquisition of PMCI amounted to ₱994.3 million and ₱19.0 million, respectively.

Consolidated revenues and net income in the 2021 consolidated statement of comprehensive income will be ₱54,981.0 million and ₱4,652.9 million, respectively, if PMCI was acquired beginning January 1, 2021.

Notes to cash flow - Acquisition of PMCI and effect of business combination

	At April 1, 2021
Fair value of identifiable net assets	₱65,071,822
Purchase consideration:	
Gain on bargain purchase	(41,071,822)
Net cash in subsidiaries acquired	(271,032,463)
	(₱247,032,463)

37. **Notes to the Consolidated Statement Cash Flows**

The following are the Group's noncash investing and financing activities:

a. In 2021, increase in other noncurrent assets and property, plant and equipment amounting to ₱4.6 million and ₱184.3 million, respectively, arising from acquisition of PMCI.

b. Noncash additions to right-of-use assets amounting to ₱411.2 million, ₱858.3 million, and ₱229.7 million for 2022, 2021, and 2020, respectively.

c. In 2021, the Group acquired various plant machinery and equipment and cost incurred in relation with the ongoing construction of the new production plant and administration building amounting to ₱2,302.5 million, of which ₱2,139.3 million was paid in 2021.

d. Unamortized debt issuance cost on borrowings amounted to ₱5.8 million, ₱8.1 million and nil for 2022, 2021 and 2020, respectively.

The changes in the Group's liabilities arising from financing activities are as follows:

	2022					
	January 1	**Additions**	**Availment**	**Payments**	**Others**	**December 31**
Lease liabilities	**₱1,411,838,675**	**₱406,921,200**	**₱–**	**(₱367,136,901)**	**₱90,364,260**	**₱1,541,987,234**
Short-term borrowings	**2,800,000,000**	**–**	**5,010,000,000**	**(3,170,000,000)**	**–**	**4,640,000,000**
Long-term borrowings	**2,000,000,000**	**–**	**1,200,000,000**	**(20,000,000)**	**–**	**3,180,000,000**
Debt issuance cost	**(8,108,647)**	**–**	**(9,000,000)**	**–**	**11,322,642**	**(5,786,005)**
Accrued interest	**18,952,943**	**186,903,068**	**–**	**(166,432,093)**	**–**	**39,423,918**
	₱6,222,682,971	**₱593,824,268**	**₱6,201,000,000**	**(₱3,723,568,994)**	**₱101,686,902**	**₱9,395,625,147**

	2021					
	January 1	Additions	Availment	Payments	Others	December 31
Lease liabilities	₱737,049,381	₱855,573,363	₱–	(₱324,325,639)	₱143,541,570	₱1,411,838,675
Short-term borrowings	1,949,466,680	–	5,800,000,000	(4,949,466,680)	–	2,800,000,000
Long-term borrowings	1,584,000,000	–	2,000,000,000	(1,584,000,000)	–	2,000,000,000
Debt issuance cost	–	–	(15,000,000)	–	6,891,353	(8,108,647)
Accrued interest	14,897,506	153,341,103	–	(149,285,666)	–	18,952,943
	₱4,285,413,567	₱1,008,914,466	₱7,785,000,000	(₱7,007,077,985)	₱150,432,923	₱6,222,682,971

"Others" include interest expense pertaining to lease liability as at December 31, 2022 and 2021. The Group classifies interest paid as part of cash flows from financing activities.

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working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Century Pacific Food, Inc.
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Pacific Food, Inc. and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years then ended, and have issued our report thereon dated April 11, 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 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 financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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Partner
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Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 99857-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
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April 11, 2023

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**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Century Pacific Food, Inc.
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Pacific Food, Inc. and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years then ended, and have issued our report thereon dated April 11, 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 and 2021 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 99857-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. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9566010, January 3, 2023, Makati City

April 11, 2023

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Additional Requirements for Issuers of Securities to the Public
Required by the Securities and Exchange Commission
As at December 31, 2022

TABLE OF CONTENTS

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule A - Financial Assets
As of December 31, 2022

HTM Investments	Name of Issuing Entity	Face Value	Amount Shown in Balance Sheet	Income Received and Accrued
Total			-	-

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule B - Amounts Receivable from Employees
As of December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
Employees	P50,926,519	P141,352,190	P148,644,001	P -	P43,634,707	P -	P43,634,707

-

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

As of December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
Century Pacific Food Inc	P1,700,424,281	P1,589,897,127	P -	P -	P3,290,321,408	P -	P3,290,321,408
General Tuna Corporation	487,597,255		13,772,592		473,824,663	-	473,824,663
Snow Mountain Dairy Corporation	447,259,470	8,277,825		-	455,537,295	-	455,537,295
Allforward Warehousing, Inc.	168,740,528	79,634,109		-	248,374,637	-	248,374,637
Century Pacific Agri Ventures Inc	256,040,394		69,874,922	-	186,165,472	-	186,165,472
Century Pacific Seacrest Inc	133,048,900	256,151,079		-	389,199,979	-	389,199,979
Century Pacific Food Packaging Ventures Inc.	151,675,605	75,238,926		-	226,914,531	-	226,914,531
General Odyssey Inc.	1,794,547		1,755,580	-	38,967	-	38,967
Millenium General Power Corporation	70,583,841		35,998,240	-	34,585,601	-	34,585,601
The Pacific Meat Company Inc	42,217,341		6,687,973	-	35,529,368	-	35,529,368
Century Pacific North America Enterprise Inc.	113,484,426	44,679,210		-	158,163,636	-	158,163,636
Century International (China) Co., Ltd.	-	28,166,175		-	28,166,175	-	28,166,175
Centennial Global Corporation	50,004,439			-	50,004,439	-	50,004,439
Total	**P3,622,871,027**	**P2,082,044,451**	**P128,089,307**	**P-**	**P5,576,826,171**	**P-**	**P5,576,826,171**

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule D - Intangible Assets
As of December 31, 2022

Descritption	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Goodwill	P2,915,325,199	-		P -	P -	P2,915,325,199
Trademark	P490,039,366	P1,719,655,302		P -	P -	P2,209,694,668
Licensing Agreement	P444,660,693		(21,515,847)			P423,144,846
Total	**P3,850,025,258**	**P1,719,655,302**	**(21,515,847)**	**P -**	**P -**	**P5,548,164,713**

CENTURY PACIFIC FOOD INC. AND SUBSIDIARIES
Schedule E - Long Term Debt
As of December 31, 2022

Bank	Beginning Balance	Availment	Payment	Ending Balance	Current	Non Current
BDO	P1,991,891,353		P9,764,285	P1,982,127,068	P9,390,325	P1,972,736,743
BPI	-	P1,192,086,927		P1,192,086,927		P1,192,086,927
Total	**P1,991,891,353**	**P1,192,086,927**	**P9,764,285**	**P3,174,213,995**	**P9,390,325**	**P3,164,823,670**

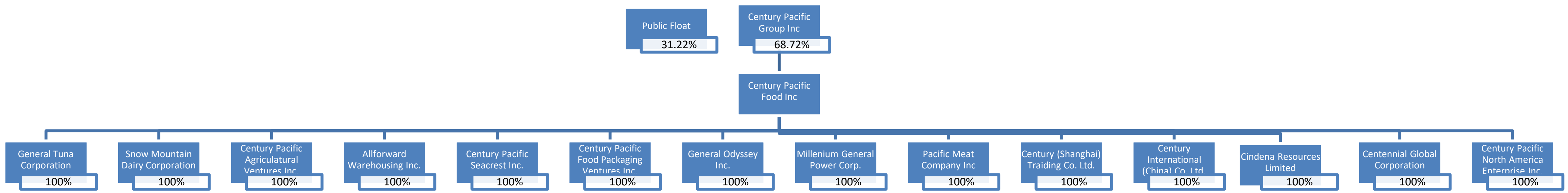
CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

Schedule H - Capital Stock

As of 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		
				Related Parties	Directors, Officers and Employees	Others
Ordinary Shares	6,000,000,000	3,542,258,595	-	2,434,120,781	2,348,507	1,105,789,307

CENTURY PACIFIC FOOD, INC.
CONGLOMERATE MAP
AS OF DECEMBER 31, 2022



Annex A

Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2022

CENTURY PACIFIC FOOD, INC.
7th Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	P8,403,230,632
Adjustments:	
Deferred tax assets	(418,523,436)
Remeasurement of retirement benefit obligation - net of tax	(342,164,730)
Unappropriated Retained Earnings, as adjusted, beginning	7,642,542,466
Net Income based on the face of AFS	4,784,596,903
Less: Non-actual losses	
Change in deferred tax assets	(181,979,357)
Net Income Actual/Realized	4,602,617,546
Adjustments:	
Dividend declarations during the year	(1,275,213,094)
Reversal of appropriations	1,700,000,000
Appropriation for the year	(4,236,038,579)
Unappropriated Retained Earnings, as adjusted, ending	**P8,433,908,339**

FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2022

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
7TH Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center, Pasig City

Ratio	Formula	Current Year	Prior Year
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 31,649,572,764 Divide by: Total Current Liabilities 14,868,139,307 Current Ratio 2.13	2.13x	2.15x
Quick/Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 31,649,572,764 Less: Inventories (17,728,873,867) Prepayments and other Current Assets (2,802,218,295) Quick assets 11,118,480,602 Divide by: Total Current Liabilities 14,868,139,307 Quick/Acid test ratio 0.75	0.75x	0.79x
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 19,554,798,370 Divide by: Total Equity 28,778,992,824 Debt-to-equity ratio 0.68	0.68x	0.64x
Asset-to-equity ratio	Total Assets divided by Total Equity Total Assets 48,333,791,194 Divide by: Total Equity 28,778,992,824 Asset-to-equity ratio 1.68	1.68x	1.64x
Interest rate coverage ratio	Earnings before Interest and Taxes (EBIT) divided by Interest Expense EBIT 6,092,729,993 Divide by: Interest Expenses 315,173,214 Interest rate coverage ratio 19.33	19.33x	19.75x
Working capital turnover	Net Sales divided by Working Capital (Current Assets less Current Liabilities) Net Sales 62,258,920,244 Divide by: Working capital Current Assets 31,649,572,764 Less: Current Liabilities (14,868,139,307) Working Capital 16,781,433,458 Working Capital Turnover 3.71	3.71x	3.87x
Return on equity	Profit before Taxes (PBT) divided by Total Equity PBT 5,777,556,779 Divide by: Total Equity 28,778,992,824 Return on equity 20.08%	20.08%	22.37%
Return on assets	Net Income divided by Total Assets Net Income 4,999,168,825 Divide by: Total Assets 48,333,791,194 Return on assets 10.34%	10.34%	11.43%
Net profit margin	Profit before Taxes (PBT) divided by Net Sales PBT 5,777,556,779 Divide by: Net Sales 62,258,920,244 Net profit margin 9.28%	9.28%	10.18%
Operating profit margin	Net Income divided by Net Sales Net Income 4,999,168,825 Divide by: Net Sales 62,258,920,244 Net profit margin 8.03%	8.03%	8.54%

Fw: Your BIR AFS eSubmission uploads were received

Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Fri 4/14/2023 8:56 AM
To: John Ver D. Villajin <jvillajin@centurypacific.com.ph>
Cc: Vivian T. Zamora <vbtan@centurypacific.com.ph>;Jayravi D. Maas <jdelgado@centurypacific.com.ph>;Berlyn L. Cacho <bcacho@centurypacific.com.ph>

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Friday, April 14, 2023 6:16 AM
To: Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Cc: Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi CENTURY PACIFIC FOOD INC,

Valid files

- EAFS008647589OTHTY122022.pdf
- EAFS008647589ITRTY122022.pdf
- EAFS008647589AFSTY122022.pdf
- EAFS008647589RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MSVS4S2S0VXZV42TQ224ZVPV0DB8CEGL**
Submission Date/Time: **Apr 14, 2023 06:16 AM**
Company TIN: **008-647-589**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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DISCLAIMER
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ANNEX D

PARENT FINANCIAL STATEMENTS

CENTURY PACIFIC FOOD INC.
Centerpoint Building Julia Vargas Ave.,
Ortigas Center Pasig City, Metro Manila
Philippines
Tel : (632) 8633 8555
Fax : (632) 638 6336
website : www.centurypacific.com.ph

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

The Management of Century Pacific Food, Inc. (the "Company") is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, as at and for the years ended December 31, 2022 and 2021, in accordance with Philippine financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SGV & Co., the independent auditor appointed by the stockholders, has audited the parent company financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Christopher T. Po
Chairman of the Board

Signature: Teodoro Alexander Po
Chief Executive Officer

Signature: Richard Kristoffer S. Manapat
Chief Financial Officer

Signed this APR 11 2023 day of ____, 2023.

SUBSCRIBED AND SWORN to before me this APR 1 1 2023 in Pasig City, with the affiant exhibiting to me their competent proofs of identity as follows:

Name	*Identification*
Christopher T. Po	TIN 119-779-656
Teodoro Alexander Po	TIN 105633-470
Richard Christopher S. Manapat	TIN 303-723-989

Doc. No. 496;
Page No. 93;
Book No. I;
Series of 2023.

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

SGV
Building a better working world
SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Century Pacific Food, Inc.
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Century Pacific Food, Inc (the Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 37 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Century Pacific Food, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 99857-SEC (Group A)
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PTR No. 9566010, January 3, 2023, Makati City

April 11, 2023

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱1,223,643,139**	₱937,826,963
Trade and other receivables - net (Note 8)	**6,859,775,589**	5,574,912,977
Inventories - net (Note 9)	**13,877,498,916**	10,690,041,448
Due from related parties (Note 18)	**3,330,690,386**	3,122,412,757
Prepayments and other current assets (Note 10)	**1,202,386,305**	1,219,106,263
Total Current Assets	**26,493,994,335**	21,544,300,408
Non-current Assets		
Investments in subsidiaries - net (Note 11)	**9,039,015,207**	7,310,359,912
Property, plant and equipment - net (Note 12)	**2,522,359,152**	2,329,473,574
Right-of-use assets (Note 13)	**1,552,073,162**	1,607,308,873
Intangible assets - net (Note 15)	**423,144,853**	444,660,693
Deferred tax assets (Note 31)	**675,042,385**	532,578,346
Other noncurrent assets (Note 14)	**126,794,065**	121,963,720
Total Noncurrent Assets	**14,338,428,824**	12,346,345,118
	₱40,832,423,159	₱33,890,645,526
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 17)	**₱4,270,000,000**	₱2,600,000,000
Current portion of borrowings (Note 17)	**9,390,325**	9,764,285
Trade and other payables (Note 16)	**7,760,270,609**	7,152,237,321
Due to related parties (Note 18)	**1,463,507,263**	1,408,513,903
Lease liabilities - current portion (Note 29)	**319,531,637**	566,831,238
Total Current Liabilities	**13,822,699,834**	11,737,346,747
Noncurrent Liabilities		
Borrowings - net of current portion (Note 17)	**3,164,823,670**	1,982,127,068
Lease liabilities - net of current portion (Note 29)	**1,372,873,259**	1,136,964,820
Retirement benefit obligation - net (Note 19)	**253,536,863**	443,647,120
Total Noncurrent Liabilities	**4,791,233,792**	3,562,739,008
	18,613,933,626	15,300,085,755
Equity		
Share capital (Note 22)	**3,542,258,595**	3,542,258,595
Share premium (Note 22)	**4,936,859,146**	4,936,859,146
Share-based compensation reserve (Note 20)	**8,211,398**	8,211,398
Retained earnings:		
Appropriated	**4,236,038,579**	1,700,000,000
Unappropriated	**9,495,121,815**	8,403,230,632
	22,218,489,533	18,590,559,771
	₱40,832,423,159	₱33,890,645,526

See accompanying Notes to Parent Company Financial Statements.

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 24)	**₱48,569,282,265**	₱42,115,472,660
COST OF GOODS SOLD (Note 25)	**38,146,163,745**	32,264,952,657
GROSS PROFIT	**10,423,118,520**	9,850,520,003
OPERATING EXPENSES (Note 26)	**(9,358,968,845)**	(7,866,983,929)
OTHER INCOME (Note 27)	**4,529,737,074**	3,634,456,311
OTHER EXPENSES (Note 28)	**(295,652,340)**	(149,278,937)
INCOME FROM OPERATIONS	**5,298,234,409**	5,468,713,448
FINANCE COSTS (Notes 17 and 29)	**(312,296,918)**	(267,934,225)
INTEREST INCOME (Notes 7 and 8)	**6,887,460**	3,896,121
INCOME BEFORE TAX	**4,992,824,951**	5,204,675,344
INCOME TAX EXPENSE (Note 30)	**(208,228,048)**	(470,448,947)
NET INCOME	**4,784,596,903**	4,734,226,397
OTHER COMPREHENSIVE INCOME ITEM THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Remeasurement gain on retirement benefit obligation – net of tax effect (Note 19)	**118,545,953**	15,860,280
TOTAL COMPREHENSIVE INCOME	**₱4,903,142,856**	₱4,750,086,677
Basic and Diluted Earnings Per Share (Note 32)	**₱1.35**	₱1.34

See accompanying Notes to Parent Company Financial Statements.

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital (Note 22)	**Share Premium** (Note 22)	**Share-based Compensation Reserve** (Note 20)	**Unappropriated Retained** (Note 22)	**Appropriated Retained Earnings** (Note 22)	**Total**
Balance, January 1, 2021	₱3,542,258,595	₱4,936,859,146	₱8,211,398	₱5,553,896,140	₱1,074,460,909	₱15,115,686,188
Net income	–	–	–	4,734,226,397	–	4,734,226,397
Remeasurement gain on retirement obligation - net of tax effect (Note 19)	–	–	–	15,860,280	–	15,860,280
Total comprehensive income	–	–	–	4,750,086,677	–	4,750,086,677
Cash dividends	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings	–	–	–	(625,539,091)	625,539,091	–
Balance, December 31, 2021	₱3,542,258,595	₱4,936,859,146	₱8,211,398	₱8,403,230,632	₱1,700,000,000	₱18,590,559,771
Net income	**–**	**–**	**–**	**4,784,596,903**	**–**	**4,784,596,903**
Other comprehensive income:						
Remeasurement gain on retirement benefit obligation - net of tax effect (Note 19)	**–**	**–**	**–**	**118,545,953**	**–**	**118,545,953**
Total comprehensive income	**–**	**–**	**–**	**4,903,142,856**	**–**	**4,903,142,856**
Cash dividends	**–**	**–**	**–**	**(1,275,213,094)**	**–**	**(1,275,213,094)**
Reversal of appropriation	**–**	**–**	**–**	**1,700,000,000**	**(1,700,000,000)**	**–**
Appropriation of retained earnings	**–**	**–**	**–**	**(4,236,038,579)**	**4,236,038,579**	**–**
Balance, December 31, 2022	**₱3,542,258,595**	**₱4,936,859,146**	**₱8,211,398**	**₱9,495,121,815**	**₱4,236,038,579**	**₱22,218,489,533**

See accompanying Notes to Parent Financial Statements.

CENTURY PACIFIC FOOD, INC.

(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,992,824,951**	₱5,204,675,344
Adjustments for:		
Dividend income (Note 27)	**(3,476,683,338)**	(3,075,564,522)
Depreciation and amortization (Notes 12, 13, and 15)	**744,319,307**	624,420,718
Finance costs (Notes 17 and 29)	**312,296,918**	267,934,225
Gain from sale of scrap - net (Notes 9 and 27)	**(259,225,965)**	(169,698,377)
Net movement in accrued retirement benefit (Note 19)	**(32,048,987)**	(30,489,567)
Amortization of intangible asset (Note 15)	**21,515,840**	21,515,840
Interest income (Notes 7 and 8)	**(6,887,460)**	(3,896,121)
Loss on disposal of property, plant and equipment (Note 12)	**857,368**	2,684,656
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Trade and other receivables	**(1,284,671,068)**	(720,631,070)
Inventories	**(2,928,231,503)**	(671,801,478)
Due from related parties	**(208,277,629)**	(1,235,143,014)
Prepayments and other current assets	**16,719,958**	(133,074,739)
Increase (decrease) in:		
Trade and other payables	**600,460,675**	(83,397,079)
Due to related parties	**54,993,360**	(1,361,930,471)
Cash used in operating activities	**(1,452,037,573)**	(1,364,395,655)
Income taxes paid	**(390,207,405)**	(409,150,043)
Interest received	**6,695,916**	3,968,935
Net cash used in operating activities	**(1,835,549,062)**	(1,769,576,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	**3,476,683,338**	3,075,564,522
Additions to investment in subsidiaries (Note 11)	**(1,728,655,295)**	(24,000,000)
Acquisition of property, plant and equipment (Note 12)	**(597,590,413)**	(814,520,317)
Acquisition of other noncurrent assets	**(4,830,345)**	(21,446,419)
Proceeds from disposal of property, plant and equipment	**(857,368)**	(3,445,184)
Net cash from investing activities	**1,144,749,917**	2,212,152,602

(Forward)

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of short-term borrowings (Note 17)	**₱4,640,000,000**	₱5,400,000,000
Availment of long-term borrowings (Note 17)	**1,200,000,000**	2,000,000,000
Payments of:		
Short-term borrowings - principal (Note 17)	**(2,970,000,000)**	(4,350,000,000)
Dividends (Note 23)	**(1,275,213,094)**	(1,275,213,094)
Lease liabilities (Note 29)	**(297,082,269)**	(235,155,305)
Finance costs (Note 17)	**(196,778,186)**	(133,591,190)
Interest (Note 29)	**(95,311,130)**	(121,793,640)
Debt issuance cost (Note 17)	**(9,000,000)**	(15,000,000)
Long-term borrowings - principal (Note 17)	**(20,000,000)**	(1,584,000,000)
Net cash from (used in) financing activities	**976,615,321**	(314,753,229)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**285,816,176**	127,822,610
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**937,826,963**	810,004,353
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,223,643,139**	₱937,826,963

See accompanying Notes to Parent Company Financial Statements.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Century Pacific Food, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 25, 2013.

The Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by-products thereof, and for such purpose, to acquire, construct, own, lease, charter, establish, maintain and operate canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses and other machineries, equipment, apparatus, and appliance as may be required in the conduct of its business.

The Company is a subsidiary of Century Pacific Group, Inc. (CPGI), also its ultimate parent, an entity registered with the SEC and is domiciled in the Philippines owning 68.72% interest as at December 31, 2022 and 2021, respectively.

On May 6, 2014, the Company's shares were listed in the Philippine Stock Exchange (PSE).

The Company's registered address and principal place of business is at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

The Company has the following subsidiaries as at December 31, 2022 and 2021:

Name of Subsidiary	Ownership Interest
General Tuna Corporation (GTC)	100%
Snow Mountain Dairy Corporation (SMDC)	100%
Allforward Warehousing Inc. (AWI)	100%
Century Pacific Agricultural Ventures, Inc. (CPAVI)	100%
Century Pacific Seacrest Inc. (CPSI)	100%
Centennial Global Corporation (CGC)	100%
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	100%
General Odyssey Inc (GOI)	100%
Millenium General Power Corporation (MGPC)	100%
The Pacific Meat Company Inc (PMCI)	100%
Century International (China) Co. Ltd. (CIC)	100%
Century (Shanghai) Trading Co. Ltd. (CST)	100%
Cindena Resources Limited (CRL)	100%
Century Pacific North America Enterprise Inc. (CPNA)	100%

GTC was incorporated in the Philippines and registered with the SEC on March 10, 1997. GTC is presently engaged in manufacturing and exporting private label canned,pouched and frozen tuna products.

SMDC was incorporated in the Philippines and registered with the SEC on February 14, 2001. SMDC is engaged in producing, canning, freezing, preserving, refining, packing, buying and selling at wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparations and by-products.

AWI was incorporated in the Philippines and was registered with the SEC on October 3, 2014. AWI is engaged in the business of operating cold storage facilities, handling, leasing, maintaining, buying, selling, warehouse and storage facilities, including its equipment, forklift, conveyors, pallet towers and other related machineries, tools and equipment necessary in warehousing, and storage operation.

CPAVI was incorporated in the Philippines and was registered with the SEC on August 29, 2012. CPAVI is engaged in the business of manufacturing and distributing all kinds of food and beverage products and other foodstuffs derived from fruits and other agricultural products.

CPSI was incorporated in the Philippines and was registered with the SEC on November 13, 2015. CPSI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising and generally exercising all rights, powers and privileges of ownership or granting any right or privilege of ownership or any interest to label marks, devices, brands, trademark rights and all other forms of intellectual property, including the right to receive, collect and dispose of any and all payments, dividends, interests and income derived from therefrom.

CGC was incorporated in the British Virgin Islands (BVI) on November 13, 2006. CGC is a company limited by shares. On February 25, 2015, the Company acquired 100% interest in CGC. CGC is the corporate vehicle that holds the various brands, trademarks, and related intellectual property of the Company and its subsidiaries. CGC was acquired from Shining Ray Limited, a wholly owned subsidiary of CPGI.

CPFPVI was incorporated in the Philippines and was registered with SEC on June 29, 2016. CPFPVI is engaged in the business of manufacturing, processing, buying, selling, importing, exporting and dealing in all kinds of packaging products. On June 29, 2016, the Company acquired 100% interest in CPFPVI.

GOI was incorporated in the Philippines and was registered with SEC on July 27, 2020. GOI is engaged in the business to buy and sell, process, can, pack, manufacture, market, produce, distribute, import and export, and deal in all kinds of feeds and for such purpose to acquire, construct, own, lease, charter, establish, maintain and operate stores, outlets, canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses, and other machineries, equipment's, apparatus and appliances as may be required.

MGPC formerly Century Pacific Solar, Inc. was incorporated in the Philippines and was registered with SEC on August 10, 2020. MGPC is engaged in the business of exploration, development and utilization of renewable energy sources, including the generation and distribution of power therefrom, planning, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and processing and commercialization of by-products in its operations and to undertake such other powers and purposes as may be required.

PMCI was incorporated in the Philippines and was registered on December 9, 1997 to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in at wholesale and retail, all kinds of food and foods products, fruits, vegetables and other goods of same nature, and any all equipment, materials, and supplies used or employed in, or related to the manufacture of such finished product. On March 24, 2021 the Parent Company entered into a share purchase agreement with CPGI to acquire 100% equity interest in PMCI. The sale was completed when CPGI and the Parent Company signed the deed of absolute sale covering the PMCI shares on April 1, 2021.

CIC was incorporated in China and was registered on June 9, 2003. CIC is engaged in the selling of hardware and electrical apparatus, auto spare parts, building decoration materials and products, telecommunication equipment, stationery commodities, mechanical equipment, pre-package food; wholesales of beverage; development and sale of computer software and hardware; and consulting services.

CST was incorporated in China and was registered on August 24, 2005. CST is engaged in the wholesale, import and export of food, provision of ancillary services, relevant business consulting services subject to administrative approval and relevant authority. .

CRL was originally incorporated in the BVI under The International Business Companies Act (CAP.291) on March 27, 2002. CRL is engaged in the purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company, to import, export, buy, sell, exchange, barter, let on hire, distribute, and otherwise deal in and turn to account goods, materials, commodities, produce and merchandise generally in their prepared, manufactured, semi-manufactured and raw state, to enter into, carry on and participate in financial transactions and operations of all kinds and to manufacture, construct, assemble, design, repair, refine, develop, alter, convert, process, and otherwise produce materials, fuels, chemicals, substance and industrial, commercial and consumer products of all kinds. The Company was re-registered under the BVI Business Companies Act (No 16 of 2004) on January 1, 2009 upon the compulsory implementation of the new Act.

CPNA was incorporated in the United States and was registered with the Secretary of State of California on April 20, 2017 as a domestic stock company type. CPNA is engaged in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporation Code.

Approval and Authorization for Issuance of Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors on April 11, 2023.

2. Financial Reporting Framework and Basis of Preparation

Statement of Compliance
The parent company financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Preparation
The parent company financial statements of the Company have been prepared on the historical cost basis, unless otherwise stated. The parent company financial statements are presented in Philippine peso, the Company's functional currency. The Company also prepares and issues consolidated

financial statements for the same period as the parent company financial statements in accordance with PFRS 10, *Consolidated Financial Statements.* The consolidated financial statements of the Company are filed to the SEC and may be obtained from the Company's registered office address.

3. Adoption of New and Revised Accounting Standards

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 January 1, 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued butis not yet effective.

Unless otherwise indicated, the adoption of these new standards did not have an impact on the parent company financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a 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*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. The adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *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*

4. **Significant Accounting and Financial Reporting Policies**

The Company presents assets and liabilities in the parent company 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 normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve (12) months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

Deferred tax assets are classified as noncurrent assets.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

<u>Fair Value Measurement</u>
The Company discloses the fair values of financial instruments measured at amortized cost.

Fair value is the 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 theasset or liability

The principal or the most advantageous market must be accessible to the Company.

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 Company 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 parent company 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

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

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, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

  The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at 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.

  The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Company commits to purchase or sell the asset.

The Company has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) and financial assets at FVPL as at December 31, 2022 and 2021.

- *Subsequent measurement.* For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition, financial assets at FVOCI with recycling of cumulative gains and losses and FVPL.

  Financial assets at amortized cost is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

  - The financial asset is held within a business model with the objective to holdfinancial assets in order to collect contractual cash flows, and
  - The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

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

  This category includes cash and cash equivalents, trade and other receivables, due from related parties, security deposits, and deposits on utilities as at December 31, 2022 and 2021.

  The Company has no financial assets at FVOCI with or with no recycling of cumulative gains and losses and financial assets at FVPL as at December 31, 2022 and 2021.

- *Impairment.* The Company recognizes allowance for estimated credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

  ECLs are recognized in two stages, as follows:

  a. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-monthECL).
  b. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

The Company considers a financial asset in default when contractual payments areover 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash and cash equivalents, due from related parties, security deposits and deposits on utilities and revolving funds, the Company recognizes a loss allowance based on either 12- month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company has leveraged on available market data forcash in banks to calculate the ECL.

- *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 parent company statement of financial position) when:

  - The rights to receive cash flows from the asset have expired; or

  - The Company has transferred its rights to receive cash flows from the asset orhas assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Company has transferred its rights 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, nortransferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligationsthat the Company 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 themaximum amount of consideration that the Company could be required to repay.

b. Financial Liabilities

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

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

The Company's financial liabilities as at December 31, 2022 and 2021 are categorized under loans and borrowings. This category includes the Company's trade and other payables, borrowings, due to related parties, and lease liabilities.

The Company has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments as at December 31, 2022 and 2021.

- *Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in profit or loss.

- *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.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in theparent company statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of all the counterparties.

<u>Cash and Cash Equivalents</u>
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 from the date of acquisition and that are subject to an insignificant risk of change in value.

<u>Inventories</u>
Inventories are initially measured at cost which includes costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present locationand condition. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average

The net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective, and damaged inventories based on physical inspection and management evaluation. Inventories and its related provision for impairment are written off when the Company has determined that the related inventory is already obsolete and damaged.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in profit or loss based on the result of Management's current assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the parent company statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Advances to Suppliers

Advances to suppliers represent advance payments made to suppliers for the purchase of raw materials. These are reclassified to inventories upon purchase.

Biological Assets

Biological assets or agricultural produce are recognized only when the Company controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, Management shall exercise its judgment in determining the best estimate of fair value.

Biological assets are recognized as expense when consumed.

Investments in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company.

Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investments in subsidiaries are carried in the Company's financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of nonfinancial assets are applied to determine whether it is necessary to recognize any impairment loss with respect its investment in subsidiary. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

Property, Plant and Equipment
Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties, and non-refundable purchase taxes, after deducting trade discounts and rebates; and

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Construction in progress or the cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Major spare parts qualify as property, plant and equipment when the Company expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method, other than construction inprogress, based on the estimated useful lives of the assets as follows:

Land improvements	5-15 years
Buildings	15 - 20 years
Building improvements	5-15 years
Plant machinery and equipment	2 - 20 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	1 - 15 years
Transportation and delivery equipment	3 - 10 years

Properties in the course of construction for production, rental, administrative purposes or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation commences at the time the assets are ready for their intended use.

Land improvements, buildings and building improvements are depreciated over shorter of the lease term and estimated useful lives of the assets, whichever is shorter.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Construction in progress represents property, plant and equipment under construction and is stated at cost including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Intangible Assets
Intangible assets are initially measured at cost, which includes the purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks with indefinite and licensing agreements with definite useful lives, that are acquired separately, are carried at cost less accumulated impairment losses. Licensing agreements with definite useful lives is amortized over 25 years and assessed for impairment whenever there is an indication that the asset may be impaired. The amortization is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its tangible assets and intangible assets may have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Trademarks with indefinite useful life are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortized. The life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the life from indefinite to finite is made on a prospective basis.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimatesof future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Impairment losses recognized in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss is recognized in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements when an inflow of economic benefit is probable.

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

At end of each reporting period, the Company revises its estimate of the number of equity instruments expected to be exercised. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The valuation of the share-based compensation reserve is determined by the number of share options exercised multiplied by the intrinsic value which is the difference between fair value of the shares at grant date and the exercise price.

That cost is recognized as employee benefits expense, together with a correspondingincrease in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in profit or loss represents the movement in cumulative expense recognized as at the beginning and end of that period.

Employee Benefits

Short-term benefits

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Retirement benefit costs are categorized as follows:
- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

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 actuaries.

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 and return on plan assets (excluding net interest on defined benefit liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements from actuarial gains and losses and return on plan assets are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which such remeasurements affect profit or loss.

Share capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share premium

Share premium represents the excess over the par-value received on subscriptions for the Company's shares which is presented in equity.

Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue from Contracts from Customers

The Company recognizes revenue from the sale of manufactured goods.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product to a customer.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Sale of goods
The Company contracts to sells goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized at a point in time when control of the goods has transferred, being when the goods have been delivered to the wholesalers' and retailers' specific location. Following delivery, the wholesaler and retailer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the wholesaler and retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Transaction price
The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Company pays, or expects to pay, to the customer (or to other parties that purchase the Company's goods from the customer). Consideration payable to a customer also includes credit orother items that can be applied against amounts owed to the Company (or to other parties that purchase the Company's goods from the customer).

Variable consideration
The amount of consideration can vary because of discounts, rebates, refunds, credits,incentives, penalties or other similar items. The Company estimated the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to a customer.

The Company includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

The Company includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Company considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Company's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods.
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time.
- The Company's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.
- The Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.
- The contract has a large number and broad range of possible considerationamounts.

The Company re-assessed the variable considerations based on their evaluation of actual trade promotional activities.

<u>Service income</u>
Service income is recognized over time in which the services are rendered. The service income pertains to management fees.

<u>Other income</u>
Other income is income generated outside the normal course of business and is recognized at a point in time when it is probable that the future economic benefits willflow to the Company and it can be measured reliably.

<u>Revenue outside the scope of PFRS 15</u>

Rental income
Revenue recognition for rental income is disclosed in the Company's policy for leases.

Interest income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income
Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the future economic benefits will flow to the Company and the amount of income can be measured reliably.

<u>Cost and Expense Recognition</u>

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the parent company statements of financial position as an asset.

Expenses in the parent company statements of comprehensive income are presented using the function of expense method. Costs of goods sold are expenses incurred thatare associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

Leases

The Company as lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company determines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Further, the asset that is the subject of a lease must be specifically identified wherein it is either explicitly specified in the contract or the assetis implicitly specified at the time that is made available for use by the Company.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company determines throughout the period of use if it has both the right to obtain substantially all of the economic benefits from the use and the right to direct the use of the identified asset. The Company identifies that the period of use is the total period of time that an asset is used to fulfill a contract between the lessor and the Company including any non-consecutive periods of time.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have topay 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 Company determined the rate by obtaining it directly from the respective banks.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the parent company statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting therevised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the parent company statement of financial position. The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line Cost of Goods Sold and Operating Expenses in the Statements of Comprehensive Income.

Foreign Currency

Foreign currency transactions
Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax
The current tax expense is based on taxable profit for the taxable period. Taxable profit differs from net profit as reported in the parent company statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT) rate, whichever is higher.

The Company is registered with the Board of Investments (BOI), pursuant to Executive Order No. 226 or the Omnibus Investments Code of 1987, as amended by Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act entitled for income tax holiday for canned tuna and its by-product from January 1, 2021 to December 31, 2024 and frozen loins from June 16, 2022 to December 2024.

Deferred tax
Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the parent company financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associate except when the Company is able to control the reversal ofthe temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period
Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized outside profit or loss.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable fromthe tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included aspart of receivables or payables in the parent company statement of financial position.

Deferred input VAT

The introduction of the Tax Reform for Acceleration and Inclusion (TRAIN) Act in 2018 brought with it an amendment that provides that the "amortization of input VAT" on purchased or imported capital goods will no longer be allowed beginning January 1, 2022. Therefore, the related input VAT on capital goods acquired in 2022 may be fully recognized outright and be claimed as input tax credits against output tax during the month when the capital goods are purchased or imported, regardless of whether the aggregate acquisition cost in a calendar month exceeds ₱1.0 million.

Prior to the effectivity of the TRAIN Act, the Tax Code, as amended, provided that the input VAT on capital goods purchased or imported in a calendar month for use in a trade or business be spread evenly over 60 months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds ₱1 million; provided, however, that if the estimated useful life of the capital goods is less than five years, the input VAT be spread over such a period.

Under the TRAIN Act, the unutilized input VAT may still be amortized as scheduled until fully utilized

Earnings per Share
The Company computes its basic earnings or loss per share by dividing profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the period attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period
The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the parent company financial statements are authorized for issue. The parent company financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the parent company financial statements when material.

Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues andexpenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions

about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments thatreported a loss; and

- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the parent company financial statements.

For Management purposes, the Company is currently organized into five business segments, namely: Canned and Processed Fish, Canned and Frozen Meat, Distribution, Dairy, and Corporate. These divisions are the basis on which the Company reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial information on segment reporting is presented in Note 6.

5. Management's Use of Estimates and Assumptions

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate isrevised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant Judgments in Applying Accounting Policies

The following are the significant judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the parent company financial statements.

Determination of functional and presentation currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency of that mainly influences the Company in determining the costs and the selling price of its inventories. It is the currency in whichthe Company measures its performance and reports its results.

Determination of Lease Term of Contracts with Renewal option – Company as a Lessee
The Company has lease contracts that includes extension option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Company included the renewal period as part of the lease term for leases of land and buildings. The Company typically exercises its option to renew for these leases because of significant improvements on the leased assets and these assets including the underlying assets are critical to the business of the Company. As such, there will be a significant negative effect on production if a replacement asset is not readily available. The Company has determined that the lease term of these lease contracts ranges from 10 to 20 years.

Estimates and Assumptions

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

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company 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 Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2022 and 2021, the Company's lease liabilities amounted to ₱1,692.4 million and ₱1,703.8 million, respectively (see Note 29).

Determination of Fair Value of Financial Instruments
Where the fair value of financial assets and liabilities recorded in the parent company statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities are disclosed in Note 34.

Impairment of Financial Assets
The Company recognizes an ECL for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk 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).

At each financial reporting date, the Company assesses whether there has been a significant increase in credit risk 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

For cash and security deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Total trade receivables recognized in the parent company statements of financial position amounted to ₱6,859.8 million and ₱5,574.9 million as at December 31, 2022 and 2021, respectively, which is net of the related allowance for expected credit losses amounting to ₱26.2 million and ₱18.5 million as at December 31, 2022 and 2021, respectively, as shown in Note 8.

Other financial assets subject to ECL are as follows:

	2022	2021
	(in millions)	
Due from related parties (Note 18)	**₱3,330.7**	₱3,122.4
Security deposits (Note 14)	**84.0**	70.6
Deposits on utilities (Note 14)	**8.3**	8.2
Revolving Fund (Note 14)	**5.9**	10.9
	₱3,428.9	₱3,212.1

No provision for ECL was recognized in 2022 and 2021 on due from related parties, security deposits and deposits on utilities.

Estimation of Useful Lives of Long-Lived Nonfinancial Assets. The useful lives of long-lived nonfinancial assets are estimated based on the economic lives of the assets and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the long-lived nonfinancial assets are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the long-lived nonfinancial assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property, plant and equipment, intangible assets with definite useful life and right-of-use assets in 2022 and 2021. The carrying values of these assets, except non depreciable assets, are as follows:

	2022	2021
	(in millions)	
Property, plant and equipment (Note 12)	**₱2,522.4**	₱2,128.5
Intangible assets with definite useful life (Note 15)	**423.1**	444.7
Right-of-use assets (Note 13)	**1,552.1**	1,607.3
	₱4,497.6	₱4,180.5

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of 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 date. Retirement benefit obligation amounted to ₱253.5 million and ₱443.6 million as at December 31, 2022 and 2021, respectively (see Note 19).

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

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

Further details about the assumptions used are provided in Note 19.

Recoverability of Deferred Tax Assets. The Company performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Company's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Company computes for deferred tax using the 25% corporate tax rate.

Deferred tax assets recognized amounted to ₱676.5 million and ₱538.4 million as at December 31, 2022 and 2021, respectively (see Note 31).

6. Segment Information

Business segment
For Management purposes, the Company is organized into five major business segments: Canned and Processed Fish, Canned and Frozen Meat, Distribution, Dairy, and Corporate. These divisions are the basis on which the Company reports its primary segment information to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types ofgoods or services delivered or provided. The principal products and services of each of these divisions are as follows:

Business Segment	Products
Canned and Processed Fish	Tuna
	Sardines
	Other seafood-based products
Canned and Frozen Meat	Corned beef
	Meatloaf
	Processed beans
	Other meat-based product
Distribution	Distribution of other products
Dairy	Canned milk
	Powdered milk
Corporate	Shared services
	Sale of supplies

The results of operations of the reportable segments for the years ended December 31, 2022 and 2021 are as follows:

	2022	
	Segment Revenue	**Segment Income (Loss) Before Tax**
Canned and processed fish	**₱19,248,423,236**	**₱1,265,624,992**
Canned and frozen meat	**16,254,723,447**	**1,671,564,581**
Distribution	**142,352,519**	**28,632,582**
Dairy	**12,922,935,830**	**(578,609,233)**
Corporate	**847,233**	**2,605,612,029**
Total revenue and profit for the year	**₱48,569,282,265**	**₱4,992,824,951**

	2021	
	Segment Revenue	Segment Income (Loss) Before Tax
Canned and processed fish	₱16,540,927,277	₱1,008,623,084
Canned meat	14,825,468,835	1,617,599,765
Distribution	93,387,843	6,148,727
Dairy	10,655,423,578	(170,462,288)
Corporate	265,127	2,742,766,056
Total revenue and profit for the year	₱42,115,472,660	₱5,204,675,344

Segment income represents the profit before tax by each segment without allocation ofcentral administration costs and directors' salaries, investment income, other gains and losses, as well as finance costs. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

The segment assets and liabilities as at December 31, 2022 and 2021 are as follows:

	Assets	Liabilities
2022		
Canned and processed fish	**₱102,826,059,520**	**₱96,454,229,389**
Corporate	**100,980,365,680**	**90,987,919,166**
Canned and frozen meat	**53,505,506,269**	**46,480,467,265**
Distribution	**3,277,529,429**	**3,316,277,237**
Dairy	**26,334,678,668**	**27,466,756,976**
Segment total	**286,924,139,566**	**264,705,650,033**
Eliminations	**(246,091,716,407)**	**(246,091,716,407)**
	₱40,832,423,159	**₱18,613,933,626**
2021		
Canned and processed fish	₱100,053,387,299	₱94,830,110,569
Corporate	99,195,837,120	90,841,576,020
Canned meat	51,861,308,357	46,089,942,790
Distribution	3,283,845,160	3,344,067,405
Dairy	25,811,593,273	26,509,714,654
Segment total	280,205,971,209	261,615,411,438
Eliminations	(246,315,325,683)	(246,315,325,683)
	₱33,890,645,526	₱15,300,085,755

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments, other than other financial assets,and current and deferred tax assets which are booked under Corporate segment. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

- All liabilities are allocated to reportable segments, other than borrowings, other financial liabilities, current and deferred tax liabilities, which are booked under Corporate segment. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information as at and for the years ended December 31, 2022 and 2021 are as follows:

	Additions to Property, Plant and Equipment	Depreciation and Amortization	Interest Income	Finance Costs
2022				
Canned and processed fish	**₱436,748,003**	**₱263,686,400**	**₱131,664**	**₱5,906,245**
Canned meat	**95,795,994**	**247,700,530**	**84,503**	**28,678,440**
Distribution	**–**	**–**	**–**	**–**
Dairy	**33,882,000**	**133,702,931**	**63,416**	**44,553,298**
Corporate	**31,164,417**	**120,745,286**	**6,607,877**	**233,158,935**
Total	**₱597,590,414**	**₱765,835,147**	**₱6,887,460**	**₱312,296,918**

(Forward)

	Additions to Property, Plant and Equipment	Depreciation and Amortization	Interest Income	Finance Costs
2021				
Canned and processed fish	₱457,716,102	₱215,391,000	₱134,433	₱7,506,963
Canned meat	154,396,245	187,910,193	73,416	46,839,896
Distribution	–	–	–	–
Dairy	52,969,015	126,317,307	55,923	50,794,778
Corporate	149,438,955	116,318,058	3,632,349	162,792,588
Total	₱814,520,317	₱645,936,558	₱3,896,121	₱267,934,225

Revenues and non-current assets are mainly based in the Philippines, which is the Company's country of domicile.

7. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱773,215,826**	₱729,899,673
Cash equivalents	**450,427,313**	207,927,290
	₱1,223,643,139	₱937,826,963

Cash on hand includes petty cash fund and undeposited collections.

Cash in banks earned average interest rate ranging from 0.10% to 0.125% in 2022 and 2021, and is unrestricted and immediately available for use in the current operations of the Company.

Cash equivalents represent short-term fund placements and investments in unit-trust funds (UITFs) with local banks. Short-term fund placements will mature inthree months or less from the date of acquisitions with annual average interest rates ranging from 1.25% to 2.25% both in 2022 and 2021. These placements are from excess cash and can be withdrawn anytime.

Interest income earned from bank deposits and placements amounted to P6.2 million and P3.2 million in 2022 and 2021 respectively.

8. Trade and Other Receivables

	2022	2021
Trade receivables from third parties	**₱6,832,336,766**	₱5,481,429,055
Allowance for ECLs	**(17,639,958)**	(17,639,958)
Allowance for sales returns	**(8,576,176)**	(885,086)
	6,806,120,632	5,462,904,011
Other receivables	**20,354,451**	70,537,383
Advances to officers and employees	**33,300,506**	41,471,583
	₱6,859,775,589	₱5,574,912,977

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 30 to 90 days term or less. No interest ischarged on trade receivables.

Advances to employees are non-interest bearing and are liquidated within one month. Advances to officers include salary loans which earned average interest rate of 8%per annum. Interest income earned from salary loans amounted to ₱698,171 and ₱651,690 in 2022 and 2021, respectively.

Other receivables, which consist mainly of receivables from various parties for transactions other than sale of goods and statutory receivables, are non-interestbearing and generally have terms of 30 to 45 days.

Movements in the allowance for expected credit losses and allowance for sales returns as at December 31 are as follows:

	ECLs	Allowance for sales returns	Total
Balance, January 1, 2021	₱20,378,767	₱8,884,288	₱29,263,055
Provisions for ECLs (Note 26)	(4,911,389)	–	(4,911,389)
Reversals	2,172,580	(7,999,202)	(5,826,622)
Balance, December 31, 2021	₱17,639,958	₱885,086	₱18,525,044
Provisions for ECLs (Note 26)	**–**	**7,691,090**	**7,691,090**
Balance, December 31, 2022	**₱17,639,958**	**₱8,576,176**	**₱26,216,134**

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the Management believes that there is no further allowance for expected credit losses required in excess of thosethat were already provided.

9. Inventories

	2022	2021
Raw and packaging materials (Note 25)	**₱7,172,256,787**	₱5,715,167,270
Finished goods (Note 25)	**6,752,296,115**	5,025,885,649
Spare parts and supplies	**298,774,241**	142,132,573
Work in process (Note 25)	**160,152,473**	141,556,029
	14,383,479,616	11,024,741,521
Allowance for obsolescence	**(505,980,700)**	(334,700,073)
	₱13,877,498,916	₱10,690,041,448

The Company's inventories are recorded at their respective costs.

Cost of inventories recognized as expense amounted to ₱38.1 billion and ₱32.3 billion in 2022 and 2021, respectively, as disclosed in Note 25.

Movement in the Company's allowance for inventory obsolescence are as follows:

	2022	2021
Balance, January 1	**₱334,700,073**	₱205,844,000
Provision for inventory obsolescence (Note 25 and 28)	**206,476,067**	128,856,073
Reversal	**(35,195,440)**	–
Balance, December 31	**₱505,980,700**	₱334,700,073

Allowance for inventory obsolescence relates to 100% provision of inventories that are no longer resaleable.

10. Prepayments and Other Current Assets

	2022	2021
Advances to suppliers	**₱742,351,251**	₱979,384,163
Creditable withholding tax	**253,852,290**	105,093,881
Deferred input value-added tax (VAT)	**123,382,618**	86,990,988
Prepaid services	**57,190,942**	39,122,843
Prepaid insurance	**8,074,217**	7,010,632
Prepaid rentals	**7,972,403**	1,503,756
Others	**9,562,584**	–
	₱1,202,386,305	₱1,219,106,263

Advances to suppliers, contractors, and deposits pertain to the Company’s advance payments for goods and services that can be recovered within one (1) year.

Creditable withholding taxes will be utilized through application against the Company’s future income tax payable.

Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment amounting to ₱1.00 million or more. Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Prepaid services pertain to advance payments related to maintenance on software and system used by the Company.

Others include biological assets which comprise fingerlings and mature milk fish.

Movements of the carrying amounts of the biological assets are shown below:

	2022	2021
Balance, January 1	**₱–**	₱65,726,630
Purchased fingerlings	**8,396,572**	44,736,192
Consumed feeds	**37,401,558**	(150,000)
Direct labor	**1,581,640**	(1,802,394)
Overhead	**5,866,567**	(2,041,504)
Total cost	**53,246,337**	106,468,924
Decreases due to harvest	**(43,683,753)**	(106,468,924)
Balance, December 31	**₱9,562,584**	₱–

11. **Investments in Subsidiaries**

Management believes that there is no indication of impairment on the carrying amounts of its investment in subsidiaries other than the total allowance for impairment recognized for investment in CIC amounting to ₱65.2 million and CST amounting to ₱27.1 million. Such amounts are recognized for the difference between the carrying amount and the recoverable amount of investments in subsidiaries.

Movement in investment in subsidiaries for 2022 and 2021 are as follows:

	2022	2021
Cost		
Beginning of year	**₱7,402,616,168**	₱7,378,616,168
Addition	**1,728,655,295**	24,000,000
End of year	**9,131,271,463**	7,402,616,168
Accumulated impairment		
Beginning of year	**(92,256,256)**	(92,256,256)
Addition	**–**	–
End of year	**(92,256,256)**	(92,256,256)
	₱9,039,015,207	₱7,310,359,912

12. **Property, Plant and Equipment**

Movements in the carrying amounts of the Company's property, plant and equipment are as follows:

	Land Improvements	Building Improvements	Plant Machinery and Equipment	Office Furniture, Fixtures and Equipment	Laboratory, Tools and Equipment	Transportation and Delivery Equipment	Computer Equipment	Construction in progress	Total
Cost									
January 1, 2021	₱553,834	₱785,130,969	₱1,728,448,988	₱42,149,468	₱95,921,811	₱90,755,301	₱166,556,276	₱164,584,126	₱3,074,100,773
Additions	-	5,551,071	111,261,193	3,478,388	13,003,154	29,212,780	15,968,590	636,045,141	814,520,317
Disposals	-	(31,837,881)	(33,828,771)	(116,489)	(4,000,856)	(6,809,732)	(2,180,894)	(93,188,848)	(171,963,471)
Transfers	-	104,101,377	394,660,675	1,550,297	4,487,809	6,200	1,639,681	(506,446,039)	-
December 31, 2021	553,834	862,945,536	2,200,542,085	47,061,664	109,411,918	113,164,549	181,983,653	200,994,380	3,716,657,619
Additions	-	113,228,640	59,982,097	3,377,737	38,015,531	11,060,714	16,846,985	355,078,710	597,590,413
Disposals	-	(937,250)	(2,478,648)	(479,097)	(428,365)	(8,828,929)	(2,365,923)	6,955	(15,511,256)
Transfers	714,310	43,495,808	241,684,610	947,185	6,662,357	88,000	4,030,800	(297,623,070)	-
December 31, 2022	**1,268,144**	**1,018,732,734**	**2,499,730,144**	**50,907,489**	**153,661,441**	**115,484,334**	**200,495,515**	**258,456,975**	**4,298,736,776**
Accumulated Depreciation									
January 1, 2021	271,656	146,148,846	635,074,243	33,851,082	66,513,301	61,919,236	129,545,966	-	1,073,324,330
Depreciation	74,289	67,671,230	230,893,592	4,666,739	17,625,172	12,270,656	14,309,246	-	347,510,924
Disposals	-	(11,876,694)	(9,515,796)	(66,092)	(3,742,670)	(6,735,791)	(1,714,166)	-	(33,651,209)
Transfer									
December 31, 2021	345,945	201,943,382	856,452,039	38,451,729	80,395,803	67,454,101	142,141,046	-	1,387,184,045
Depreciation (Notes 25 and 26)	86,408	77,737,183	263,579,210	4,457,645	28,815,950	13,436,397	15,279,695	-	403,392,488
Disposals	-	(937,249)	(2,475,347)	(478,527)	(424,840)	(7,739,864)	(2,143,082)	-	(14,198,909)
December 31, 2022	**432,353**	**278,743,316**	**1,117,555,902**	**42,430,847**	**108,786,913**	**73,150,634**	**155,277,659**	**-**	**1,776,377,624**
Carrying Amounts									
December 31, 2022	**₱835,791**	**₱739,989,418**	**₱1,382,174,242**	**₱8,476,642**	**₱44,874,528**	**₱42,333,700**	**₱45,217,856**	**₱258,456,975**	**₱2,522,359,152**
Carrying Amounts									
December 31, 2021	₱207,889	₱661,002,154	₱1,344,090,046	₱8,609,935	₱29,016,115	₱45,710,448	₱39,842,607	₱200,994,380	₱2,329,473,574

The Company recognized loss from disposal of property, plant and equipment amounting to ₱0.9 million and ₱2.7 million in 2022 and 2021, respectively, as disclosed in Note 28.

Management believes that there are no impairment indicators on its property, plant and equipment as at December 31, 2022 and 2021.

13. **Right-of-Use Assets**

Movements in the carrying amounts of the Company's right-of-use assets are as follows:

	Warehouse	Office Space	Equipment	Plant	Total
Cost					
January 1, 2021	₱1,607,670,857	₱48,217,155	₱18,984,925	₱6,024,070	₱1,680,897,007
Additions	517,566,867	23,291,723	11,041,509	35,004,655	586,904,754
Expiration	(129,788,074)	-	(9,847,642)	-	(139,635,716)
December 31, 2021	1,995,449,650	71,508,878	20,178,792	41,028,725	2,128,166,045
Additions	235,625,970	1,934,990	5,442,580	18,186,503	261,190,043
Adjustments	(39,128,502)				(39,128,502)
Expiration	(89,789,242)	(876,771)	(11,653,932)	-	(102,319,945)
December 31, 2022	**2,102,157,876**	**72,567,097**	**13,967,440**	**59,215,228**	**2,247,907,641**
Accumulated Depreciation					
January 1, 2021	327,375,149	17,484,833	10,698,017	2,409,629	357,967,628
Depreciation	274,963,830	10,205,708	9,040,903	7,462,864	301,673,305
Expiration	(129,245,989)	-	(9,537,772)	-	(138,783,761)
January 1, 2022	473,092,990	27,690,541	10,201,148	9,872,493	520,857,172
Depreciation (Notes 25 and 26)	313,879,945	10,598,806	9,149,694	7,298,373	340,926,818
Adjustments	(61,931,810)	(777,496)		(920,260)	(63,629,567)
Expiration	(89,789,242)	(876,771)	(11,653,932)	-	(102,319,944)
December 31, 2022	**635,251,883**	**36,635,080**	**7,696,910**	**16,250,606**	**695,834,479**
Carrying Amount December 31, 2022	**1,466,905,993**	**35,932,017**	**6,270,530**	**42,964,622**	**1,552,073,162**
Carrying Amount December 31, 2021	₱1,522,356,660	₱43,818,337	₱9,977,644	₱31,156,232	₱1,607,308,873

The Management believes that there is no indication that an impairment loss has occurred on its right-of-use assets for the years ended December 31, 2022 and 2021.

<u>Amounts recognized in profit or loss</u>
Amortization charged to cost of goods sold under factory overhead and operating expenses in relation to right of use assets are as follows:

	2022	2021
Cost of goods sold (Note 25)	**₱239,014,781**	₱190,819,454
Operating expenses (Note 26)	**78,526,094**	76,687,273
Other expenses (Note 28)	**23,385,943**	9,403,066
Total Amortization of Right-of-UseAssets	**₱340,926,818**	₱276,909,793

14. **Other Noncurrent Assets**

The Company's other noncurrent assets consist of the following:

	2022	2021
Security deposits (Note 29)	**₱83,975,159**	₱70,569,833
Returnable containers	**27,267,288**	26,411,097
Deposits on utilities	**8,343,437**	8,201,377
Deposits on agencies	**1,350,000**	5,868,624
Revolving Fund	**5,858,181**	10,912,789
	₱126,794,065	₱121,963,720

Security deposits pertain to deposits required under the terms of the lease agreements of the Company with certain lessors. Returnable containers are assets used in the delivery of the Company's products. Products for delivery do not include the value of these containers. Revolving funds are provided to the service provider and this will be refunded upon termination of the related services.

15. **Intangible Assets**

In 2017, the Company has acquired the Philippine license for the Hunt's brand from Hunt-Universal Robina Corporation ("HURC"). HURC is a joint venture corporation of Universal Robina Corporation ("URC") and ConAgra Grocery Products Company, LLC for the purpose of the manufacture, sell and distribute of Hunt's licensed products.

On the same year, the Company entered into a trademark licensing agreement with ConAgra Foods RDM, Inc. ("ConAgra"). The trademark license will entitle the the Company an exclusive revocable right and license to manufacture and sell in the Philippines and other licensed territories thelicensed products in accordance with the formulas and specifications furnished by ConAgra and to affix to the products the licensed marks after the grant date and during the term of the agreement. The licensing agreement shall have an initial term of 25 years subject to renewal of 3 years thereafter subject to the terms of the licensing agreement.

On each contract year, the Company shall pay ConAgra the following:

- Guaranteed royalty to be paid quarterly and serves as a non-refundable advance towards the earned royalty for the licensed products; and
- Earned royalty is non-refundable and to be paid based on an agreed percentage of net sales per contract year.

Further, under the licensing agreement, the Company purchased from the plant machinery and equipment
(the "assets") that can be used to manufacture the licensed products.

The total consideration paid to ConAgra and URC for the Hunt's business amounted to ₱573.5 million comprising payments for the license, asset purchase and compensation. Total consideration has been allocated to the identifiable assets on the basis of the relative fair values at acquisition date as follows:

	Amount
Plant, machinery and equipment	₱35,651,000
Intangible asset on licensing agreement	537,896,000
Identifiable assets acquired	₱573,547,000

No goodwill resulted from the acquisition of Hunt's business.

In 2022 and 2021, the remaining useful life of the intangible asset acquired is 19.33 years and 20.33 years, respectively.

Movements in carrying amounts of the Company's intangible assets arising from the licensing agreement are as follows:

	2022	2021
Cost		
Beginning and ending balance	**₱537,896,000**	₱537,896,000
Accumulated Depreciation		
Beginning balance	**93,235,307**	71,719,467
Amortization	**21,515,840**	21,515,840
Ending balance	**114,751,147**	93,235,307
Carrying Amount	**₱423,144,853**	₱444,660,693

As at December 31, 2022 and 2021, royalty fee expense to ConAgra amounted to ₱22.1 million and ₱21.4 million, respectively (see Note 26).

Management believes that there are no impairment indicators on its intangible assets in 2022 and 2021.

16. **Trade and Other Payables**

	2022	2021
Trade payables	**₱2,556,256,506**	₱2,621,824,697
Accrued expenses	**4,601,721,076**	4,127,531,595
Withholding tax payable	**199,464,179**	179,121,110
Non-trade payables	**269,496,686**	186,898,180
Output value-added tax (VAT)	**133,332,162**	36,861,739
	₱7,760,270,609	₱7,152,237,321

The credit period on purchases of certain goods from supplier's ranges from 30 to 120 days. No interest is charged on trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Company has financial risk management policies in place to ensure that all payables are paid within the credit period.

Non-trade payables pertain to miscellaneous payable and reimbursements to employees which are payable on demand and no interest is charged.

Details of accrued expenses are shown below:

	2022	2021
Product-related costs	**₱2,366,961,096**	₱1,785,754,914
Advertising and promotion	**1,820,611,684**	2,015,262,240
Professional services and other fees	**227,130,073**	213,890,349
Employee benefits	**19,105,870**	38,456,991
Interest (Note 17)	**39,080,510**	18,872,910
Utilities	**7,561,124**	4,197,016
Others	**121,270,719**	51,097,175
	₱4,601,721,076	₱4,127,531,595

Others pertain to accruals for rental and insurance expenses of the Company.

17. Short-term Loans and Borrowings

This account consists of the following:

Short-term loans

	2022	2021
Balance at beginning of year	**₱2,600,000,000**	₱1,550,000,000
Availments	**4,640,000,000**	5,400,000,000
Payments	**(2,970,000,000)**	(4,350,000,000)
Balance at end of year	**₱4,270,000,000**	₱2,600,000,000

The Company acquired several short-term loans amounting to ₱4.64 billion and ₱5.4 billion as at December 31, 2022 and 2021, respectively, with interest ranging from 2.1% to 5.7% annum in 2022 and 1.95% to 3.0% per annum in 2021.

Interest expense pertaining to short-term loans amounting to ₱86.2 million and ₱57.8 million was recognized in 2022 and 2021, respectively.

Long-term facility

The carrying value of this long-term borrowing as at December 31, 2022 and 2021 is as follows:

	2022	2021
Balance at beginning of year	**₱1,991,891,353**	1,584,000,000
Availments	**1,191,000,000**	1,985,000,000
Payments and amortization	**(8,677,358)**	(1,577,108,647)
Balance at end of year	**3,174,213,995**	1,991,891,353
Less current portion	**9,390,325**	9,764,285
Noncurrent portion	**₱3,164,823,670**	₱1,982,127,068

Movement of the Company's debt issuance cost is as follows:

	2022	2021
Balance at beginning of year	**₱8,108,647**	₱–
Additions	**9,000,000**	15,000,000
Amortization	**(11,322,642)**	(6,891,353)
Balance at end of year	**₱5,786,005**	₱8,108,647

The Company has entered into a ₱2.0 billion, ten-year term loan facility with Banco de Oro (BDO) in April and May 2021. The proceeds were used to refinance the existing long-term borrowings.

On March 18, 2022, the Company entered into a 1.2 billion, ten-year term loan with Bank of the Philippine Islands (BPI) to finance capital expenditures for business expansion.

Shown below are the details of this long-term borrowing:

	Loan 1	Loan 2	Loan 3
Principal	₱1,000.0 million	₱1,000.0 million	₱1,200.0 million
Date	April 5, 2021	May 5, 2021	March 18, 2022
Interest rate	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): The higher of (i) 5-year BVAL on the relevant interest settlingdate plus a spread of 0.80% p.a. and (ii) 3.90% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i)5Y interest rate; and (ii)5-year BVAL rate at the repricing date plus a spread of 0.80% p.a.	a. Fixed pricing for the initial five-year period("5Y initial interest rate"): 4.04% p.a. b. Subject to the repricingat the end of the 5th year, at the higher of (i) 5Y interest rate; and (ii) 5-year BVAL at the repricing date plus a spread of 0.80% p.a.	a. From 1Y to 3Y equivalent to the higher of: (1) the 3 day average of the 3-year PHP BVAL + 0.30% spread per annum;and (2) 3.50 per annum b. From 4Y to 6Y equivalent to thehigher of: (1) the3 day average ofthe 3-year PHP BVAL + 0.50% spread per annum;and (2) 3.50 per annum c. From 7Y to maturity date equivalent to thehigher of: (1) the3 day average ofthe 4-year PHP BVAL + 0.50% spread per annum;and (2) 3.50 per annum
Prepayment penalty	The Borrower may, subject to the penalty of 3% for Peso Borrowing and 1% for Foreign Borrowing, prepay the Term Loanin part or full together with accrued interest thereof to prepayment date.		
Principal payment	Semi-annual	Semi-annual	Annual

Management has assessed that the interest rate floor on the loans is an embedded derivative which is not for bifurcation since the market rate approximates the floor rateat the transaction date. On the other hand, the prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

Until termination of the Facility and payment in full of the Loan and all other amounts due hereunder, the Company is required to comply with certain covenants, unless the Lender shall otherwise give its prior consent in writing. These include preservation of rights, privileges and franchises, maintenance of adequate books, accounts and records, compliance of all laws, statutes, rules and regulations and promptly provide written notice to the bank of any dispute or unresolved case.

In addition, the Company must not make changes in the character of its business, in its ownership or control or capital stock, not permit any indebtedness to be secured by any lien, not declare dividends upon occurrence of and Event of Default, not sell, lease or transfer substantially all of its assets with any other person, not extend loan to any corporation owned by the Borrower or to any of its directors, not act as guarantor or surety and will not undertake any capital expenditure outside ordinary course of business.

The Company is also required to maintain a maximum of debt-to-equity ratio which shall be at 3:1 and minimum debt service coverage ratio of 1.05x.

As at December 31, 2022 and 2021, the Company is in compliance with the aforementioned covenants.

Interest expense pertaining to long-term loans amounting to ₱119.5 million and ₱88.3 million were recognized in 2022 and 2021, respectively.

Total finance costs incurred on these loans amounted to ₱217.0 million and ₱146.1 million in 2022 and 2021, respectively, as presented in the parent company statements of comprehensive income.

Total accrued interest payable on these loans amounting to ₱39.1 million and ₱18.9 million as at December 31, 2022 and 2021, respectively, is presented as part of accrued expenses as disclosed in Note 16.

18. Related Party Transactions

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, *Related Party Transactions,* as summarized below:

	Relationship
Century Pacific Group, Inc. (CPGI)	Ultimate Parent
Yoshinoya Century Pacific, Inc. (YCPI)	Fellow Subsidiary
Century Pacific Vietnam Co., Ltd. (CPVL)	Fellow Subsidiary
CPG Holdings, Inc. (CHI)	Fellow Subsidiary
Rian Realty Corporation (RRC)	Fellow Subsidiary
Pacifica Agro Industrial Corp. (PAIC)	Fellow Subsidiary
Millennium Land Development Corporation (MLDC)	Fellow Subsidiary
Shinning Ray Limited (SRL)	Fellow Subsidiary
Pacific Pabahay Homes, Inc. (PPHI)	Fellow Subsidiary
Centrobless Corp. (CBC)	Fellow Subsidiary
Shakey's Asia Foods, Holding Inc. (SAFHI)	Fellow Subsidiary
Arthaland Corporation (ALCO)	Associate of a Fellow Subsidiary
Moresby International Holdings, Inc. (Moresby)	Joint venture of ultimate parent
Majestic Seafood Corporation	Related party through Moresby
DBE Project Inc. (DPI)	Fellow Subsidiary
Shakey's Pizza Asia Ventures, Inc. (SPAVI)	Fellow Subsidiary
Richard S. Po Foundation Inc. (RSPO)	Fellow Subsidiary
General Tuna Corporation (GTC)	Subsidiary
Snow Mountain Dairy Corporation (SMDC)	Subsidiary
Allforward Warehousing Inc. (AWI)	Subsidiary
Century Pacific Agricultural Venture Inc. (CPAVI)	Subsidiary
Pacific Meat Company, Inc. (PMCI)	Subsidiary
Century Pacific Seacrest, Inc. (CPSI)	Subsidiary
Centennial Global Corporation (CGC)	Subsidiary
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	Subsidiary
General Odyssey Inc (GOI)	Subsidiary
Millenium General Power Inc (MGPC)	Subsidiary
Cindena Resources Limited (CRL)	Subsidiary
Century (Shanghai) Trading Co. Ltd. (CST)	Subsidiary
Century International (China) Co. Ltd. (CIC)	Subsidiary
Century Pacific North America (CPNA)	Subsidiary

The summary of the Company’s transactions and outstanding balances with related parties as at and for the years ended December 31, 2022 and 2021 is as follows:

Amount of Transactions Outstanding

During the Year Receivable (Payable)

Related Party Category	Notes	2022	2021	2022	2021	Remarks
Ultimate Parent Company						
Dividends	27	**₱803,304,000**	₱803,304,000	**₱–**	₱–	h
Related Party Category	**Notes**	**2022**	2021	**2022**	2021	
Rental expense	26	**24,771,881**	23,579,642	**(1,108,644)**	(1,375,000)	e
Cash borrowings		–	300,000,000	–	–	d
Service income	27	**921,331**	160,416	**28,741**	47,379	b
Miscellaneous deposit		–	–	**7,155,808**	7,155,808	e
Interest Expense		–	1,250,000	–	–	d
Shared cost reimbursement		**126,093**	18,015,364	–	(19,816,900)	b
Fellow Subsidiaries						
Shared services fee		–	4,119,686	–	–	c
Sale of inventories		**38,311,047**	147,792,083	**32,335,278**	33,093,002	a
Purchase of inventories		**2,554,307**	22,637,888	**(8,842,347)**	(6,171,155)	a
Miscellaneous deposit		–	–	**849,150**	849,150	e
Service income	27	**5,803,332**	13,925,303	–	–	b
Shared cost reimbursement		**18,317,123**	19,711,080	–	–	b
Rental expense	26	**3,407,722**	3,250,787	–	(289,862)	e
Sale of fixed assets		–	202,954	–	–	g
Subsidiaries						
Shared services fee		**106,941,091**	78,545,625	–	–	c
Sale of inventories		**1,057,391,541**	1,111,582,676	**1,454,775,072**	1,336,254,086	a
Purchase of inventories		**5,512,816,756**	3,871,322,015	**(1,176,556,272)**	(1,320,337,536)	a
Cash advances		**438,986,104**	363,000,000	**1,430,576,262**	1,340,090,158	d
Service income	27	**192,322,698**	129,386,601	**385,300,075**	385,253,174	b
Miscellaneous deposit		–	–	**19,670,000**	19,670,000	e
Shared cost reimbursement		**1,065,143,120**	641,971,043	–	–	b
Cash borrowings		**227,000,000**	-24,000,000	**(227,000,000)**	–	d
Sale of assets		**275,589**	123,569,823	**(50,000,000)**	(50,000,000)	g
Rental expense	26	**118,191,556**	119,520,000	–	(10,523,450)	e
Dividend income	27	**2,673,379,338**	3,075,564,522	–	–	h
Rental income	27	–	–	–	–	e
Royalties		**2,095,660,132**	1,784,409,073	–	–	f
Purchase of fixed assets		**11,547,272**	9,658,144	–	–	g
Retirement Fund						
Contributions from the employer		**142,384,368**	142,384,368	–	–	
Due from related parties				**₱3,330,690,386**	₱3,122,412,757	
Due to related parties				**₱1,463,507,263**	₱1,408,513,903	

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs using cash or non-cash consideration. There have been no guarantees provided nor received for any related party receivables or payables. As at December 31, 2022 and 2021, no related party has recognized any impairment losses of receivables relating toamounts advanced to another related party. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

a. The Company enters into sale transactions with fellow subsidiaries and subsidiaries for the distribution of products to certain areas where Management deems it necessary to establish customers.

b. The Company shares cost with its related parties relating to repairs and maintenance, supplies, fees and dues, utilities and other operating expenses. Service income from related parties is shown as part of service income in Note 27.

c. The Company entered into a Master Service Agreement (MSA) with related parties to provide corporate office services. In accordance with the terms of the MSA, the Company provides management service for manpower, training and development. For and in consideration, thereof, the Company shall charge the related parties a shared service fee on a monthly basis for the services rendered.

   The MSA shall be in effect from date of execution and shall automatically renew on a month-to-month basis, unless terminated by either party through the issuance of a written advice to that effect at least 30 days prior to the intended date of termination.

d. The Company, in the normal course of business, either provides to or borrows from its related parties funds for working capital requirements. These advances are non-interest bearing and short-term in nature. Included in the balance are advances to CPAVI to pay off its infrastructure expenses, GTC, CPFPVI and AWI for operational purposes. The outstanding amount of these advances amounted to ₱1,430,576,262 and ₱1,340,090,158 in 2022 and 2021 respectively.

   In addition, cash borrowing from CGC amounting to P50,000,000 was recognized in 2017. This is still outstanding as at December 31, 2022 and 2021.

e. The Company, as a lessee, has a lease agreement with CPGI for the use of the latter's office space in Centerpoint, Ortigas.

   Total rental expense on lease agreements with related parties amounted to ₱24.8 million and ₱23.6 million in 2022 and 2021, respectively.

f. Total royalty fee to CPSI amounted to ₱2,095.7 million and ₱1,784.4 million in 2022 and 2021, respectively.

g. In 2022, the company sold property amount to ₱0.3 million to GTC

   In 2021, the company sold property plant and equipment to MGPC, GTC, CPPFVIand AWI amounting to ₱123.6 million.

h. Total dividend income earned by the Company from subsidiaries for the years ended December 31, 2022 and 2021 amounted to ₱2,673.4 million and ₱3,075.6 million, respectively, as disclosed in Note 27.

Remuneration of Key Management Personnel
The remuneration of key management personnel of the Parent Company are set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*:

	2022	2021	2020
Short-term employee benefits	**₱857,630,495**	₱645,688,097	₱777,319,346
Post-employment benefits	**37,738,693**	17,351,129	26,346,154
	₱895,369,188	₱663,039,226	₱803,665,500

The short-term employee benefits of the key management personnel are included aspart of compensation and other benefits in the parent company statements of comprehensive income.

No share-based payments were made during 2022 and 2021.

19. **Retirement Benefit Obligation**

The Group has set up the Century Pacific Group of Companies Multiemployer Retirement Plan which is a funded, non- contributory and of the defined benefit type which providesa retirement benefit ranging from 100% to 130% of plan salary for every credited service. Benefits are paid in a lump sum upon retirement or separation in accordance with terms of the plan.

Under the existing regulatory framework, Republic Act (RA) No. 7641, requires a provision for retirement pay to qualified private sector employees in the absence of anyretirement plan in the entity provided, however, that the employee's retirement benefitsunder any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the fund.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed by the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the retirement plan and the management of the retirement plan.

As at December 31, 2022 and 2021, the Group's retirement fund has investments in various shares of stocks under the stewardship of a reputable bank. All of the Fund's investing decisions are made by the Board of Trustees which is composed of certain officers of the Group. The power to exercise the voting rights rests with the Board of Trustees.

The plan typically exposes the Group to actuarial risks such as: investment risk, interestrate risk, longevity risk and salary risk.

Investment risk
The present value of the defined benefit plan liability is calculated using a discount ratedetermined by reference to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently, the plan's investments arein the form of debt instruments of government security bonds, equity instruments and fixed income instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assetsshould be invested in government security bonds.

Interest rate risk
A decrease in the government security bond interest rate will increase the retirement, benefit obligation. However, this will be partially off-set by an increase in return in on the plan's debt investment.

Longevity risk
The present value of the retirement benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

Salary rate risk
The present value of the retirement benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The most recent actuarial valuations of plan assets and the present value of the retirement benefit obligation were carried out as at December 31, 2022 by an independent actuary.

The present value of the retirement benefit obligation and the related current service cost and past service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are asfollows:

	Valuation as at January 1	
	2022	2021
Discount rate	**7.32%**	3.95%
Expected rate of salary increases	**6.00%**	6.00%
Mortality rate	The 2001 CSO Table – Generational (Scale AA, Society of Actuaries)	

The Company's demographic information of its qualified employees is as follows:

	2022	2021
Average age	36.1	35.7
Average years of service	6.4	6.5

Amounts recognized in parent company statements of comprehensive income inrespect of this retirement benefit plan are as follows:

	2022	2021
Service costs:		
Current service cost	**₱90,584,052**	₱93,529,336
Net interest expense	**19,751,329**	18,365,465
Components of retirement benefit costs recognized in profit or loss	**110,335,381**	111,894,801
Actuarial gains and losses:		
from changes in financial assumptions	**(189,927,149)**	(114,036,116)
from experience adjustments	**(18,166,317)**	16,997,949
Loss (Gain) on plan assets net of amounts included in net interest expense	**50,032,196**	41,793,507
Components of retirement benefit costs recognized in other comprehensive income	**(158,061,270)**	(55,244,660)
	(₱47,725,889)	₱56,650,141

The retirement expense was recognized as part of cost of goods sold and operating expenses as shown below:

	2022	2021
Cost of goods sold	**₱25,967,309**	₱8,876,265
Operating expenses	**84,368,072**	103,018,536
	₱110,335,381	₱111,894,801

The amounts included in the parent company statements of financial position arising from the Company's defined benefit retirement plan are as follows:

	2022	2021
Present value of defined benefit obligation	**₱719,810,282**	₱831,043,955
Fair value of plan assets	**(466,273,419)**	(387,396,835)
	₱253,536,863	₱443,647,120

Movements in the present value of defined benefit obligations are as follows:

	2022	2021
Balance, January 1	**₱831,043,955**	₱815,845,521
Current service cost	**90,584,052**	93,529,336
Interest expense	**42,050,824**	32,225,898
Benefits paid	**(35,775,083)**	(13,518,633)
Actuarial loss (gains) arising from:		
Changes in financial assumptions	**(189,927,149)**	(114,036,116)
Experience adjustments	**(18,166,317)**	16,997,949
Balance, December 31	**₱719,810,282**	₱831,043,955

Movements in the fair value of plan assets are as follows:

	2022	2021
Balance, January 1	**₱387,396,835**	₱286,464,174
Interest income	**22,299,495**	13,860,433
Contributions from the employer	**142,384,368**	142,384,368
Benefits paid	**(35,775,083)**	(13,518,633)
Remeasurement loss on plan assets	**(50,032,196)**	(41,793,507)
Balance, December 31	**₱466,273,419**	₱387,396,835

The following are the composition of plan assets as at December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	**6.32%**	0.63%
Debt instruments - government bonds	**65.93%**	71.66%
Debt instruments - other bonds	**0.73%**	1.98%
Unit investment trust funds (UITF)	**32.35%**	23.31%
Others (market gains or losses, accrued receivables)	**-5.33%**	2.42%
	100.00%	100.00%

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes atany time.

The Retirement Plan Trustee has no specific matching strategy between the planassets and the plan liabilities.

Actual return on plan assets in 2022 and 2021 are as follows:

	2022	2021
Interest income	**₱22,299,495**	₱13,860,433
Remeasurement losses on plan assets	**(50,032,196)**	(41,793,507)
Actual return	**(₱27,732,701)**	(₱27,933,074)

Movement in the accumulated remeasurement gain on retirement obligation in 2022 and 2021 follows:

	2022	2021
Accumulated remeasurement gain on retirement obligation , January 1	**₱342,164,730**	₱358,025,010
Actuarial gains on defined benefit obligation	**(208,093,466)**	(97,038,167)
Remeasurement losses on plan assets	**50,032,196**	41,793,507
	(158,061,270)	(55,244,660)
Deferred tax	**39,515,317**	39,384,380
Remeasurement gain on retirement obligation - net of tax effect	**(118,545,953)**	(15,860,280)
Accumulated remeasurement gain on retirement obligation, December 31	**₱223,618,777**	₱342,164,730

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding allother assumptions constant.

	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation
2022		
Discount rate	+100 basis points	(₱63,877,730)
	-100 basis points	75,143,388
Expected salary growth rate	+100 basis points	75,387,431
	-100 basis points	(65,178,286)
2021		
Discount rate	+100 basis points	(₱84,803,159)
	-100 basis points	101,402,687
Expected salary growth rate	+100 basis points	99,393,660
	-100 basis points	(84,847,517)

The sensitivity analysis presented above may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating thedefined benefit obligation liability recognized in the parent company statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivityanalysis from prior years.

The weighted average duration of the plan is calculated as 11.2 years and expected future contribution for 2023 is ₱142.4 million.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan.

The Company is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Retirement Fund.

20. **Share-Based Payments**

Employee Stock Purchase Plan (ESPP or Plan)

The ESPP gives benefit-eligible employees an opportunity to purchase the common stock of the Company at a price lower than the fair market value of the stock at grant date. The benefit-eligible employee must be a regular employee of the Company who possesses a strong performance record. The benefit-eligible employee shall be given theoption to subscribe or purchase up to a specified number of shares at a specified optionprice set forth in which they have the option to participate or not. There are designated ESPP purchase periods and an employee may elect to contribute an allowable percentage of the base pay through salary deduction.

The Plan took effect upon the shareholder's approval on September 26, 2014 and was approved by the SEC on December 19, 2014.

On June 3, 2015, the Company's BOD authorized to amend the existing ESPP to increase the underlying shares from 3,269,245 shares to 8,269,245 shares and was approved bythe SEC on May 31, 2016.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee.

As at December 31, 2022 and 2021, the aggregate number of shares that maybe granted to any single individual during the term of the ESPP in the form of stock purchase plans shall be determined as follows:

Level	Maximum Share Allocated
Vice-President or Board members	40,000
Assistant Vice-Presidents	18,333
Managers	6,000
Supervisor	2,500
Rank and File	1,250
	68,083

Details of the share options outstanding during the year are as follows.

	2022		2021	
	Numberof share options	**Weighted Average exercise price in PHP**	Number of share options	Weighted Average exercise price in PHP
Outstanding at beginning of year	**4,213,145**	**14.41**	4,213,145	14.41
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year			4,213,145	
Exercisable at the end of the year			4,213,145	

Of the total shares available under the ESPP, employees subscribed to 1,229,700 shares at ₱14.10 per share, 400,000 at ₱16.54 per share, 1,059,200 shares at ₱14.82 per share and 1,367,200 shares at ₱13.75 per share for a total of ₱17,338,770, ₱6,616,000, ₱15,694,380 and ₱18,779,000 in 2017, 2016, 2015 and 2014. There were no share options offered for purchase or subscription from the management in 2020, 2019, and 2018. Accordingly, the share options has no expiry if the employee is eligible and will exercise the right to purchase or subscribe specified number of sharesat a specified option price once offer is available.

21. Employee Benefits

Aggregate remuneration charged to profit or loss consists of the following:

	2022	2021
Cost of goods sold:		
Short-term benefits	**₱1,299,409,062**	₱1,196,374,945
Post-employment benefits	**25,967,309**	8,876,265
	1,325,376,371	1,205,251,210
Operating expenses:		
Short-term benefits	**1,553,580,859**	1,328,596,562
Post-employment benefits	**84,368,072**	103,018,536
	1,637,948,931	1,431,615,098
	₱2,963,325,302	₱2,636,866,308

22. Share Capital

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
At P1 par value	**6,000,000,000**	**₱6,000,000,000**	6,000,000,000	₱6,000,000,000
Issued, fully-paid and outstanding:				
Balance, January 1	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595
Issuances	**–**	**–**	–	–
Balance, December 31	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595

The Company declared cash dividends amounting to ₱1,275.2 million on June 30, 2022 and April 06, 2021 as disclosed in Note 23.

The Company has one class of common shares which carry one vote per share and carry a right to dividends. Share premium as at December 31, 2022 and 2021 amounted to ₱4,936.9 million which pertains to the excess proceeds from issuance ofshare capital over the par value, net of issuance cost.

In 2018, the Board of Directors authorized to appropriate ₱1,313.0 million of the total unappropriated retained earnings for capital expenditures, specifically for the construction of a new tuna plant, corporate projects and other projects in connection with the canned meat, sardines and mixed business of the Company. In 2020, the Board of Directors authorized the reversal of the appropriated retained earnings amounting ₱84.9 million for the related projects.

On December 21, 2022, the BOD authorized to appropriate retained earnings amounted to ₱4,236.0 million for capital expenditures, which is expected to be completed in 2023, specifically for the construction of plant expansion, corporate projects, and other projects in connection with the canned meat, sardines, and mixed business of the Parent Company.

Appropriations in 2021 amounting to ₱1.7 billion was reversed upon completion of the project in 2022.

23. Dividends

The Parent Company declared the following cash dividends to its equity shareholders.

	Date of declaration	Date of Record	Date of Payment	Dividend Per Share	Total Dividends
2022	**June 30, 2022**	**July 29, 2022**	**August 15, 2022**	**0.36**	**₱1,275,213,094**
2021	April 06, 2021	April 12, 2021	May 6, 2021	0.36	₱1,275,213,094

Of the total cash dividend declared, the dividends paid to CPGI in 2022, and 2021 amounted to ₱803.3 million as disclosed in Note 18.

24. Net Sales

	2022	2021
Sales	**₱56,115,343,499**	₱48,821,089,885
Sales discount	**(3,836,880,965)**	(3,421,941,411)
Variable considerations	**(1,349,215,867)**	(1,368,087,325)
Considerations payable to a customer	**(2,359,964,402)**	(1,915,588,489)
	₱48,569,282,265	₱42,115,472,660

Details of the variable considerations and considerations payable to a customer areshown below:

	2022	2021
Variable considerations:		
Sales returns	**₱698,738,987**	₱757,313,071
Contractual trade terms	**503,432,207**	409,094,082
Price adjustments	**65,768,579**	109,968,011
Prompt payment	**81,276,094**	91,712,161
	₱1,349,215,867	₱1,368,087,325
Considerations payable to a customer:		
Trade promotions	**1,994,235,308**	₱1,672,599,600
Display allowance	**95,988,771**	122,147,171
Distribution program	**244,367,265**	59,170,603
Other trade promotions	**25,373,058**	61,671,115
	₱2,359,964,402	₱1,915,588,489

25. Cost of Goods Sold

	2022	2021
Raw materials, beginning (Note 9)	**₱5,715,167,270**	₱4,621,486,374
Purchased raw materials	**29,694,546,603**	25,487,796,533
RM non-production receipts, net	**5,377,965,996**	2,669,611,684
Raw materials, ending (Note 9)	**(7,172,256,787)**	(5,715,167,270)
Raw materials, used	**33,615,423,082**	27,063,727,321
Direct labor	**1,019,508,094**	989,143,583

(Forward)

	2022	2021
Factory overhead		
Toll packing fees	**₱722,836,401**	₱504,708,109
Supplies	**624,383,303**	414,744,467
Depreciation	**609,817,101**	478,721,828
Outside manpower services	**319,825,761**	318,783,307
Compensation	**305,868,277**	216,107,628
Rental and storage fee	**280,391,230**	304,477,080
Utilities	**279,102,200**	209,271,904
Repairs and maintenance	**41,023,274**	69,519,049
Insurance	**37,084,414**	54,718,503
Freight trucking	**16,460,749**	21,856,103
Professional fees	**11,598,118**	10,383,187
Travel	**10,292,126**	5,898,153
Taxes and licenses	**6,202,483**	5,806,918
Miscellaneous	**43,743,091**	40,056,546
Provision for inventory obsolescence (Note 9)	**150,350,030**	124,703,082
Total manufacturing cost	**38,093,909,734**	30,832,626,768
Work-in-process, beginning (Note 9)	**141,556,029**	145,873,483
Work-in-process, ending (Note 9)	**(160,152,473)**	(141,556,029)
Total finished goods manufactured	**38,075,313,290**	30,836,944,222
Finished goods, beginning (Note 9)	**5,025,885,649**	5,156,235,481
Finished goods, purchased	**1,801,571,678**	1,351,609,990
Cost of goods available for sale	**44,902,770,617**	37,344,789,693
Finished goods, issuance	**(4,310,757)**	(53,951,387)
Finished goods, ending (Note 9)	**(6,752,296,115)**	(5,025,885,649)
	₱38,146,163,745	₱32,264,952,657

Direct labor includes salaries and employee benefits incurred from contractual andpermanent employees while factory overhead includes employee benefit expenses.

26. Operating Expenses

	2022	2021
Advertising trade promotions	**₱2,059,103,636**	₱1,965,059,370
Royalties (Notes 15 and 18)	**2,117,785,148**	1,805,839,141
Freight	**1,869,552,524**	1,604,506,157
Salaries and employee benefits (Note 21)	**1,637,948,931**	1,431,615,098
Professional fees	**591,908,845**	161,012,129
Outside manpower	**153,153,744**	166,986,312
Repairs and maintenance	**140,203,635**	120,220,161
Travel and entertainment	**137,942,400**	79,198,384
Taxes and licenses	**116,170,927**	133,145,477
Depreciation	**111,107,477**	108,989,705
Rental (Note 29)	**97,086,886**	76,072,686
Utilities	**59,594,696**	17,326,640
Supplies	**58,068,607**	54,258,483
Amortization (Note 15)	**21,515,840**	21,515,840
Insurance	**19,483,700**	16,521,045
Provision for expected credit losses (Note 8)	**7,691,090**	(4,911,389)
Others	**160,650,759**	109,628,690
	₱9,358,968,845	₱7,866,983,929

Others pertain to subscriptions, donations in cash and in-kind and other fees and dues.

27. Other Income

	2022	2021
Dividend income (Note 18)	**₱3,476,683,338**	₱3,075,564,522
Sale of scrap	**259,225,965**	169,698,377
Foreign exchange gain	**257,525,498**	40,080,068
Service income (Note 18)	**199,047,362**	143,472,319
Shared services fee (Note 18)	**106,941,091**	82,665,311
Reversal of accruals	**102,373,121**	16,198,933
Supplier's incentive	**11,633,265**	38,134,457
Others	**116,307,434**	68,642,324
	₱4,529,737,074	₱3,634,456,311

Reversal of accruals pertain to long outstanding liability to third party vendors.

Miscellaneous income pertains to proceeds on sale of dented stocks, price/payment and rounding differences, and other miscellaneous income.

28. Other Expenses

	2022	2021
Supplier charges	**₱125,033,910**	₱101,849,192
Provision for inventory obsolescence (Note 9)	**56,126,037**	4,152,991
Taxes and licenses	**53,517,753**	474,738
Documentary stamp tax	**33,474,814**	21,541,070
Allocated input of exempt sales	**22,506,516**	–
Bank charges	**1,429,755**	1,372,637
Loss on disposal of property,plant and equipment (Note 12)	**857,368**	2,684,656
Allocated input for government sales	**–**	7,936,764
Others	**2,706,187**	9,266,889
	₱295,652,340	₱149,278,937

Others pertain to penalties, surcharges and unutilized creditable withholding taxes.

29. Lease Liabilities

The Company leases warehouses, office spaces, plant and equipment under finance leases. The average lease term is 1 to 10 years. The Company has options to purchase the equipment for a nominal amount at the end of the lease terms. The Company's lease liabilities are secured by the lessors' title to the leased assets.

Amortization of right of use assets (ROU) charged to cost of goods sold under factory overhead and operating expenses in relation to short-term and low value leases are recognized as follows:

	2022	2021
Cost of goods sold – amortization of ROU	**₱239,014,781**	₱255,712,524
Operating expenses – amortization of ROU	**78,526,094**	89,126,498
Other expenses – amortization of ROU	**23,385,943**	12,072,389
Total Amortization of ROU	**₱340,926,818**	₱356,911,411

The lease liabilities of the Company in relation to the right of use assets recorded inaccordance to PFRS 16 based on undiscounted cashflows fall due as follows:

	2022	2021
Not later than one year	**₱408,435,699**	₱333,195,580
Later than one year but not later than five years	**1,097,165,245**	529,351,456
Later than five years	**582,076,624**	203,084,864
	₱2,087,677,568	₱1,065,631,900

Presented in the parent company statements of financial position as:

	2022	2021
Current	**₱319,531,637**	₱566,831,238
Non-Current	**1,372,873,259**	1,136,964,820
Total Lease Liabilities	**₱1,692,404,896**	₱1,703,796,058

Incremental borrowing rates underlying all obligations are fixed at respective contract dates ranging from 3.125% to 8.88% in 2022. Total finance costs for these leases amounting to ₱95.3 million and ₱121.8 million in 2022 and 2021, respectively, was included as part of finance costs presented in the parent company statements of comprehensive income.

Escalation clause ranges from 5% to 8% every two years. As at December 31, 2022 and 2021, total refundable security deposits recognized as part of other non-current assets amounted to ₱84.0 million and ₱70.6 million, respectively, as disclosed in Note14.

The total cash outflow for leases amounted to ₱392.4 million and ₱356.9 million in 2022 and 2021, respectively.

30. Income Taxes

	2022	2021
Current income tax	**₱390,207,405**	₱326,622,818
Provision for deferred income tax (Note 31)	**(181,979,357)**	143,826,129
	₱208,228,048	₱470,488,947

A numerical reconciliation between tax expense and the product of accounting income multiplied by 25% is shown below:

	2022	2021
Accounting income	**₱4,992,824,951**	₱5,204,675,344
Tax on pretax income at 25%	**₱1,248,206,238**	₱1,301,168,836
Tax effects of:		
Interest income subject to final tax	**(1,547,322)**	(811,108)
Unallowable deduction	**16,659,849**	16,339,997
Nontaxable income	**(869,170,835)**	(768,891,130)
Income subject to income tax holiday	**(199,334,658)**	(152,042,473)
Others	**13,414,776**	74,684,825
	₱208,228,048	₱470,448,947

31. **Deferred Taxes**

Net deferred tax assets as at December 31, 2022 and 2021 comprise the following:

	2022	2021
Deferred tax assets	**₱676,488,886**	₱538,365,130
Deferred tax liabilities	**(1,446,501)**	(5,786,784)
	₱675,042,385	₱532,578,346

The components of the Company's net deferred tax assets are as follows:

	2022	2021
Deferred tax assets:		
Provision for inventory obsolescence	**₱113,959,414**	₱73,183,499
Provisions	**428,462,504**	305,927,767
Retirement benefit obligation	**91,941,945**	130,912,942
Lease liabilities – net	**34,603,513**	23,714,579
Allowance for doubtful accounts	**6,552,492**	4,626,343
Unrealized foreign exchange loss	**969,018**	–
	676,488,886	538,365,130
Deferred tax liabilities:		
Debt issuance cost	**(1,446,501)**	(2,027,164)
Unrealized foreign exchange gain	**–**	(3,759,620)
	(1,446,501)	(5,786,784)
Net deferred tax assets	**₱675,042,385**	₱532,578,346

32. **Earnings Per Share**

The Company computes its basic earnings per share by dividing profit for the years attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the years attributable to ordinary equity holders and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following data:

	2022	2021
Profit for the year	**₱4,784,596,903**	₱4,734,226,397
Weighted average number of shares:		
Issued andoutstanding	**3,542,156,120**	3,542,156,120
Basic and diluted earnings per share	**₱1.35**	₱1.34

The calculation of weighted average number of shares is shown below:

	2022	2021
January 1, Balance:	**₱3,542,156,120**	₱3,542,156,120
Weighted average number of shares:		
Issued for the year	**–**	–
December 31, Balance	**₱3,542,156,120**	₱3,542,156,120

As at December 31, 2022 and 2021, the Company has no potential dilutive shares, accordingly, basic earnings per share of ₱1.35 and ₱1.34, respectively, are the same as diluted earnings per share.

33. **Capital Commitments And Credit Facilities**

Capital commitments
As at December 31, 2022 and 2021, the Company's total construction-in progress amounted to ₱258.5 million and ₱201.0 million, respectively, as disclosed in Note 12. The remaining capital project cost of the construction-in progress is estimated at ₱290.9 million as at December 31, 2021 and its expected project completion date is second quarter of 2023. The Company shall finance the remaining estimated cost from internally generated cash from operations.

On December 17, 2021, the Board authorized to purchase and acquire the operational assets of Ligo business.

Credit facilities
As at December 31, 2022 and 2021, the Company has committed and unsecured revolving credit facility agreements with various financial institutions for general corporate funding requirements totaling ₱10,551.0 million of which ₱7,450.0 million and ₱4,600.0 million was already used in 2022 and 2021, respectively, as disclosed in Note 17.

34. **Fair Value of Financial Instruments**

The Management considered that the carrying amounts of financial assets and liabilities recognized in the parent company financial statements approximate their fair values as shown below:

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**₱1,223,643,139**	**₱1,223,643,139**	₱937,826,963	₱937,826,963
Trade and other receivables*	**6,806,120,632**	**6,806,120,632**	5,462,904,011	5,462,904,011
Due from related parties	**3,330,690,386**	**3,330,690,386**	3,122,412,757	3,122,412,757
Security deposits	**83,975,159**	**83,975,159**	70,569,833	70,569,833
Deposits on utilities	**8,343,437**	**8,343,437**	8,201,377	8,201,377
Revolving Fund	**5,858,181**	**5,858,181**	10,912,789	10,912,789
	₱11,458,630,934	**₱11,458,630,934**	₱9,612,827,730	₱9,612,827,730
Financial Liabilities				
Trade and other payables**	**₱7,760,513,601**	**₱7,760,513,601**	₱7,148,338,036	₱7,148,338,036
Borrowings	**7,444,213,995**	**6,552,812,472**	4,591,891,353	4,591,891,353
Due to related parties	**1,463,507,263**	**1,463,507,263**	1,408,513,903	1,408,513,903
	₱16,668,234,859	**₱15,776,833,336**	₱13,148,743,292	₱13,148,743,292

**The trade and other receivables exclude the advances to suppliers, advances to officers and employees, and other statutory receivables as disclosed in Note 8.*
***The trade and other payables are net of government liabilities as disclosed in Note 16.*

As at December 31, 2022 and 2021, the total statutory receivables amounted to ₱3,775,078 and ₱2,416,201 respectively, presented as part of others in Note 8.

As at December 31, 2022 and 2021, government liabilities that were excluded amounted to (₱242,992) and ₱3,899,285 respectively, presented as part of trade and other payables in Note 16.

Fair values were determined using the fair value hierarchy below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) inactive markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 2022 and 2021, the fair values of cash and cash equivalents, trade and other receivables, due from related parties and financial liabilities were determined under level 2 criteria which were derived from inputs other than quoted prices included within level 1. Fair values of security deposit, and deposits on utilities were determined under level 3.

Management considers that the carrying amounts of financial assets and liabilities recognized in the parent company financial statement approximate their fair values. Further, there has been no change to the valuation technique during the year.

35. **Financial Risk Management Objectives and Policies**

The Company is exposed to financial risks such as market risk which includes foreign exchange risk, fair value, interest rate risk, credit risk and liquidity risk.

The Company's policies and objective in managing these risks are summarized below:

<u>Market risk</u>
Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market risk areas such as interest rate risk and foreign currency risk. The objective and management of these risks are discussed below.

Foreign currency exchange risk
Foreign currency exchange risk arises when an investment's value changing due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arose. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company seeks to mitigate its foreign currency risk exposures by mitigating its costs at consistent levels, regardless of any upward or downward movements in the foreign currency exchange rates.

The net carrying amount of the Company's foreign currency (USD) denominated monetary assets and monetary liabilities at the end of each reporting period are asfollows:

	2022	2021
Cash and cash equivalents	**₱71,938,929**	₱244,630,615
Trade and other receivables	**952,269,983**	592,703,639
Trade and other payables	**(581,231,449)**	(259,176,900)
	₱442,977,463	₱578,157,354

The following table details the Company's sensitivity to a 5.65% increase and decrease in the functional currency of the Company against the US dollar. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 5.65% and it represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5.65% change in foreign currency rate.

The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit and other equity when the functional currency of the Company strengthens 5.65% against the relevant currency.

For a 5.65% weakening of the functional currency of the Company against the relevant currency, there would be an equal and opposite impact on the profit as shown below:

	2022 Effect in profit and loss	2021 Effect in profit and loss
Cash and cash equivalents	**(₱4,064,550)**	(₱13,821,630)
Trade and other receivables	**(53,803,254)**	(33,487,756)
Trade and other payables	**32,839,577**	14,643,495
	(₱25,028,227)	(₱32,665,891)

Interest rate risk
Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company's interest rate risk relates to cash and cash equivalents, advances to employees and borrowings. Interest rates are disclosed in Notes 7, 8, and 17, respectively. These balances are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on profit or loss of the Company.

The Company has no established policy for managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance. Further, management assessed that the sensitivity analysis is not a representative of the interest rate risk.

Credit risk
Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, whereappropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent

rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company trades only with recognized, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject tocredit verification procedures. In addition, receivable balances are monitored on anongoing basis with the result that the Company's exposure to bad debts is not significant.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and when appropriate, credit guarantee insurance cover is purchased. The remaining financial assets does not hold any collateral or other credit enhancements tocover its credit risks associated with its financial assets. There is no concentration of credit risk to any other counterparty at any time during the year.

The table below shows the Company's maximum exposure to credit risk:

	2022	2021
Cash in banks and cash equivalents	**₱1,223,643,139**	₱937,826,963
Trade and other receivables	**6,806,252,790**	5,462,904,011
Due from related parties	**3,330,690,386**	3,122,412,757
Security deposits	**83,975,159**	70,569,833
Deposits on utilities	**8,343,437**	8,201,377
	₱11,452,904,911	₱9,601,914,941

2022				**Days past due**			
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
Expected credit loss rate	**0.000%**	**0.001%**	**0.002%**	**0.004%**	**0.002%**	**1.551%**	
Estimated total gross carrying at default	**₱3,726,372,746**	**₱1,317,379,079**	**₱313,208,775**	**₱158,897,710**	**₱173,828,295**	**₱1,134,073,985**	**₱6,823,760,590**
Expected credit loss	**15,412**	**14,748**	**7,551**	**6,183**	**2,628**	**17,593,436**	**17,639,958**

2021				Days past due			
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
Expected credit loss rate	0.000%	0.002%	0.004%	0.006%	0.008%	20.849%	
Estimated total gross carrying at default	₱4,146,542,045	₱914,999,385	₱202,870,561	₱99,273,722	₱32,471,297	₱84,386,960	₱5,480,543,969
Expected credit loss	15,412	14,748	7,551	6,183	2,628	17,593,436	17,639,958

Liquidity risk

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of these financial liabilities, based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Not past due	1-30 dayspast due	31-60 DaysPast Due	61-90 DaysPast Due	Over 90 DaysPast Due	Total
2022							
Trade and other payables	**0%**	**₱7,053,415,876**	**₱319,768,005**	**₱34,660,250**	**₱18,554,071**	**₱334,115,398**	**₱7,760,513,600**
Borrowings	**3.70%**	**7,444,213,995**	–	–	–	–	**7,444,213,995**
Due to related parties	**0%**	**509,801,635**	**631,883,709**	**6,461,656**	**1,795,304**	**313,564,957**	**1,463,507,261**
		₱15,007,431,506	**₱951,651,714**	**₱41,121,906**	**₱20,349,375**	**₱647,680,355**	**₱16,668,234,856**
2021							
Trade and other payables	0%	₱6,038,321,263	₱416,041,360	₱54,770,192	₱11,597,442	₱627,607,778	₱7,148,338,035
Borrowings	2.86%	4,591,891,353	–	–	–	–	4,591,891,353
Due to related parties	0%	854,784,202	7,419,276	89,787,609	1,411,806	455,111,009	1,408,513,902
		₱11,484,996,818	₱423,460,636	₱144,557,801	₱13,009,248	₱1,082,718,787	₱13,148,743,290

The difference between the carrying amount of trade and other payables disclosed in the parent company statements of financial position and the amount disclosed in this note pertains to government liabilities, due to employees and officers and other payables that are not considered financial liabilities.

36. Capital Risk Management

The Company's objectives when managing capital are to increase the value of shareholder's investment and maintain high growth by applying free cash flows to selective investments that would further the Company's growth. The Company setsstrategies with the objective of establishing a versatile and resourceful financial management and capital structure. The Company's overall strategy remains unchanged.

The Board of Directors has overall responsibility for monitoring working capital in proportion to risk. Financial analytical reviews are made and reported in the Company's financial reports for the Board of Directors' review on a regular basis. Incase financial reviews indicate that the working capital sourced from the Company'sown operations may not support future operations of projected capital investments,the Company obtains financial support from its related parties.

The Company's management aims to maintain certain financial ratios that it deems prudent such as debt-to-equity ratio (not to exceed 2.5:1) and current ratio (at least1.0:1). The Company regularly reviews its financials to ensure the balance between equity and debt is monitored.

In addition, when the Company is able to meet its targeted capital ratios and has a healthy liquidity position, the Company aims to pay dividends to its shareholders of upto 30% of previous year's net income.

The Company's total liabilities and total equity as at December 31, 2022 and 2021 areas follows:

	2022	2021
Total liabilities	**₱18,613,933,626**	₱15,300,085,755
Total equity	**22,218,489,533**	18,590,559,771
Debt-to-equity ratio	**0.84:1**	0.82:1

37. Supplementary Information Required By The Bureau Of Internal Revenue (BIR) Under Revenue Regulations No. 15-2010

The following supplementary information are presented for purposes of filing with theBIR and are not required part of the basic parent company financial statements.

Output VAT
Details of the Company's output VAT declared during 2022 are as follows:

	Vatable	Zero-rated	VAT-exempt	Total
Vatable Sales-Private	₱48,421,568,270	₱2,755,993,322	₱1,013,681,323	₱52,191,242,915
Sales to Government	167,260,209	–	–	167,260,209
Revenue	48,588,828,479	2,755,993,322	1,013,681,323	52,358,503,124
VAT rate	12%	–	–	12%
Output	₱5,830,659,417	₱–	₱–	₱5,830,659,417

The Company is entitled to zero-rated VAT on its sale of goods to customers outside ofthe Philippines.

Input VAT

Details of the Company's input VAT declared during 2022 are as follows:

Balance, January 1	₱80,966,273
Add: Current year's domestic purchases/payments for:	
Input tax on imported goods	1,275,083,406
Presumptive input	61,680,431
Purchase of services	1,386,994,675
Goods other than capital goods	1,995,108,619
Capital goods subject to amortization	6,833,906
Total available input VAT	4,806,667,310
Less: Claims for:	
Tax credit	4,757,337,680
Balance, December 31	₱49,329,630

Taxes on importation of goods
Total landed cost of importation in 2022 amounted to ₱17,920,624,283 which custom duties and tariff fees are all paid during the year.

Documentary stamp tax
The documentary stamp tax charged to operating expenses, other expenses and cost of goods sold amounted to ₱3,447,281 which amount paid or accrued during the taxable year 2022.

Other taxes and licenses
Details of the Company's taxes and licenses and permit fees are charged to operating expenses, cost of goods sold and other expenses during 2022 are as follows:

Business tax	₱107,798,344
Permit fees	2,464,593
Documentary stamp tax	6,128,864
Real estate tax	3,363,965
Vehicle registration fees	363,808
Others	55,771,589
	₱175,891,163

Withholding taxes
Details of the Company's withholding taxes paid or accrued during 2022 are as follows:

Expanded withholding taxes	₱499,509,418
Withholding tax on compensation and benefits	375,137,431
Final withholding taxes	73,260,884
Withholding tax on VAT and others	3,130,336
	₱951,038,069

Tax Assessments and Cases
The Company has no outstanding final assessment notice and no tax cases, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2022.

Annex A

Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2022

CENTURY PACIFIC FOOD, INC.
7th Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	P8,403,230,632
Adjustments:	
Deferred tax assets	(418,523,436)
Remeasurement of retirement benefit obligation - net of tax	(342,164,730)
Unappropriated Retained Earnings, as adjusted, beginning	7,642,542,466
Net Income based on the face of AFS	4,784,596,903
Less: Non-actual losses	
Change in deferred tax assets	(181,979,357)
Net Income Actual/Realized	4,602,617,546
Adjustments:	
Dividend declarations during the year	(1,275,213,094)
Reversal of appropriations	1,700,000,000
Appropriation for the year	(4,236,038,579)
Unappropriated Retained Earnings, as adjusted, ending	**P8,433,908,339**

Fw: Your BIR AFS eSubmission uploads were received

Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Fri 4/14/2023 8:56 AM
To: John Ver D. Villajin <jvillajin@centurypacific.com.ph>
Cc: Vivian T. Zamora <vbtan@centurypacific.com.ph>;Jayravi D. Maas <jdelgado@centurypacific.com.ph>;Berlyn L. Cacho <bcacho@centurypacific.com.ph>

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Friday, April 14, 2023 6:16 AM
To: Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Cc: Marilou R. Hernandez <mhernandez@centurypacific.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi CENTURY PACIFIC FOOD INC,

Valid files

- EAFS008647589OTHTY122022.pdf
- EAFS008647589ITRTY122022.pdf
- EAFS008647589AFSTY122022.pdf
- EAFS008647589RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MSVS4S2S0VXZV42TQ224ZVPV0DB8CEGL**
Submission Date/Time: **Apr 14, 2023 06:16 AM**
Company TIN: **008-647-589**

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