Universal Robina


# Clarity & Courage

Annual Report 2025


# Clarity & Courage

> "The company remained clear in its strategic direction and agile in responding to shifting conditions — anticipating change, not merely reacting to it.

In a year marked by turbulence, pressure, and possibility, the most valuable advantage was not speed alone, but direction — the ability to see what matters, decide with conviction, and execute with discipline.

Clarity is focus. Courage is decisive leadership. Together, they enable swift action — turning uncertainty into momentum and pressure into measurable progress.

**URC moved with clarity and courage in 2025.**

It sharpened its priorities and reinforced growth in the categories where it leads. It stayed close to consumer needs, reading market signals carefully and building value with disciplined execution.

Even amid volatile supply costs and geopolitical pressures, the company remained clear in its strategic direction and agile in responding to shifting conditions — anticipating change, not merely reacting to it.

Because in unpredictable environments, clarity accelerates speed, and courage sustains performance. When action is required, strong leadership acts with resolve.

2025 was a challenging year, yet URC strengthened its position by reinforcing its core capabilities, scaling what works, and innovating with intention. With focus and disciplined momentum, the company continued to shape its categories and build long-term value.

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# Message from the Chairman

# To our valued stakeholders,


**The 2025 environment where URC operated was uncertain and volatile,** with numerous shocks to Asian economies over the year. The "Liberation Day" tariffs of the United States disrupted global free trade and forced export-oriented countries to pivot and adjust. A long-standing territorial dispute between Thailand and Cambodia erupted into open conflict in the middle of the year, impacting trade between the two neighbors. Tax reforms in Vietnam led to temporary but significant disruptions to the general trade and informal sector in that country, affecting consumer companies' supply chains and routes-to-market. Massive protests took place across Indonesia, with economic frustrations from the youth culminating in civil unrest. And in the Philippines an alleged corruption controversy led to anemic GDP growth in the latter half of the year.

Amidst this challenging backdrop, URC was able to deliver strong volume-driven growth across almost all of its business units. I will leave our President, Irwin Lee, to talk through the performance of the company in 2025, but it is apt that in a year defined by complexity and rapid change, **CLARITY** and **COURAGE** proved more than ideals. Clarity is focus. Courage is decisive leadership. Together, they were the foundation of our decisions and actions throughout 2025.

The years exiting the pandemic were not easy to navigate for URC, with supply chain complexity, macroeconomic weakness, surging inflation, and weaker consumer confidence all contributing to a challenging environment. However, what became clear was that we had to focus on what truly matters and make deliberate choices aligned with long-term value creation.

Over the past year and a half, we resharpened our focus and pivoted towards volume growth. The rollout of the "Lighthouse Strategy" in the Philippine business was a perfect illustration of the clarity of our strategy. We communicated clearly across the organization, from back-office to frontliners, on the need to prioritize our core products, making sure that they remained within reach of our consumers. We emphasized in-store execution and customer satisfaction, and enhanced transparency of results – ensuring that everyone's performance was communicated with precision, honesty, and accountability. Clarity allowed us to move decisively and remain aligned as one organization.

Yet clarity alone is not enough. It must be paired with the courage to act.

Courage is decisive leadership. It is what enabled us to make difficult decisions in 2025, which may not always have been the easiest in the short term, but were necessary to secure our long-term resilience and growth. We took bold steps to reshape parts of our business, as we exited areas and segments that were no longer aligned with our strategic objectives. Furthermore, we strengthened our operational discipline, streamlining our portfolio and prioritizing those brands and products that created clear value for consumers, customers, and the company. That intentional focus on the core led to tough decisions which reflect our commitment to disciplined growth and our responsibility to allocate capital where it creates the most value.

Courage also defined how we embraced innovation, particularly on our product development processes. Beyond our agile and digital transformation initiatives, we accelerated the rollout of AI tools to support our insighting and concept testing. We emphasized faster development through more rapid iterative processes. By fostering a culture where thoughtful risk-taking is encouraged, we are positioning the company to remain competitive and relevant in the years ahead.

As we look to the future, we recognize that the external environment the company operates in will remain VUCA ("volatile, uncertain, complex, and ambiguous"). The first quarter of 2026 saw hostilities erupt in the Middle East, with a massive disruption to supply chains. This has weighed heavily on the global supply and availability of oil, with direct cost increases to freight and handling, power, and other raw materials. There remain concerns on the second-order impact to the rest of the global economy from the disruption of key inputs such as fertilizer, aluminum, and helium. And it is still unknown how the conflict would affect consumer confidence and purchasing power, particularly if it remains unresolved for an extended period.

However, we are confident in our ability to navigate what lies ahead. With clarity, we will continue to focus on what matters most. With courage, we will act decisively to seize opportunities and address challenges head-on. Clarity and courage create a complementary environment that allows us to move quickly, guided by our reason for being these past 70 years – **to delight everyone with good food choices.**

On behalf of the Board and management, we thank our shareholders, partners, and employees for your continued trust and support, and we look forward to the year ahead.

**Lance Gokongwei**
Chairman

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**Clarity and courage create a complementary environment that allows us to move quickly, guided by our reason for being these past 70 years – to delight everyone with good food choices.**


## Message from the

# President and CEO

# To our valued shareholders,

I write this with the past year still clearly in view — a period shaped by persistent geopolitical tensions, shifting trade alignments, and continued volatility in key commodities, particularly coffee. These forces defined the economic environment of 2025, testing how businesses respond when conditions are both uncertain and fast-moving.

We entered the year with a clear understanding of this landscape. While inflation began to ease in parts of the world, its effects lingered in everyday spending, reshaping consumer behavior and sharpening expectations around value. In this environment, clarity in direction and courage in execution were not aspirations, but operating requirements.

At URC, we responded by staying anchored to what matters most. We sharpened our priorities, aligned our organization around them, and executed with discipline. Where conditions required difficult trade-offs, we acted with conviction. Where opportunities emerged, we moved with speed.

This combination – clarity in direction and courage in action – defined our year.

URC delivered revenues of P168.0 billion, up 4% year-on-year, reflecting steady, volume-led growth across our key businesses. Operating income stood at P16.0 billion, down 4% versus the prior year, primarily due to persistently elevated coffee input costs that compressed margins. Net income from continuing operations reached P11.6 billion, while core net income attributable to parent closed at P11.0 billion, broadly in line with operating performance.

While headline profitability was tempered by external cost pressures, the underlying momentum of the business remained strong. Across our portfolio, we saw sustained volume growth, improving execution, and strengthening fundamentals that position us well for the years ahead.

In the Philippines, our volume-first strategy gained traction. Stronger in-store execution, clearer value communication, and improved availability translated into consistent growth across priority categories. More importantly, we are seeing early signs of share recovery – an outcome that reflects not just demand, but the quality of our execution in converting that demand into repeat purchases.

Internationally, our business continued to scale with greater efficiency. As we deepened our presence in key Southeast Asian markets, the benefits of scale – better mix, improved cost structures, and stronger margins – began to come through more clearly.

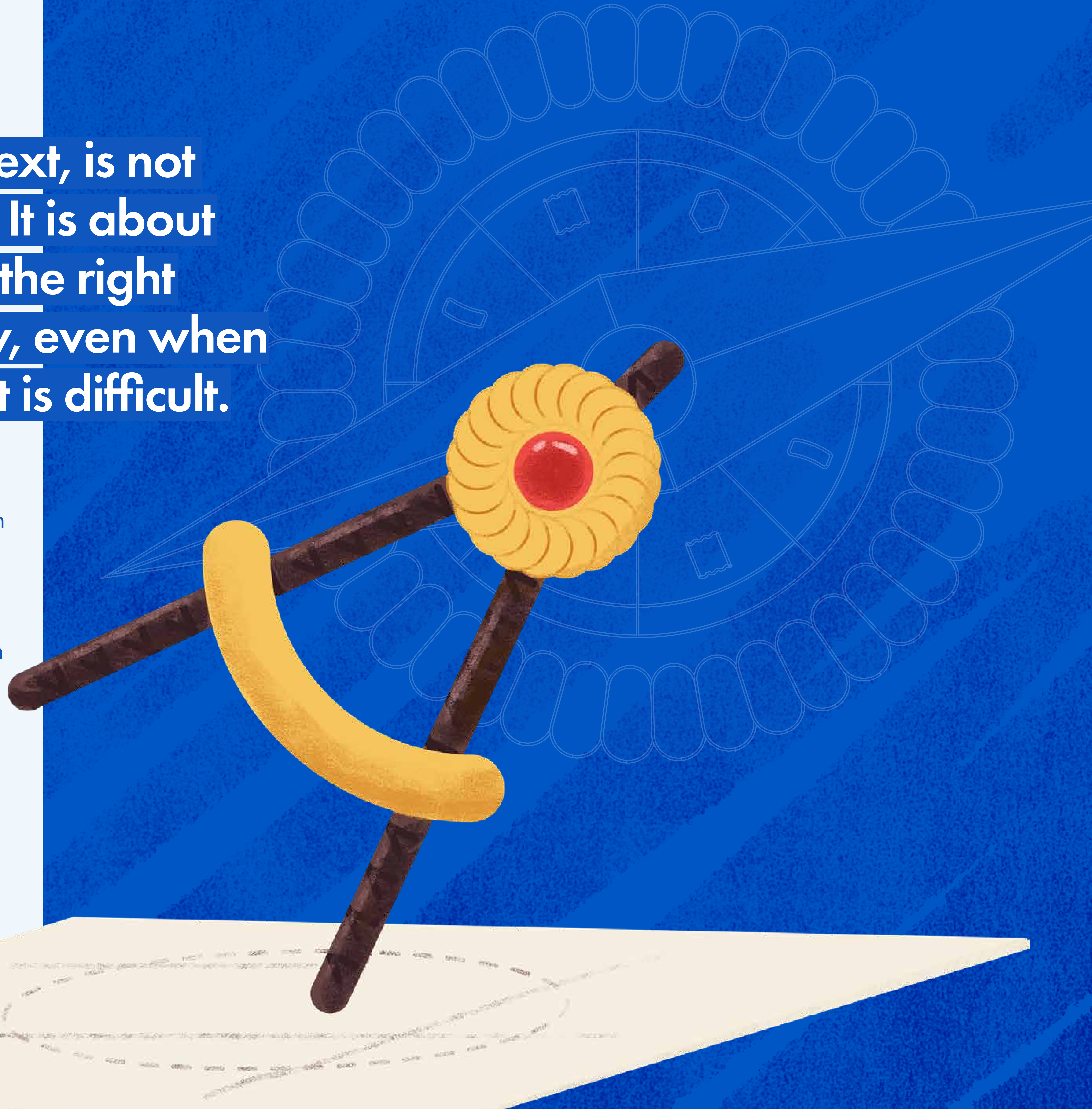
Across the enterprise, we remained disciplined in how we allocate resources. We invested behind our core categories, strengthened our supply chain capabilities, and continued to build the systems that enable faster, better decision-making. At the same time, we made deliberate choices – absorbing input cost peaks and sustaining brand investments – to protect the long-term health of our business.

These were not always easy decisions. But they were necessary ones.

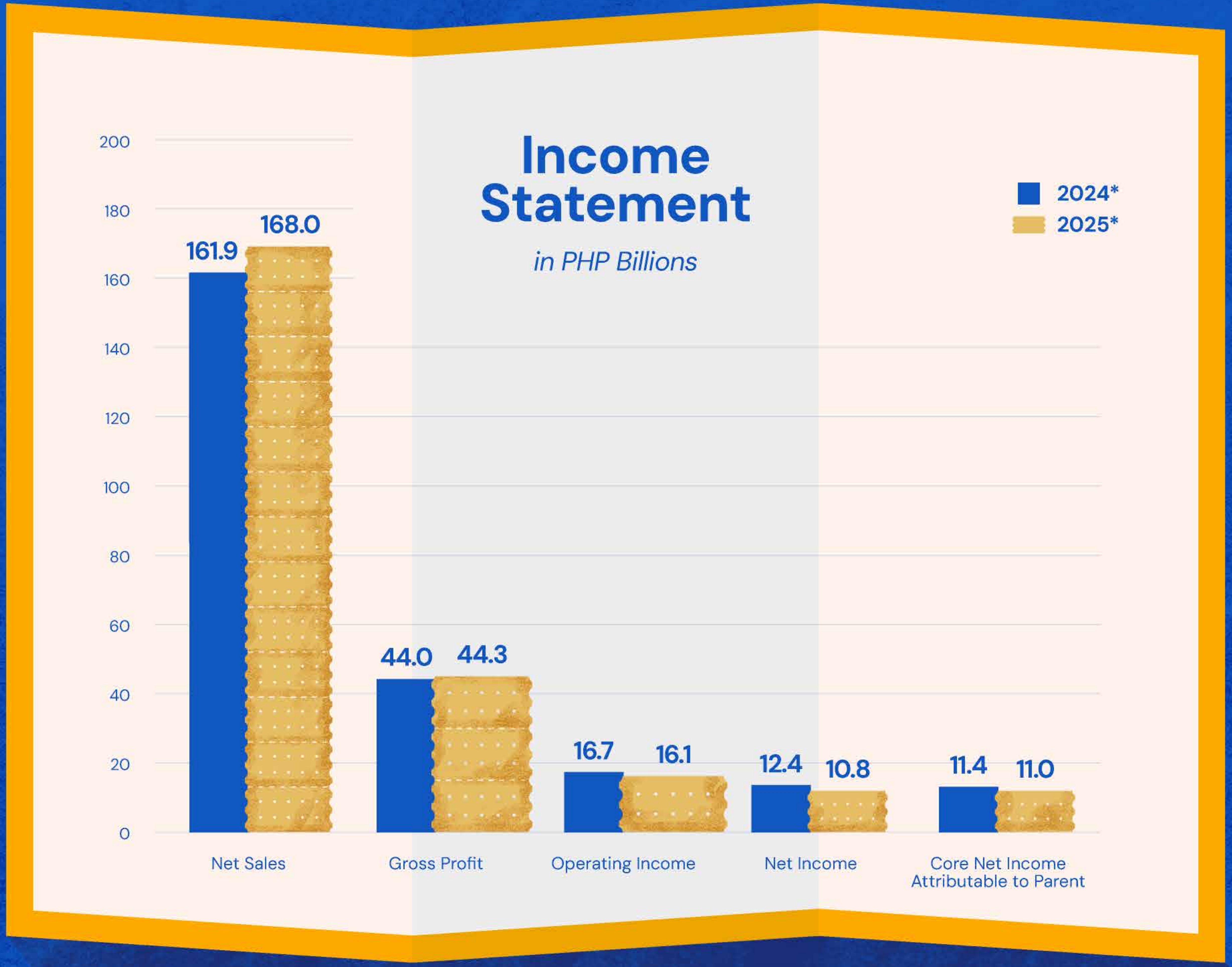
**Courage, in this context, is not about bold gestures. It is about consistency. Making the right decisions, repeatedly, even when the near-term impact is difficult.**

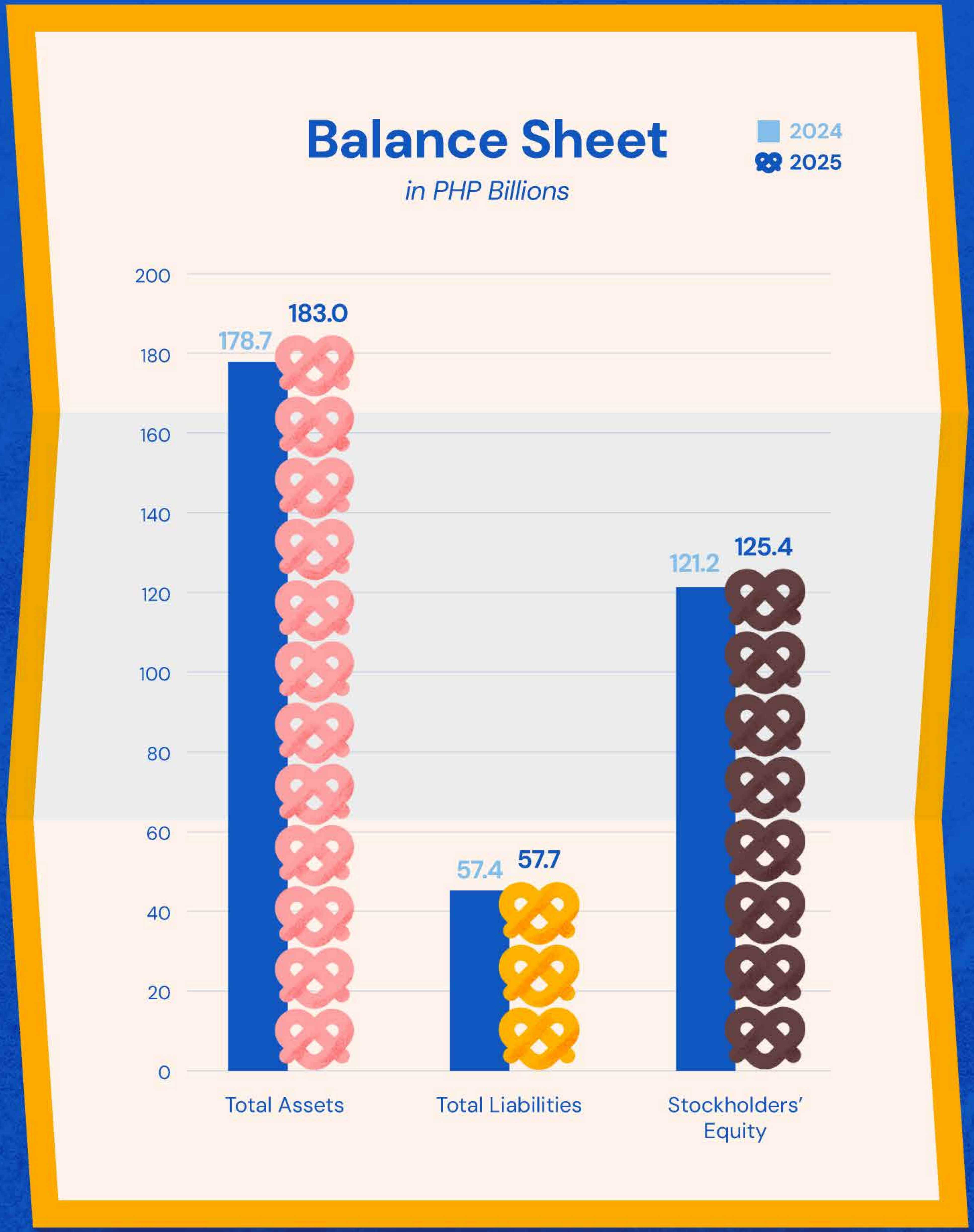
This discipline also underpinned our financial position. We generated strong cash flows, maintained a conservative balance sheet, and continued to return value to shareholders through higher dividends. For 2025, we declared a total cash dividend of P4.20 per share, reflecting our confidence in the long-term strength of the business.

Taken together, our performance in 2025 reflects a business that is not only resilient, but steadily strengthening – guided by a clear sense of direction and supported by the courage to act on it.



# 2025 Financial Highlights



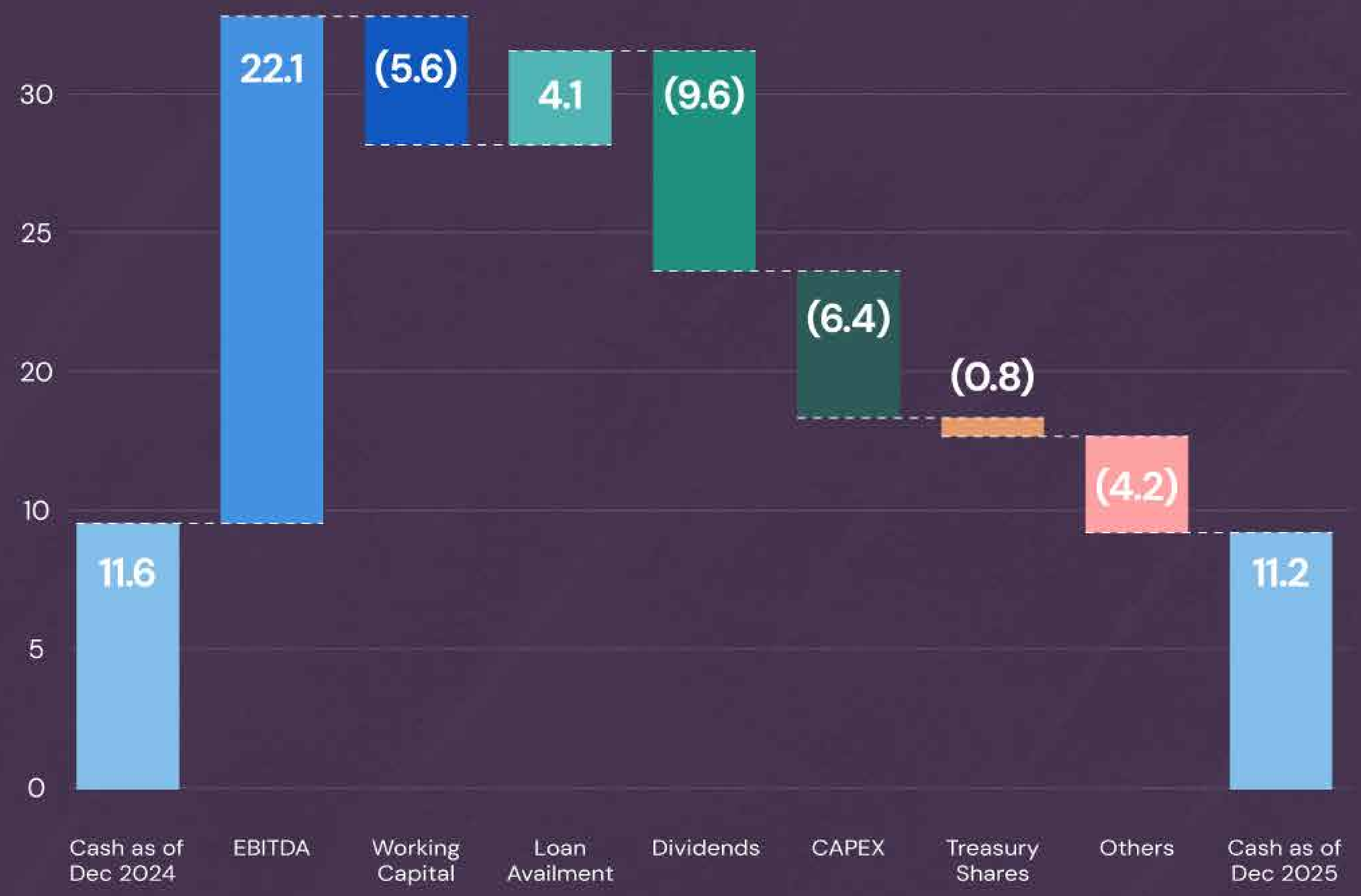



## Cash & Financial Debt

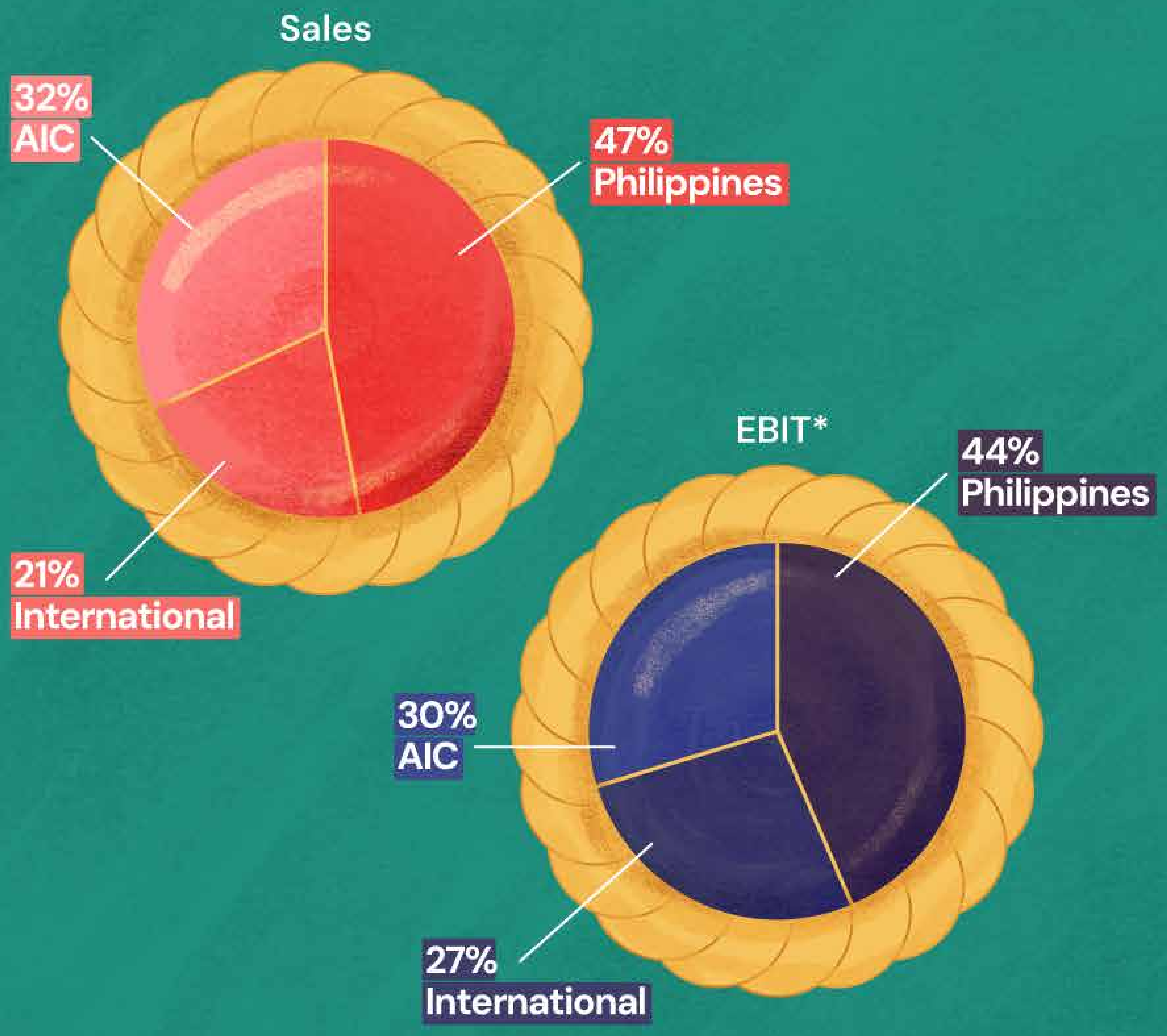
*in PHP Billions*


## Cash Position

*in PHP Billions*



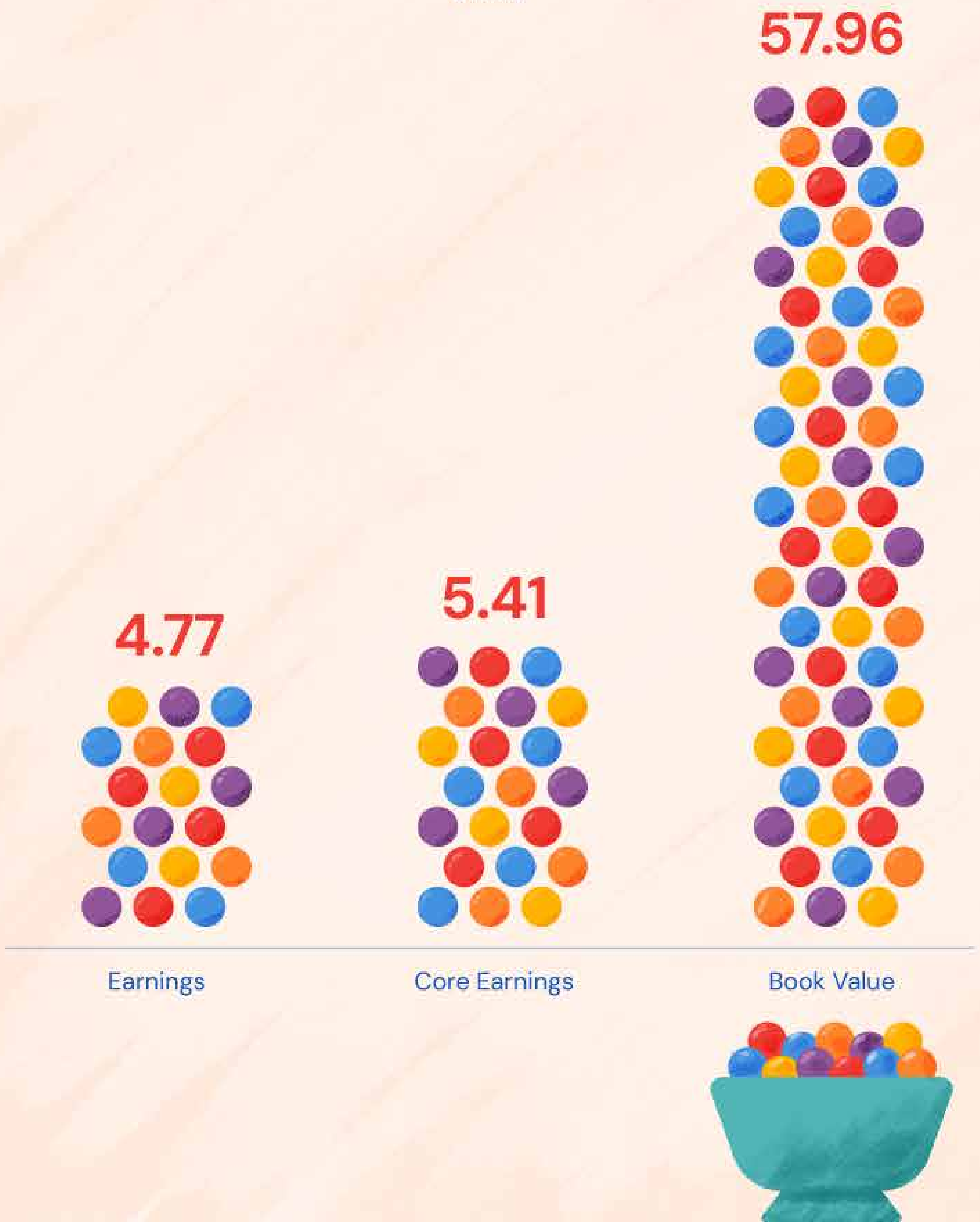
## Contribution 2025




*Excludes corporate expenses

## Per Share 2025

*in PHP*




# Divisional Performance

In 2025 our Branded Consumer Foods (BCF) business remained the primary driver of growth, delivering P115.0 billion in revenues, up 5% year-on-year.

In the Philippines, BCF recorded P79.0 billion in sales, also growing 5% versus the prior year. This performance was underpinned by sustained volume growth across key categories, particularly Snacks, Ready-to-Drink Beverages, and Bakery. Our focus on sharper value messaging, improved availability, and tighter in-store execution enabled us to consistently grow at or above category levels.

While margins were impacted by elevated coffee input costs, the strength of the underlying commercial engine remains clear. Excluding coffee, operating income would have grown ahead of topline, demonstrating the resilience of our core branded portfolio.

Internationally, BCF delivered P36.0 billion in revenues, up 4% year-on-year. Growth was driven by continued scale and execution improvements across key markets, particularly Malaysia, Vietnam, and Indonesia.

Munchy's remains a central pillar of our international expansion strategy. In Malaysia, the brand continues to strengthen its leadership position, while in Indonesia, it has rapidly scaled, significantly expanding both presence and contribution. Across markets, improved mix, disciplined cost management, and operational efficiency gains translated into stronger margins and improved earnings quality.

Overall, BCF continues to demonstrate the effectiveness of our volume-led growth strategy – building demand, strengthening market positions, and laying the foundation for sustained profitability.

The Agro-Industrial and Commodities (AIC) business delivered P53.0 billion in revenues for the year, up 2% year-on-year.

Within AIC, performance varied across segments. The Sugar and Renewables business faced pressure from lower average selling prices, particularly in the latter part of the year, as well as temporary operational disruptions. These factors weighed on revenue and profitability in the near term.

The Animal Nutrition and Health business continued to navigate a challenging environment shaped by the secondary effects of ASF. Despite this, we are encouraged by improving demand trends, particularly toward the latter part of the year, as industry conditions gradually normalize.

Importantly, our pet care segment is showing strong early momentum. Sales in this category have grown significantly from a low base, supported by expansion into cat food and cat litter, as well as increasing penetration in modern trade channels.

Meanwhile, our Flour business delivered steady growth, supported by increasing volumes and stable pricing. The ongoing ramp-up of the Sariaya facility is enhancing production stability and is expected to drive further efficiency gains as utilization improves.

Overall, while AIC faced near-term headwinds, it continues to play a critical role as a stable cash generator and strategic enabler for our broader portfolio.

# Other Updates

Beyond financial performance, 2025 was a year of focused execution and strategic refinement.

## Execution Discipline and Capability Building

We continued to strengthen the capabilities that translate strategy into results.

Across the organization, we reinforced five key execution priorities:

- Brand building and innovation
- Supply chain excellence
- Commercial execution
- Organizational capability
- Digital enablement

These capabilities are not standalone initiatives – they operate as an integrated system. When aligned, they allow us to build demand, serve it efficiently, and convert it into sustained growth and improved returns.

## Operational Efficiency and Cash Discipline

We improved our cash conversion cycle from 101 to 86 days, driven by better inventory management and more efficient collections. This reflects our continued focus on operational discipline and capital efficiency.

We also maintained a conservative balance sheet, with gearing at 0.19x, providing us with flexibility to invest in high-return opportunities while preserving financial strength.


## Strategic Portfolio Optimization

During the year, we took steps to refine our portfolio and sharpen capital allocation. A key development was the agreement for Nissin Foods Asia to increase its stake in our joint venture, Nissin-URC, to 70%.

This move reflects a deliberate strategy. For URC, it allows us to redeploy capital toward priority growth platforms while maintaining a strong partnership in the noodles category. For Nissin, it enables deeper investment in product innovation and technology.

Importantly, this remains a collaborative partnership – one that we believe will strengthen the long-term potential of the business.

## Sustained Investment in Growth

We continued to invest behind our brands and capabilities, even as cost pressures persisted. Advertising and promotion spending increased in key periods to support brand equity and sell-through, reflecting our commitment to long-term growth over short-term margin optimization.

# Opportunities Ahead

As we look ahead to 2026, our direction is clear and our confidence is grounded.

We expect mid-single-digit revenue growth, supported by continued momentum in BCF Philippines and a scaling international business. At the same time, we anticipate challenges in Commodities, particularly in sugar, where pricing pressures may persist.

On profitability, we expect operating income growth to outpace revenue, driven by three key factors: normalization of input costs, particularly coffee; continued benefits from productivity and cost programs; and sustained pricing discipline.

The normalization of coffee costs is especially significant. After reaching peak levels in 2025, prices have begun to moderate, providing a clearer path toward margin recovery.

More broadly, we are positioned for what we describe as quality growth – growth that is volume-led, supported by strong execution, and translated efficiently into earnings and returns.

Our long-term ambition remains unchanged:

- **Sustainable high-single-digit topline growth**
- **Double-digit profit growth**
- **Accelerating returns on invested capital**

To achieve this, we will continue to focus on two fundamental questions: where to play, and how to win.

We will concentrate our resources on the categories and markets where we have the strongest right to win – our core leaders and high-potential challengers. At the same time, we will continue to build the capabilities that enable us to compete effectively and scale efficiently.

Execution will remain our defining advantage. Strategy sets direction, but it is consistent, disciplined, and aligned execution that delivers results.

We are also mindful of the uncertainties that remain in the external environment. Geopolitical tensions, particularly in the Middle East, continue to influence global markets and may introduce volatility in commodities, logistics, and cost structures.

While these risks are real, we are prepared. We have strengthened our supply resilience, improved our cost structures, and built the organizational agility needed to respond quickly to changing conditions.

In this environment, clarity and courage are not abstract ideas. They are practical disciplines.

Clarity ensures that we focus on what matters most.
Courage ensures that we act on it.

Together, they provide the direction and momentum that will carry us forward.

We have laid the groundwork. We have strengthened our capabilities. And we are entering the next phase with a clearer view of where we are headed – and the confidence to get there.

Thank you for your continued trust and support.

**Irwin C. Lee**
President & CEO

**“Execution will remain our defining advantage. Strategy sets direction, but it is consistent, disciplined, and aligned execution that delivers results.**


CLOUD 9
CLASSIC
CHOCOLATE BAR WITH
CARAMEL • NOUGAT • PEANUTS


MAXX
FRUITY
MENTHOL CANDY
HONEY LEMON

# About URC

# Business Highlights

For over 65 years, Universal Robina Corporation (URC) has brought joy to millions of consumers.

Founded in 1954 by John Gokongwei, Jr., URC has grown to become one of the largest branded food and beverage companies in the Philippines.
From snacks and sweets to refreshing drinks, our products have become a staple in households across the country and in Southeast Asia where we've expanded our footprint over the years.

As a company, we're always evolving, but our goal remains the same: to create delicious, high-quality products that people love.

We've built a dominant Branded Consumer business in the Philippines, with instantly recognizable biscuits, powdered coffee, noodles, ready-to-drink (RTD) tea, along with other well-loved food and snack brands.

We also have a strong presence outside the Philippines, with a portfolio of market-leading products across the ASEAN.

Alongside our Branded Consumer goods, our Animal Nutrition and Health division continues to grow, driven by the expansion of our pet food business, augmenting our core animal feeds. In our Commodities business, URC remains to be the country's largest sugar miller and one of the top flour millers in the Philippines.

At the heart of everything we do is a commitment to delighting our customers, offering them high-quality, great-value, healthier products. As we look to the future, URC remains focused on strengthening our brands, exploring new opportunities, and staying ahead in an ever-changing market.

We're not just a leading player in food, beverages, animal nutrition & health, and commodities — we're a future-focused company driven by purpose, innovation, and a passion for creating meaningful experiences that uplift lives and inspire trust across generations to come.

**4%**
**Net Sales Growth**
P168.0 billion in CY2025

URC brands are still top picks among Filipino homes

Strategic expansion into e-commerce enhancing consumer interaction and experience

URC Named Among Asia-Pacific's Best 500 Companies of 2025 by TIME and Statista

Fun-O and Tivoli landed in Thailand's most influential brands list by Influential Brands Singapore

URC Munchy's named top global brand, among Asia's best workplaces

URC Vietnam Strengthens Corporate Sustainability with Faslink Collaboration

URC Indonesia Awarded Best Company to Work for in Asia and Most Caring Company by HR Asia 2024

Largest Sugar Miller in the Philippines in terms of capacity

Second largest bioethanol producer

Top 3 flour miller in the Philippines

Top Breed has received the Brand of the Year Award in the Dry Kibble Category, National Tier by World Branding Awards for the 4th consecutive year

**4 STRATEGIC PARTNERSHIPS** with large international snack foods and beverage players

Asahi Beverages Philippines, Inc.
Danone Universal Robina Beverages
Nissin-Universal Robina Corporation
Vitasoy-URC Inc.

**Key markets within Southeast Asia**

# Brand Architecture

## Branded Consumer Foods (BCF)

BCF is recognized for being our largest business segment. It is comprised of strong household brands from the snack foods and beverages. With a growing presence within the ASEAN markets, each category has grown to become a staple on every tamily's shopping list.

## Ready-to-drink Beverages

**WATER**
B'lue · RE FRESH Mineral Water

**CULTURED MILK**
Goodday Cultured Milk Drink

**ENERGY DRINK**
Rong Do

**RTD COFFEE**
Great Taste Iced Coffee Drink

**TEA**
C2

**PLANT-BASED**
Vitasoy

## Powdered Beverages

**COFFEE**
Great Taste · Blend 45 Kapeng Pinoy

**CHOCOLATE**
Swiss Miss

**CREAMER**
Great Taste Cream All Coffee creamer

## Snack Foods

**BISCUITS**
Fun-O · Captain Munch · Presto · Wafrets · Dewberry · Chocolate Pretzels · Muzic · Lausanne · Knots · Oat Krunch · Tivoli · Choco · Lexus · Cream-O · Munchy's · Magic

**CUP NOODLES**
Nissin Cup Noodles

**POUCH NOODLES**
Nissin · Payless

**SNACKS**
Calbee · Potato Chips · Poppins · Piattos · Fun Bites · Mr. Chips · Jack 'n Jill Calbee · Chiz Curls · Chippy · Jigs · King · Tortillos · Tostillas · Mang Juan · Pic-A · Krrrunch! · Roller Coaster · Puff Corn · Chikki · Tivoli · Vcut · Nova

**CANDIES**
Lush · Dynamite · Maxx · X.O.

**CHOCOLATES**
Hello! · Cloud 9 · Choosy · Nips · Wiggles

**CAKES**
Quake · Cream-O Cake Bar · Fun-O · Dewberry Yogurt Cake

**PASTA**
El Real

**COOKING AID**
Vegi Good!

# Brand Architecture

## Animal Nutrition & Health and Commodities

Alonqside our Branded Consumer Goods, our Animal Nutrition and Health division continues its strong growth, fueled by the expansion of our pet food porttolio alonqside our core animal teed business. In our Commodities segment URC remains the country's largest sugar miller and one of the top flour millers the Philippines, with the bulk of these commodities verticallv integrated.

## Animal Nutrition and Health

### FEEDS

Uno+ KALIDAD • KABALIKAT • KITA

TopBreed Dog Meal — Top Care, Top Value.

Robina BLEND

Supremo INFINITY

Robina FEATHERLINES

### ROBINA MEATS, EGGS, MORE

ROBINA

Commercial Table Eggs (Fresh & Specialty Eggs)

Live Hogs, Fresh Carcass & Meat Cuts

Processed Meats

Ready to Eat

### ANIMAL HEALTH

TopBreed TopB+

ShamPooch

Supremo Animal Health

Uno+ Animal Health

### DISINFECTANTS

Microbe Fighter

BioSure

Shield — Go Beyond Protection

### FOOD SERVICES

Hidden Spring

ROBINA Food Partners

## Commodities

### FLOUR

Globe

Cattleya Soft Flour

FibrA+ Cracked Wheat

Blend 100 Flour

Noodelicious Noodle Flour

Universal Flour

Continental All-Purpose Flour

Sampaguita Soft Flour

Daisy Cake Flour

MyRose Soft Flour

### SUGAR & RENEWABLES

RAW SUGAR

REFINED SUGAR

MOLASSES

BIOETHANOL

POWER EXPORT

LIQUID CO2

EXTRA NEUTRAL ALCOHOL

RECTIFIED SPIRIT

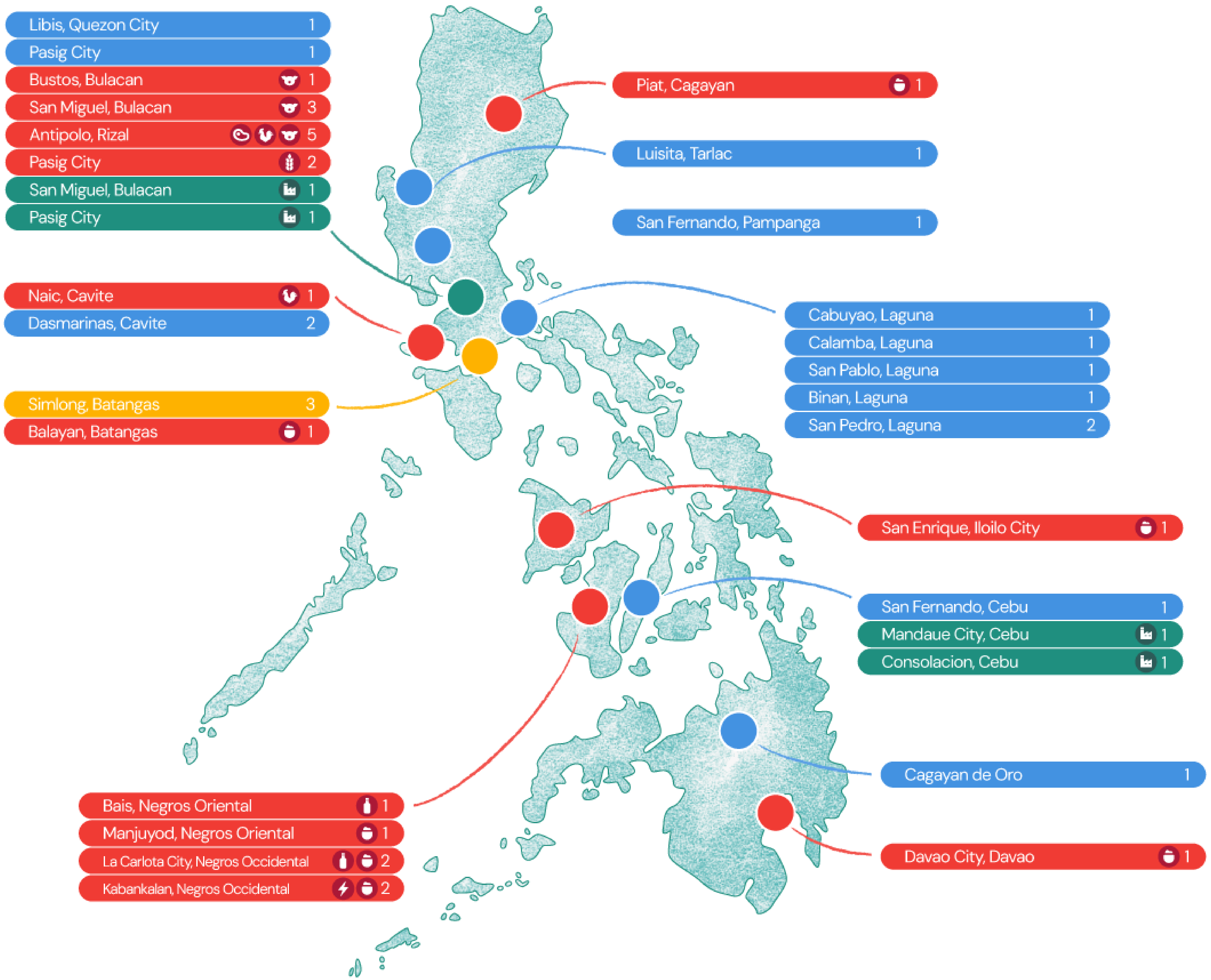
Geographic Presence

# Total URC Facilities

- **5** International Sales Offices / Exclusive Distribution Presence
- **32** Branded Consumer Foods Group / Warehouse and Manufacturing
- **4** Animal Nutrition & Health Facilities
- **22** Commodities Facilities

Geographic Presence

# Philippines




**3** BOPP / Flexible Packaging Plant

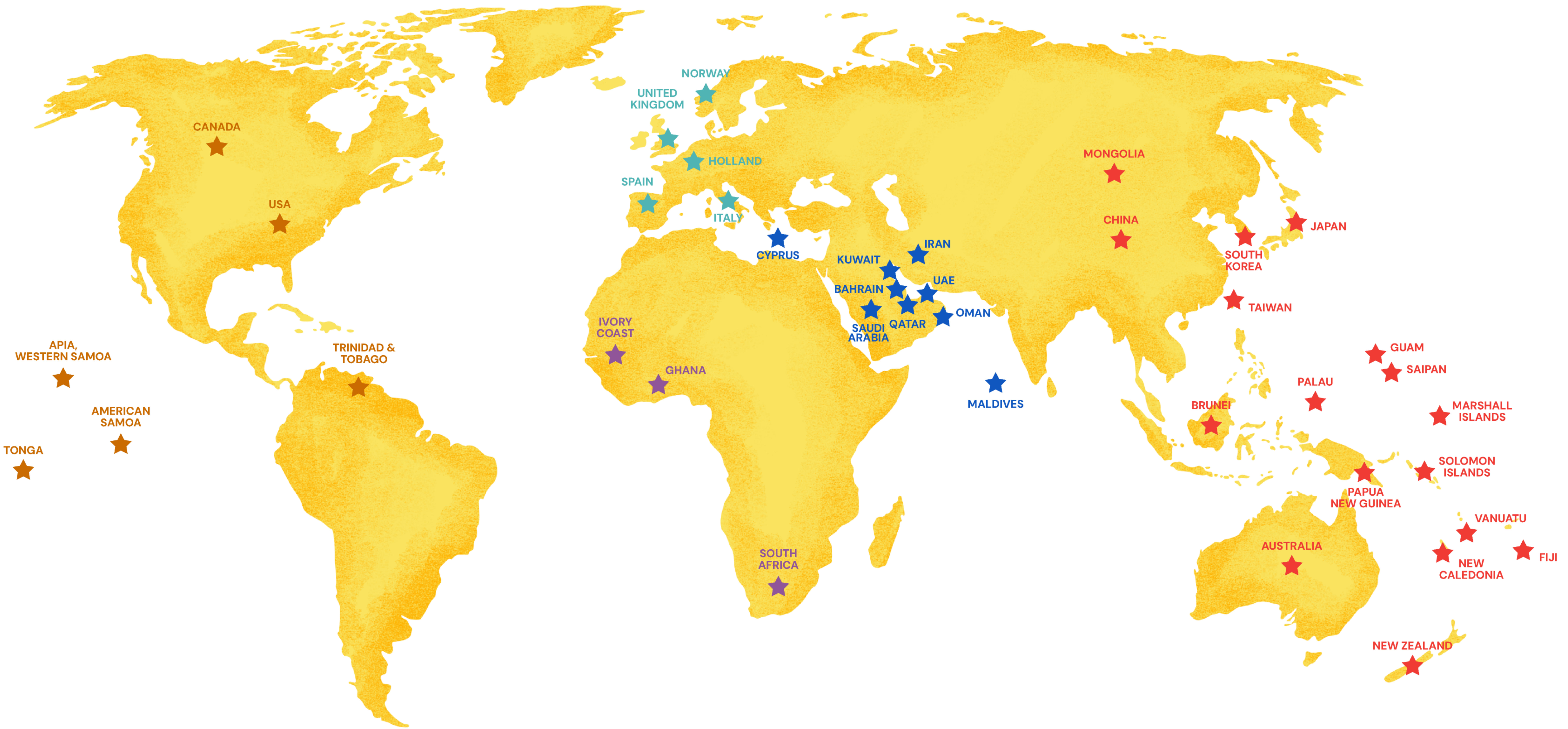
**14** Branded Consumer Foods Group / Warehouse and Manufacturing

**4** Animal Nutrition & Health Facilities

- Feed Mill

**22** Commodities Facilities

- Flour Mill
- Distillery Plant
- Sugar Mill
- Biomass-Fired Power Cogeneration Plant
- Piggery
- Poultry Farm
- Slaughterhouse




Geographic Presence

# Global Exports

Our Branded Consumer Foods' single global export team helped us introduce a diverse portfolio of high-quality products to customers in over 50 countries worldwide. The expansion helped us maximize sales resources and manufacturing capabilities while supporting our international distributors and retail partners. Together, we hope to break through to new markets and create more win-win opportunities for our network.



# Special Features


# Building with Intent: The Malvar Plant

Growth, especially in uncertain conditions, is not about doing more. It is about knowing where to act and having the discipline to follow through.

In 2025, Universal Robina Corporation began the initial commercial run of its new manufacturing facility in Malvar. The move reflects a deliberate decision to strengthen capacity in areas where the company is already competitive, and to do so ahead of need rather than in response to it.

The Malvar plant is designed as a large-scale production hub, built in phases over the next decade. At full build-out, it is expected to span more than 30 hectares and house over 20 manufacturing lines across multiple product categories. Many of URC's future products are expected to be produced here, making it a central part of the company's long-term growth plans.

Its role is straightforward. It expands capacity, improves efficiency, and gives the business more room to execute. Rather than stretching resources across too many fronts, URC is concentrating investment where it matters most, in core categories with established demand and strong brand positions.

The scale of the investment, which is part of a continued commitment to invest beyond, reflects a disciplined approach to growth. This is not expansion for its own sake. It is a targeted effort to support what is already working and to do it better.

Timing also plays a role. The operating environment remains uneven, shaped by commodity volatility and shifting consumer behavior. These conditions can slow decision making. For URC, they reinforced the need to move early and build capacity ahead of demand.

> "The Malvar plant reflects a clear set of choices about where to invest and how to build for the future, with capacity, capability, and efficiency developed together.

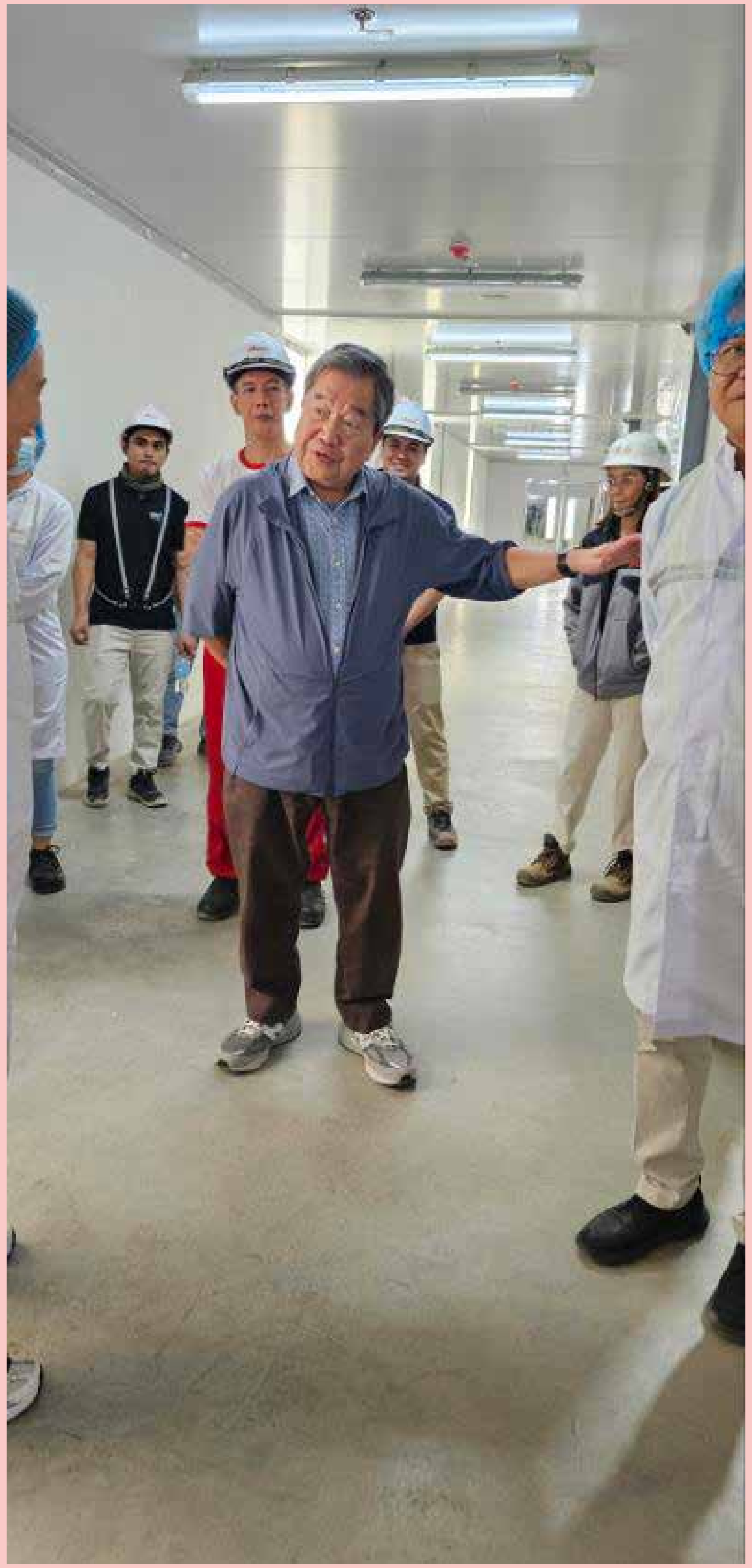
The Malvar facility enables that flexibility. It allows the company to respond more quickly as conditions improve, whether by scaling production, supporting new product introductions, or managing costs more effectively across its operations.

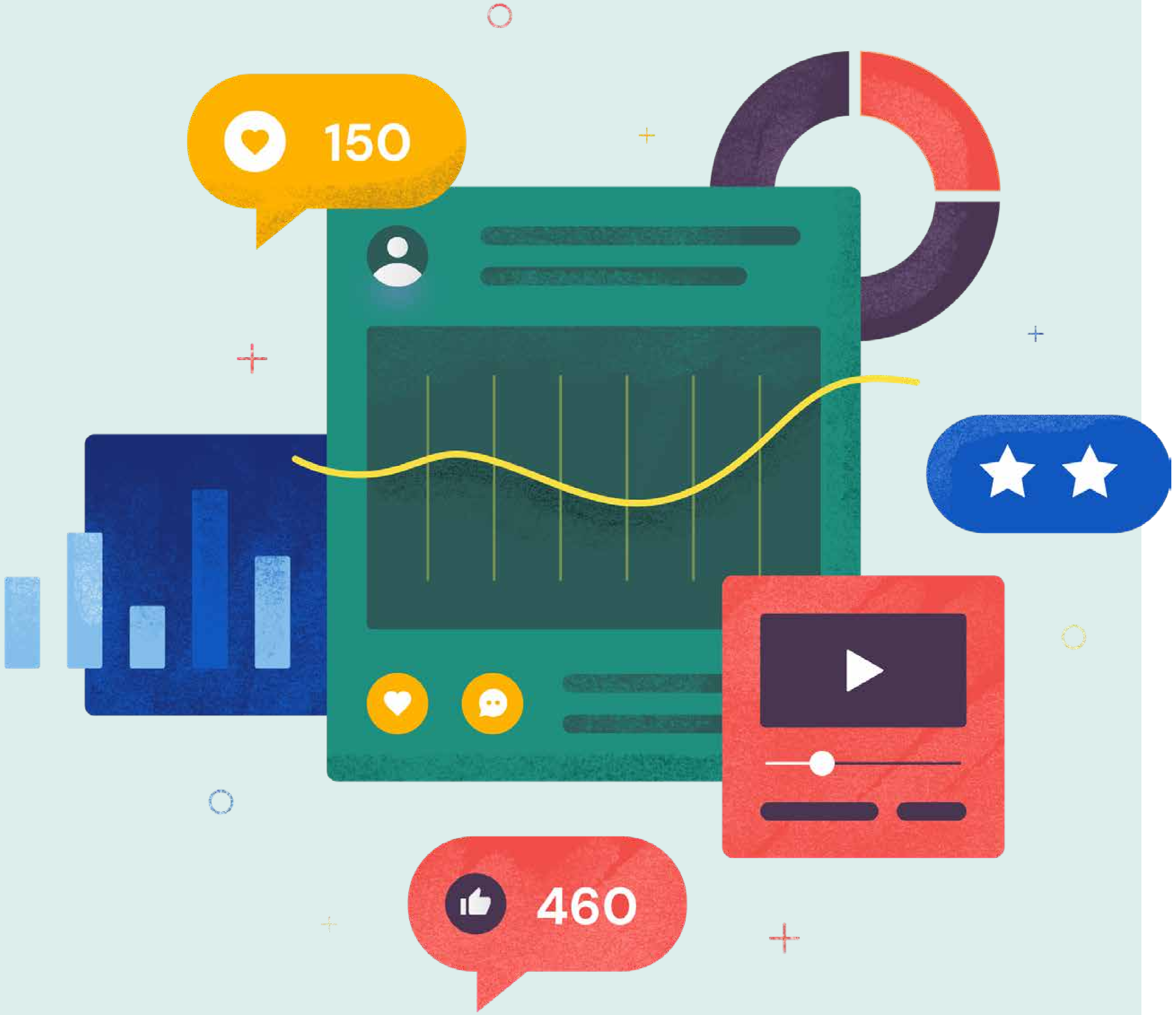
At the same time, the plant raises the standard of how that production happens. It is designed with modern, digitized manufacturing systems that optimize the use of materials, energy, and labor. Features such as solar power, heat recovery systems, and water reuse are built into the facility, alongside design elements that maximize natural light and ventilation. These are practical steps that improve efficiency while reducing environmental impact.

The 2025 activation marks the beginning of a longer build-out. As more lines come online over time, the facility will play a larger role in supporting URC's growth, not just in volume, but in consistency, cost management, and execution.

More than its scale, what stands out is the intent behind it. The Malvar plant reflects a clear set of choices about where to invest and how to build for the future, with capacity, capability, and efficiency developed together.








# Turning AI into Everyday Advantage

For many organizations, AI still carries a sense of hesitation. It is often seen as something complex, disruptive, or even threatening. But in practice, the real question is simpler: how can it help people do better work?

In 2025, Universal Robina Corporation took a more direct approach. Rather than treating AI as a distant capability, the company focused on embedding it into everyday processes across the business. The goal was not to experiment for its own sake, but to solve real problems and improve how work gets done.

The shift began by moving from isolated tools to a more connected system.

Across the year, URC launched multiple digital initiatives and advanced key platforms, including its SAP S/4HANA upgrade. These efforts were designed to streamline operations, improve data quality, and create a more consistent foundation for how information is used across teams.

One of the earliest platforms introduced in 2025 was DiVA, the Discovery Virtual Assistant. Designed to support Consumer and Marketing Insights and Media and Digital Marketing teams, DiVA plays a central role in how ideas are developed and refined.

It supports ideation sessions, workshops, and early stage concept development, helping teams move more quickly from insight to execution. Instead of starting from a blank page, teams can explore directions, test ideas, and structure thinking in a more guided way. The result is a faster, more collaborative process that strengthens outputs from the very beginning.

Alongside this, AI is being applied across marketing workflows, from research and scenario planning to campaign optimization and performance tracking. This allows for more efficient use of marketing spend, while enabling more relevant and effective content creation.

As the year progressed, URC expanded its focus on data and decision making. In the third quarter, the company advanced DAVE, the Data Analytics Virtual Expert, building on earlier work in sales data and scaling it into a broader analytics platform.

DAVE allows teams to access and work with data more easily. Instead of relying on static reports, users can ask questions in plain language and generate insights on demand. With more than 30 built in reports and a growing user base, it is helping reduce bottlenecks and enabling faster, more informed decisions.

The impact is practical. Tasks that once took hours can now be completed in minutes. Data is easier to access, easier to understand, and more widely used, leading to gains in productivity and cost efficiency.

At the same time, AI adoption at URC is extending beyond analytics into employee experience. EVA, the company's HR chatbot, was the first AI chatbot deployed in URC Philippines. It supports employees by providing quick access to HR services and information, improving responsiveness while reducing manual workload for HR teams.

As a practical, everyday tool, EVA reflects how AI can simplify internal processes and enhance employee experience. The platform continues to evolve, with ongoing enhancements and exploration of how it can be scaled further across URC International.

By the fourth quarter, URC introduced SAGE, its first agentic AI platform, marking a step forward in how AI can support not just insight and analysis, but execution.

SAGE is designed to operate within defined governance frameworks, assisting teams in planning and managing work more effectively. Its initial application is in project management, through a Project Scoping Document Agent that helps structure requirements, align priorities, and ensure clarity at the outset of initiatives.

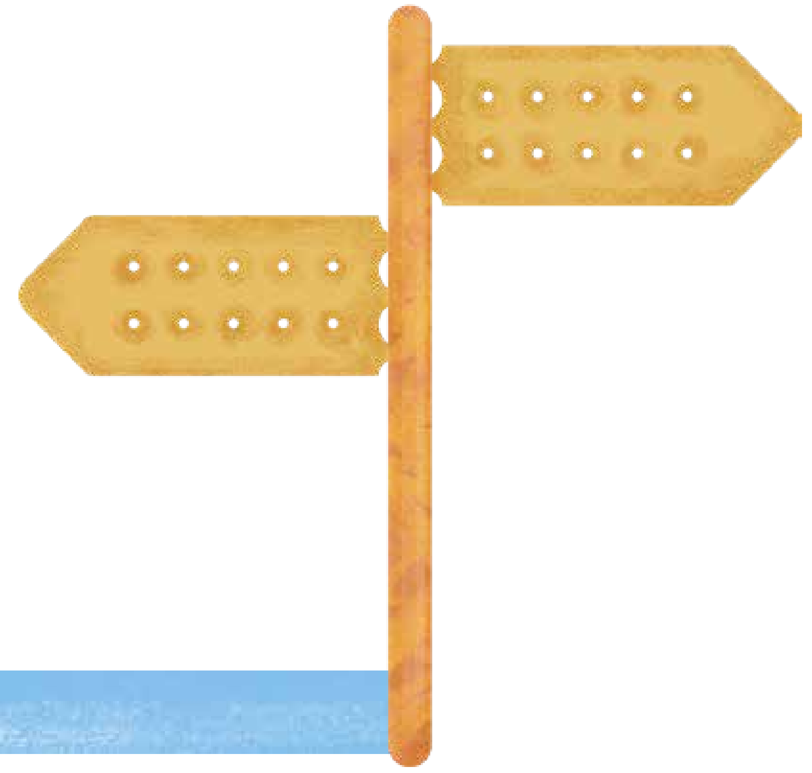
Unlike traditional tools that simply generate outputs, SAGE is built to guide processes. It helps reduce manual effort while maintaining alignment with organizational standards.

Early applications show how this can streamline workflows and free up time for higher value decisions. Looking ahead, URC is actively exploring how agentic AI can be expanded across more processes within the organization, extending its role from support to coordination and execution at scale.

Taken together, these initiatives reflect a shift in how AI is being used across the business. It is no longer a separate function or a future consideration. It is becoming part of how work gets done, from marketing and HR to analytics and project execution – all to help the company better operate in a fast moving, ever evolving world.

“The impact is practical. Tasks that once took hours can now be completed in minutes. Data is easier to access, easier to understand, and more widely used, leading to gains in productivity and cost efficiency.

# Sharpening the Path to Value



In 2025, Universal Robina Corporation refined its strategic plan with a clearer view of where it will compete, how it will win, and how it will create long-term value.

At the center are three financial goals. The first is steady and sustainable high single-digit revenue growth, driven primarily by volume. The second is double-digit profit growth, supported by stronger margins and more efficient operations. The third is improving returns on invested capital, through tighter discipline in how the company allocates and uses its resources.

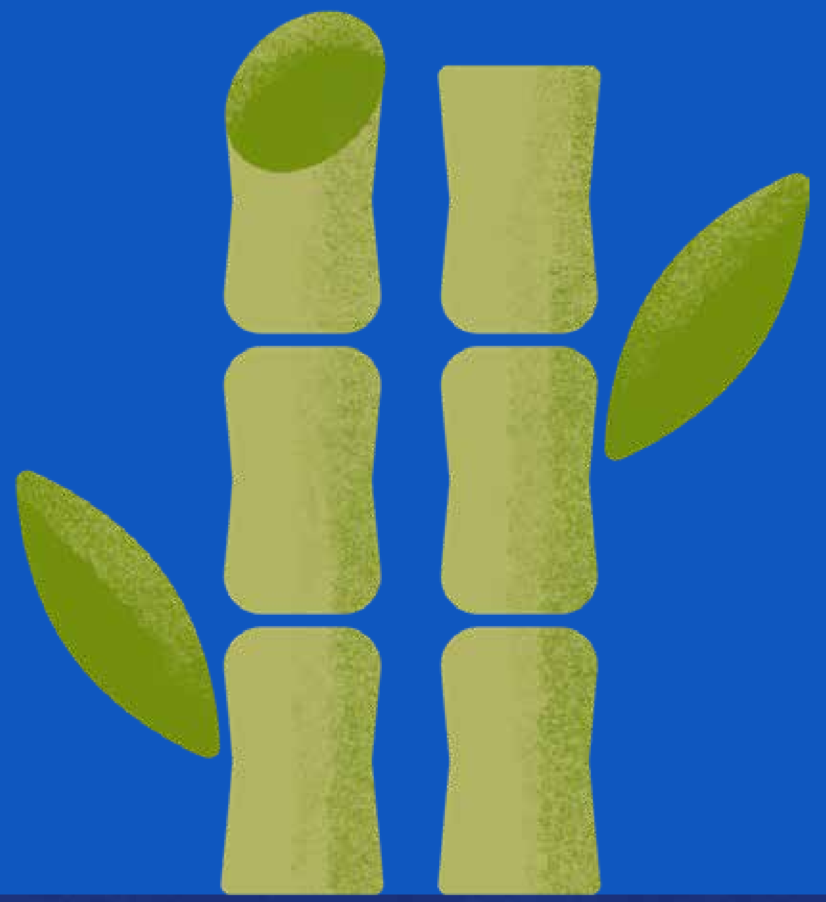
These goals shape how capital and effort are deployed across the business – ensuring that investments are directed toward areas that can deliver the best returns over time, and that performance is continuously monitored against that standard.

This refined plan builds on the company's "Grow the CORE / Expand for MORE" agenda, now with sharper definition.

"Grow the CORE" focuses on categories where URC already leads – its Core Leaders. These include segments such as snacks, ready-to-drink tea, and confectionery, where the company holds strong positions. The strategy here is to expand the category while protecting and strengthening that leadership. This means driving demand, investing in capacity and product quality, and ensuring consistent availability on shelves. Success is measured not only by share, but by how the category itself grows and how deeply the brand is embedded in everyday consumption.

"Expand for MORE," on the other hand, is centered on the company's Challengers. These are businesses where URC is not yet number one, but where a clear and realistic path to leadership exists. The focus is on building that path deliberately – growing faster than the market while improving the underlying economics of the business. This includes strengthening distribution, sharpening advertising and promotions,

"This refined plan builds on the company's **"Grow the CORE / Expand for MORE"** agenda, now with sharper definition.



## Three Financial Goals:

- **Steady and sustainable high single-digit revenue growth, driven primarily by volume.**
- **Double-digit profit growth, supported by stronger margins and more efficient operations**
- **Improving returns on invested capital, through tighter discipline in how the company allocates and uses its resources**

and building into adjacencies that build on existing capabilities. While URC will continue to push the boundaries to deliver innovative products, the emphasis is on opportunities where URC's systemic strengths give it sustainable competitive advantage.

This distinction between Core Leaders and Challengers clarifies where the company chooses to play. It defines the boundaries for expansion, reinforces focus on areas of strength, and ensures that innovation remains anchored in domains where the company can compete effectively.

With "where to play" more clearly defined, the next question is how to win.

URC's strategy is built around five execution capabilities:

- Products and brands that people choose
- A strong and efficient supply chain
- Effective sales and distribution
- A capable, values-led organization
- The use of digital tools and AI to improve decisions

These capabilities are designed to work together. Strong brands and innovations combine to create products that consumers choose everyday. The best-in-class supply chain and customer-centric distribution system ensure that demand is met reliably and at scale. A fully unitedorganization, supported by better data and AI-enabled insights, allows the company to respond faster and execute with greater consistency.

When aligned, these capabilities improve scale, strengthen margins, and reinforce the company's ability to generate accelerating returns.

Overall, the updated strategy reflects a more disciplined approach to growth – one that starts with clarity on where to play, builds on existing strengths, and links every major investment to the goal of creating sustained value for shareholders.

> "
>
> **URC's strategy is built around five execution capabilities:**
>
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> - **Effective sales and distribution**
> - **A capable, values-led organization**
> - **The use of digital tools and AI to improve decisions**


# Corporate Governance

# Corporate Governance

Universal Robina Corporation (“the Company”) acknowledges that good corporate governance is essential to build an environment of trust, transparency, and accountability necessary for fostering long-term performance, financial stability, business integrity, and sustainability of the Company for the protection of the interests of shareholders and other stakeholders.

Corporate Governance is the framework of rules, systems and processes of the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for the daily conduct of business.

The Company continuously strives to strengthen and improve its corporate governance practices by adopting best practices that includes building a competent board, aligning strategies with goals, managing risk effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the Company, its ability to attract investment and enhance shareholder value. This includes the Company’s commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights which include:

1. Right to vote on all matters that require their consent or approval
2. Right to inspect corporate books and records
3. Right to information
4. Right to dividends
5. Appraisal right

The Company is transparent and fair in the conduct of the Shareholders’ Meetings. To foster active shareholder participation, the Board sends the Notice of Shareholders’ Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting, compliant with the Securities Regulation Code. The Shareholders are encouraged to personally attend such meetings and those who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

Guided by the principles of fairness, accountability and transparency to the shareholding public, the Company ensures that the results of the voting taken during the most recent Shareholders’ Meeting are made available the next working day. In addition, the Minutes of the Shareholders’ Meeting may be accessed through the Company Website within five (5) business days from the end of the meeting.

# Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that encourages the Company's sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration Economic, Environmental and Social Governance (EESG) issues and concerns.

## Customers' Welfare

The Company adopts customer relations policies and procedures to protect customer's welfare. This includes providing and making available the customer relations' contact information who is empowered to address and attend to customer questions and concerns.

## Supplier/ Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

## Employees

The Board also establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance, including but not limited to:

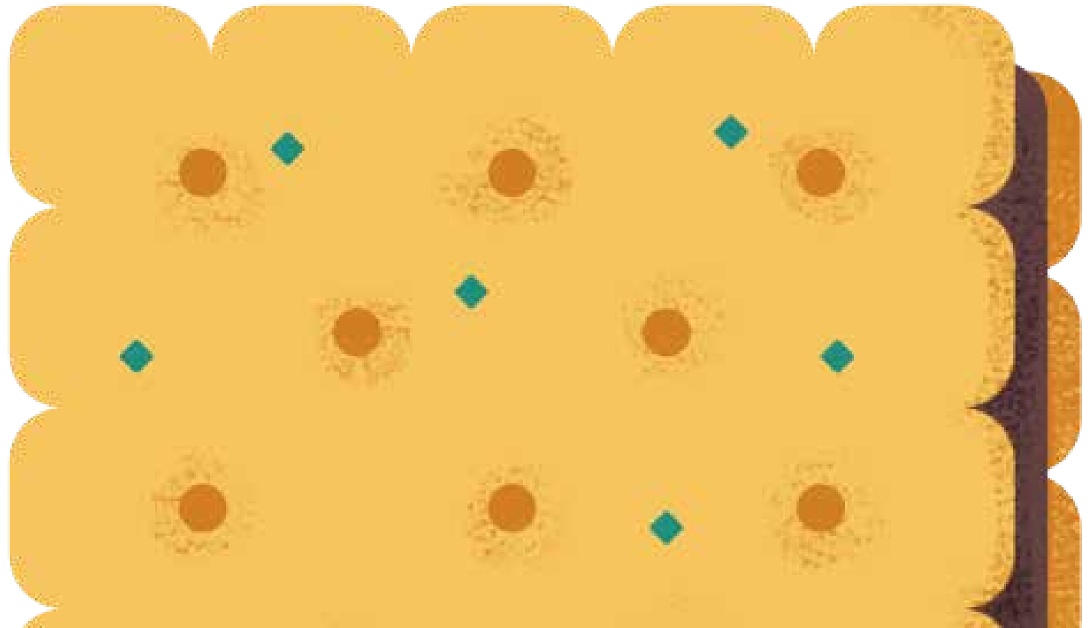
- Health, safety and welfare;
- Training and development; and
- Reward and compensation.

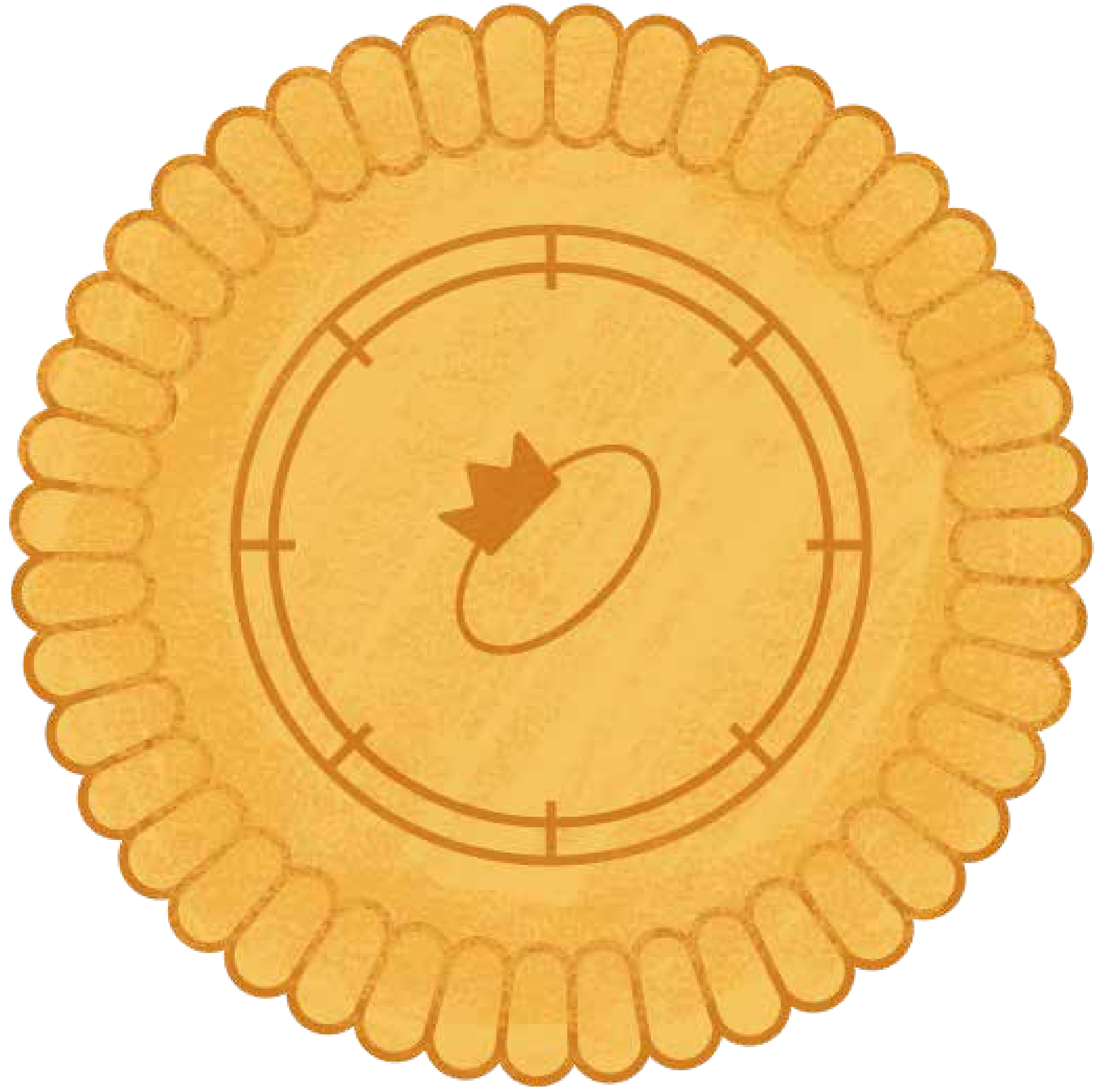
**1. Performance-enhancing mechanisms for employee participation**

The Company abides by the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed, and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high-performing organization that will facilitate learning processes and develop employees' intellectual and personal growth through targeted and customized training and development programs.

Further, the corporate culture and employee know-how are honed at the URC University, an online platform engaging URLearning content via interactive modules that make learning fun, engaging, and accessible anytime, anywhere. This platform provides a personalized training experience, a venue to share knowledge and learn from others, and a reward system for top-performing learners. URC's brand of people development "inspires personal mastery, encourages servant leadership and collaboration, and ensures operational excellence."

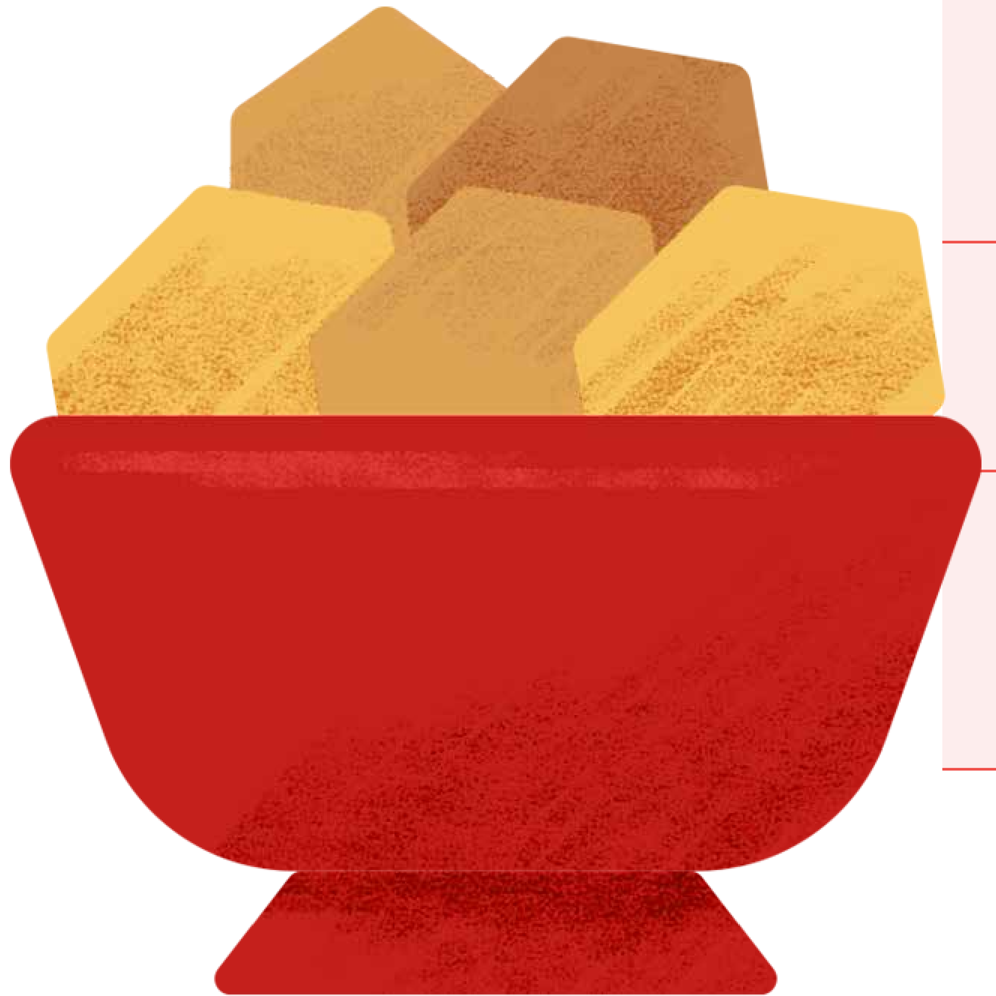




## 2. Anti-corruption programs and procedures

The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Furthermore, all concerned employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also has an established suitable framework for whistleblowing. It is enforced to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation. It also allows them to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns.



The anti-corruption programs and procedures of the Company are summarized below:

| Business Conduct & Ethics | Policy Statement |
|---|---|
| Conflict of Interest | The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his/her/their judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee. |
| Conduct of Business and Fair Dealings | The Company's employees who recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions they are involved in. |
| Receipt of Gifts from Third Parties | The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift that may be accepted. However, an accepted gift with an estimated value over Php2,000.00 must be disclosed to the Integrity and Ethics Council (IECON). |
| Compliance with Laws and Regulations | The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified. |
| Respect for Trade Secrets/ Use of Non-public Information | The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers. |
| Use of Company Funds, Assets and Information | Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized. |
| Employment and Labor Laws and Policies | The Company ensures the observance, strict implementation, and compliance with employment and labor laws and policies with regards to recruitment, employment, retention, and employee benefits. |

| Business Conduct & Ethics | Policy Statement |
|---|---|
| **Disciplinary Action** | Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that resulted from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities. |
| **Whistleblowing** | The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be submitted using the following contact details:<br><br>a. URvoice:<br>For Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=3c9929badb830950b04ad4bdd39619f5<br><br>For Non-Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=8e0b217edb830950b04ad4bdd3961902<br><br>b. Email Address – feedback@urc.com.ph<br><br>c. URC Customer Care – https://www.urc.com.ph/contact-us<br><br>All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of IECON.<br><br>The Company commits to protect those who will report in good faith from retaliation, harassment and even informal pressures. The Company will take the necessary and appropriate action in enforcing the policy. |
| Conflict Resolution | The IECON submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee. |

The anti-corruption policies and programs are made available online for easy access to the employees within the organization, which they can use for reference and guidance. An eModule of the Code of Business Conduct is also available in the Company's training platform where all of the Company employees shall be asked to watch and take the exam to gauge their comprehension and retention of the Company policies and guidelines.

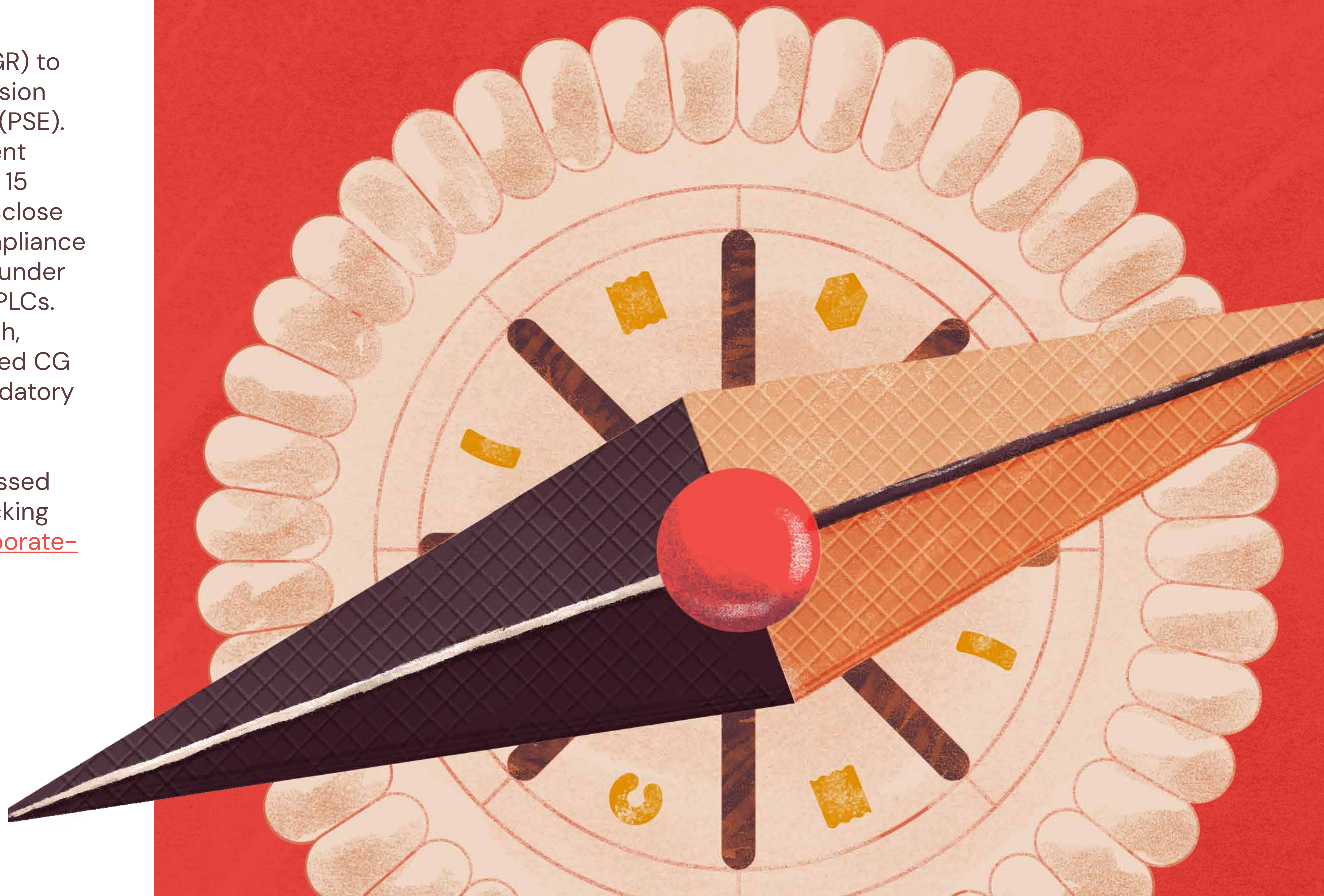
The Company also has URvoice, a digital platform where employees and stakeholders can freely and securely share their observations and concerns on adherence to company purpose, values, and policies, including Anti-Corruption.

The Company ensures that Employees reporting via URvoice are protected from harassment, retaliation, or punishment.

Consistent with the Revised Corporate Governance Manual and pursuant to the recommendations provided in the Code of Corporate Governance for Publicly Listed Companies (PLCs), the Company strengthened its policies on Board Diversity, Board Nomination and Election, Succession Planning and Remuneration, Material Related Party Transactions, Insider Trading and Whistleblowing to reinforce the governance framework of the Company. These policies may be accessed in the Company's website, in the Governance section, https://www.urc.com.ph/corporate-governance/company-policies/

The Company submits the Integrated Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 requiring all PLCs to disclose the Company's compliance/non-compliance with the recommendations provided under the Corporate Governance Code for PLCs. With the "comply or explain" approach, voluntary compliance to recommended CG best practices is combined with mandatory disclosure.

The Company's I-ACGR may be accessed through the Company website by clicking this link, https://www.urc.com.ph/corporate-governance/I-ACGR



# The Board of Directors

## Board Duties and Responsibilities

The Company's Corporate Governance Manual specifies the roles, duties and responsibilities of the Board of Directors in compliance with relevant laws, rules and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

### General Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and in the best interest of the Corporation, its Shareholders and Stakeholders, as a whole.

### Duties and Functions

To ensure high standards for the Company, its shareholders and other stakeholders. The Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;
- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- Oversee the implementation of a policy and system on RPTs, which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- Annually review, together with Management, the Company's vision and mission;
- Ensure the Corporation's faithful compliance with all applicable laws and regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility over this program;
- Identify the Corporation's Stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- Ensure that the Company has an independent audit mechanism for the proper audit and review of the its financial statements by independent auditors;
- Ensure that the Company has established corporate governance policies and procedures pursuant to its Corporate Governance Manual, including but not limited to, policies on conflict of interest as well as oversee the effective implementation thereof; and
- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

## Balanced board composition

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Board is diverse in terms of expertise and professional experience. The Board Member's biographical details are set out in the succeeding section and may also be found in the Information Statement filed by the Company with the Philippine and Exchange Commission and the Securities and Exchange Commission before a stockholders' meeting, which is also readily available on the Company's website.

Further, the posts of Chairman and Chief Executive Officer of the Company are separate to ensure clear distinction between the Chairman's responsibility to manage the Board, and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is established and set out in the Revised Corporate Governance Manual.

## Board Independence

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. The Company reinforces proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company must abstain from participating in the deliberation of the same.

## Board Training and Orientation

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of business. Orientation programs are conducted for first-time directors to ensure new members are appropriately apprised of their duties and responsibilities. This includes an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential to the performance of their functions. As a matter of continuous professional education, the Company provides training opportunities for the Directors and Key Officers.

## Board Meetings

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws and convenes special meetings when required by business exigencies. Following the recommendation of the Code of Corporate Governance adopted by the Corporate Secretary office, the materials for the Board and Board Committee meetings are sent and made available for perusal of the Directors at least five (5) business days prior to the respective meeting. Meetings are likewise duly supported by minutes. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, to promote transparency, the Board may require at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits an advisement letter on the Directors' record of attendance in Board meetings to the Commission.

## Attendance of Directors (From January 1, 2025 to December 31, 2025)

| Board Members | Position | Date of Election | No. of Board Meetings Attended/Held | Attendance Percentage |
|---|---|---|---|---|
| Lance Y. Gokongwei | Chairman | May 15, 2025 | 7/7 | 100% |
| James L. Go | Member | May 15, 2025 | 7/7 | 100% |
| Irwin C. Lee | Member | May 15, 2025 | 7/7 | 100% |
| Patrick Henry C. Go | Member | May 15, 2025 | 7/7 | 100% |
| Johnson Robert G. Go, Jr. | Member | May 15, 2025 | 7/7 | 100% |
| Antonio Jose U. Periquet, Jr. | Independent director | May 15, 2025 | 7/7 | 100% |
| Cesar V. Purisima | Independent director | May 15, 2025 | 7/7 | 100% |
| Rizalina G. Mantaring | Independent director | May 15, 2025 | 7/7 | 100% |
| Christine Marie B. Angco | Independent director | May 15, 2025 | 7/7 | 100% |

# The Board Committees

To enable better and more focused attention on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the Board Committees set up for the purpose: (a) Audit Committee, (b) Corporate Governance and Sustainability Committee (c) Board Risk Oversight Committee (BROC) and (d) Related Party Transaction Committee.

## A. Audit Committee

The Audit Committee provides oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitors compliance with applicable laws and regulations. It ensures that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency, and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets.

| Audit Committee Members | Position | Date of Election | No. of Committee Meetings Attended/Held | Attendance Percentage |
|---|---|---|---|---|
| **Cesar V. Purisima** | Chair | May 15, 2025 | 5/5 | 100% |
| **Antonio Jose U. Periquet, Jr.** | Member | May 15, 2025 | 5/5 | 100% |
| **Rizalina G. Mantaring** | Member | May 15, 2025 | 5/5 | 100% |
| **James L. Go** | Advisory Member | May 15, 2025 | 5/5 | 100% |

In addition to audit committee meetings, executive sessions were held between the Audit Committee and the auditors without anyone from the management present on the following dates:

1. March 6, 2025
2. April 30. 2025
3. July 29. 2025
4. October 22, 2025

## B. Corporate Governance and Sustainability Committee

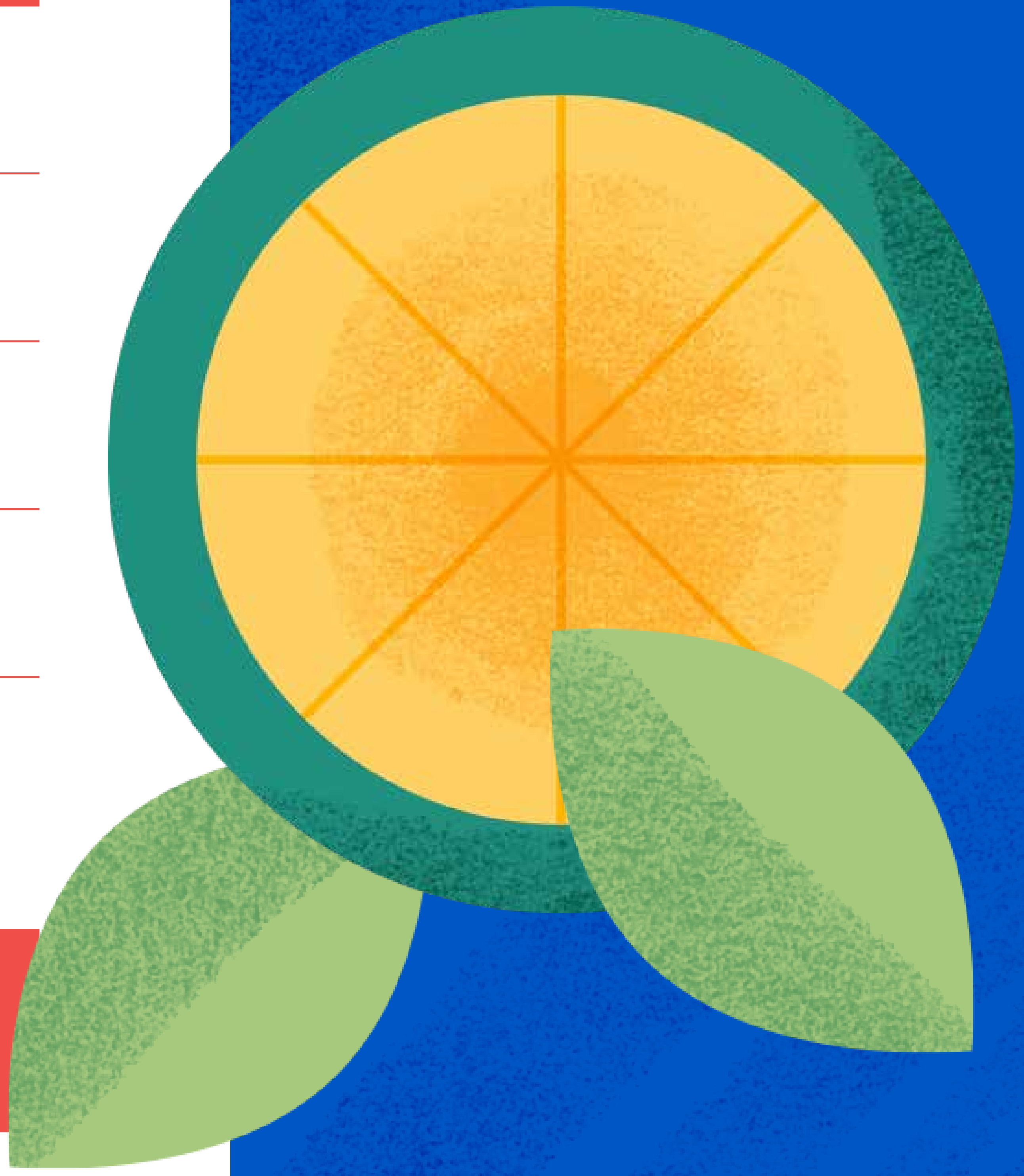
The Corporate Governance and Sustainability Committee oversees the development and implementation of Corporate Governance principles and policies and recommends a formal framework on the nomination, remuneration, and evaluation of the performance of the Directors and key Management Officers that must be consistent with the Company's culture, strategies and the business environment.

| Corporate Governance & Sustainability Committee Members | Position | Date of Election | No. of Committee Meetings | Attendance Percentage |
|---|---|---|---|---|
| **Antonio Jose U. Periquet, Jr.** | Chair | May 15, 2025 | 2/2 | 100% |
| **Christine Marie B. Angco** | Member | May 15, 2025 | 2/2 | 100% |
| **Cesar V. Purisima** | Member | May 15, 2025 | 2/2 | 100% |

## C. Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of the ERM framework that effectively identifies, monitors, assesses and manages key business risks and also assesses the effectiveness of risk management strategies. The BROC is responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control, and manage risks or possible threats to its operational and financial viability.

| Board Risk Oversight Committee Members | Position | Date of Election | No. of Committee Meetings | Attendance Percentage |
|---|---|---|---|---|
| **Rizalina G. Mantaring** | Chair | May 15, 2025 | 2/2 | 100% |
| **Cesar V. Purisima** | Member | May 15, 2025 | 2/2 | 100% |
| **Christine Marie B. Angco** | Member | May 15, 2025 | 2/2 | 100% |
| **Irwin C. Lee** | Member | May 15, 2025 | 2/2 | 100% |



## D. Related Party Transaction Committee

The Related Party Transaction (RPT) Committee ensures that there is a group-wide policy and a system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold. The policy shall include the appropriate review and approval of MRPTs, which guarantee fairness and transparency of the transactions.

| Related Party Transactions Committee Members | Position | Date of Election | No. of Committee Meetings Attended/Held | Attendance Percentage |
|---|---|---|---|---|
| **Christine Marie B. Angco** | Chair | May 15, 2025 | 2/2 | 100% |
| **Antonio Jose U. Periquet, Jr.** | Member | May 15, 2025 | 2/2 | 100% |
| **Rizalina G. Mantaring** | Member | May 15, 2025 | 2/2 | 100% |

# The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in conducting their meetings, including preparing the annual schedule of Board and Committee meetings and the annual Board calendar. She also assists the Board Chairs and its Committees in setting agendas for the meetings, safe keeps and preserves the integrity of the meeting minutes of the Board and its Committees, as well as other official records of the Company.

The Corporate Secretary keeps herself abreast on relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the Company and advises the Board and the Chairman on all relevant issues as they arise. She works fairly and objectively with the Board, Management and Shareholders. She contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders.

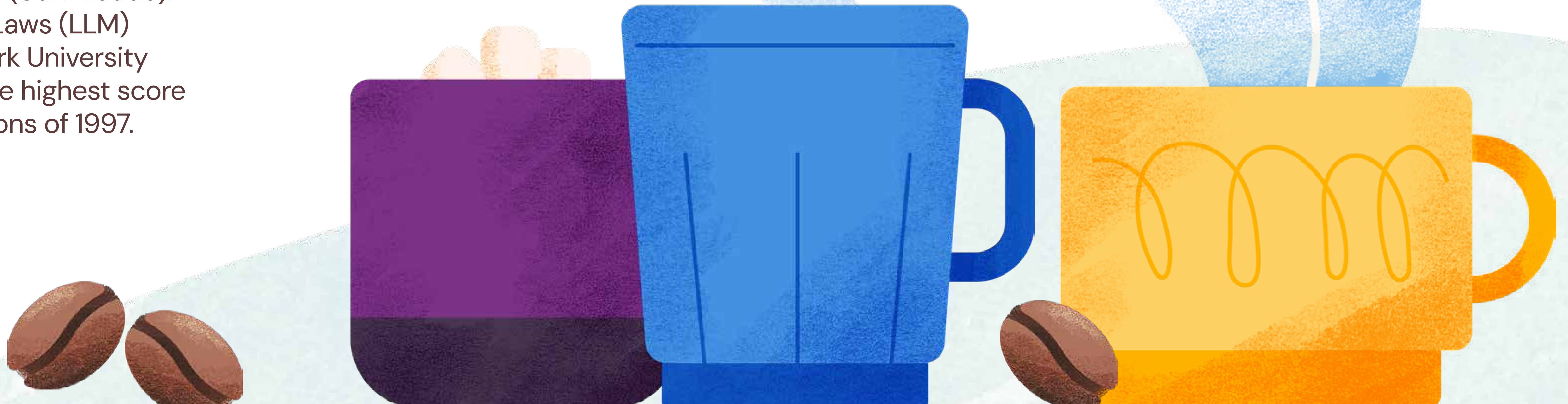
**Atty. Maria Celia H. Fernandez-Estavillo** is the Corporate Secretary of URC. She is also the Chief Legal Officer, General Counsel and Corporate Secretary of JG Summit Holdings, Inc. She is also the Corporate Secretary of JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member of the British School Manila Board of Governors and a Trustee of the Solar Village Foundation. Prior to joining JG Summit Holdings, Inc. in March 2017, Atty. Fernandez-Estavillo was the head of the Legal and Regulatory Affairs Group, the Corporate Secretary, and a member of the Board of Directors of Rizal Commercial Banking Corporation. She was Assistant Vice President of Global Business Development of ABS-CBN. She also held positions in government as Head of the Presidential Management Staff, Assistant Secretary at the Department of Agriculture, and Chief of Staff of Senator Edgardo J. Angara. She began her legal career in ACCRA. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude) and a Bachelor of Laws degree (Cum Laude). She completed her Master of Laws (LLM) in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

# The Compliance Officer

The Compliance Officer monitors, reviews, evaluates, and ensures compliance by the Company; its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Corporate Governance Code, rules and regulations, and all governance issuances of regulatory agencies.

She also ensures the integrity and accuracy of all documentary submissions to the regulators; identifies possible areas of compliance issues and works toward its resolution. She assists the Board and the Corporate Governance and Sustainability Committee in performing their governance functions, including their duties to oversee the formulation, review, and implementation of the Corporate Governance structure and policies of the Company.

**Rhodora T. Lao** is the Corporate Controller and Chief Compliance and Risk Officer of URC and was the Deputy Chief Finance Officer for Branded Consumer Foods Group of URC. She was formerly the Director for Strategic Initiatives and Group Controller for Coca-Cola Asia Pacific. She also held various finance roles in Avon APAC, Wyeth Philippines, International Distillers Philippines and Nestle Philippines. She obtained her Bachelor of Science degree in Business and Accountancy from the University of the Philippines where she graduated Cum Laude.



# ENTERPRISE RISK MANAGEMENT, ACCOUNTABILITY AND AUDIT

The Company recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company implemented systems and processes to facilitate proper risk identification, monitoring and control – which are keys to effective corporate governance. Timely and accurate management and financial reporting systems, internal controls, and audits are also employed to protect and maximize stakeholders' value.
The Board oversees Management's adoption and implementation of a sound risk management framework for identifying, monitoring and managing key risk areas. The BOD reviews Management reports with due diligence to enable the company to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

## Enterprise Risk Management

Through a sound Enterprise Risk Management (ERM) framework, the Company effectively identifies, monitors, assesses, and manages key business risks. The framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

The ERM framework revolves around the following activities:
- Risk Identification. This involves the identification of key business risks of the business units.
- Risk Assessment. Each identified risk is then assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives.
- Risk Prioritization. This process enables the organization to focus the implementation of risk responses on certain high and medium severity risks based on the organization's risk profile.
- Risk Response, Monitoring, and Evaluation. Appropriate risk response are put in place for each priority risk by the Risk Owners.
- Risk Reporting. At the Group level, top risks are reviewed, updateed and reported to the Board Risk Oversight Committee twice a year.

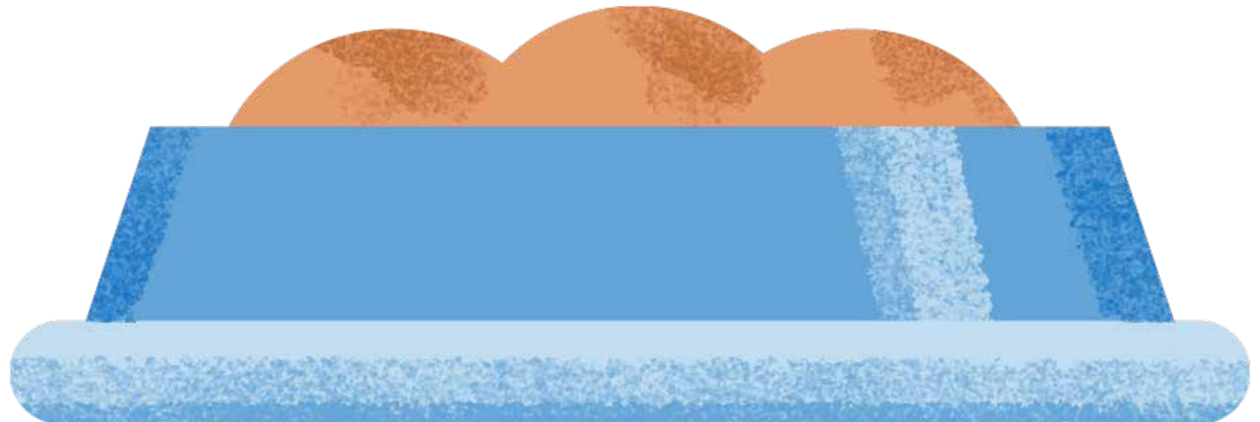
## Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the operations of the company and in each BU, thus increasing their accountability and ownership in the execution of the BU's internal control framework. To accomplish the established goals and objectives, BUs implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources
3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

## Adequate and Timely Information

To enable the Directors to fulfill their duties and responsibilities properly, Management provides them with complete, adequate, and timely information about the matters to be taken up in their meetings. Information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents. If the information provided by Management is not sufficient, further inquiries may be made by a Director to enable him to perform his duties and responsibilities properly. The Directors have independent access to Management and to the Corporate Secretary. The Directors, either individually or as a Board, and in performing their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.



## Accountability and Audit

The Board ensures that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position, and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also available on the Company website, including its submissions and disclosures to the SEC and Philippine Stock Exchange (PSE). Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of responsibilities that pertain to the External Auditor should be clearly defined;

2. An effective system of internal control that will ensure the integrity of the financial reports and protection of Company assets for the benefit of all Shareholders and other Stakeholders;

3. Based on the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;

4. The Company consistently complies with the financial reporting requirements of the SEC;

5. The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company, should be changed with the same frequency. The Corporate Internal Audit Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities and performance relative to the Internal Audit Plan as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that s/he conducts his/her activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, the Internal Audit Head shall disclose to the Board and Management the reasons why s/he has not fully complied with the said documents; and

6. After consultations with the Audit Committee, the Board shall recommend to the Shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the matters by which the financial statements shall be prepared and presented to the Shareholders.

## Internal Audit

The Corporate Internal Audit is focused on delivering its mandate of determining whether the governance, risk management and control processes, as designed and represented by the management are adequate and functioning in a manner that provides a reasonable level of confidence that:

1. Employees' actions are compliant with policies, standards, procedures and applicable laws and regulations;

2. Quality and continuous improvement are fostered in the control processes;
3. Programs, plans, and objectives are achieved;

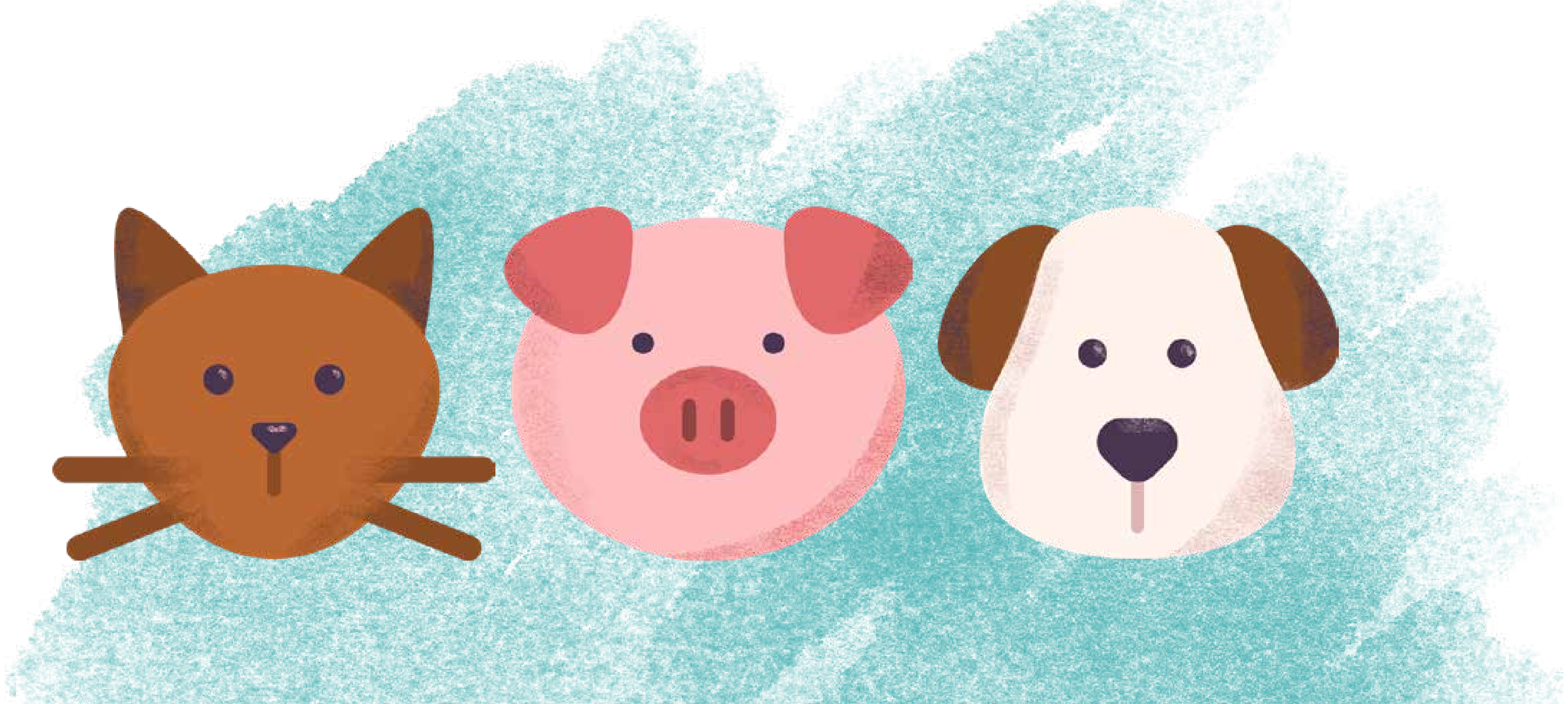
4. Resources are acquired economically, used efficiently and protected adequately;

5. Significant financial, managerial and operational information is accurate, reliable and timely;

6. Significant key risks are appropriately identified and managed; and

7. Significant legislative or regulatory issues impacting the Company are recognized and properly addressed.

Opportunities for improving management control, profitability, and the Company's reputation may be identified during audits.



# Other Matters

## Audit and Audit-Related Fees

| Name of Auditor | Audit Fee | Non-Audit Fee |
|---|---|---|
| SyCip, Gorres, Velayo & Co. | Php 15,883,010 | - |

## Ownership structure

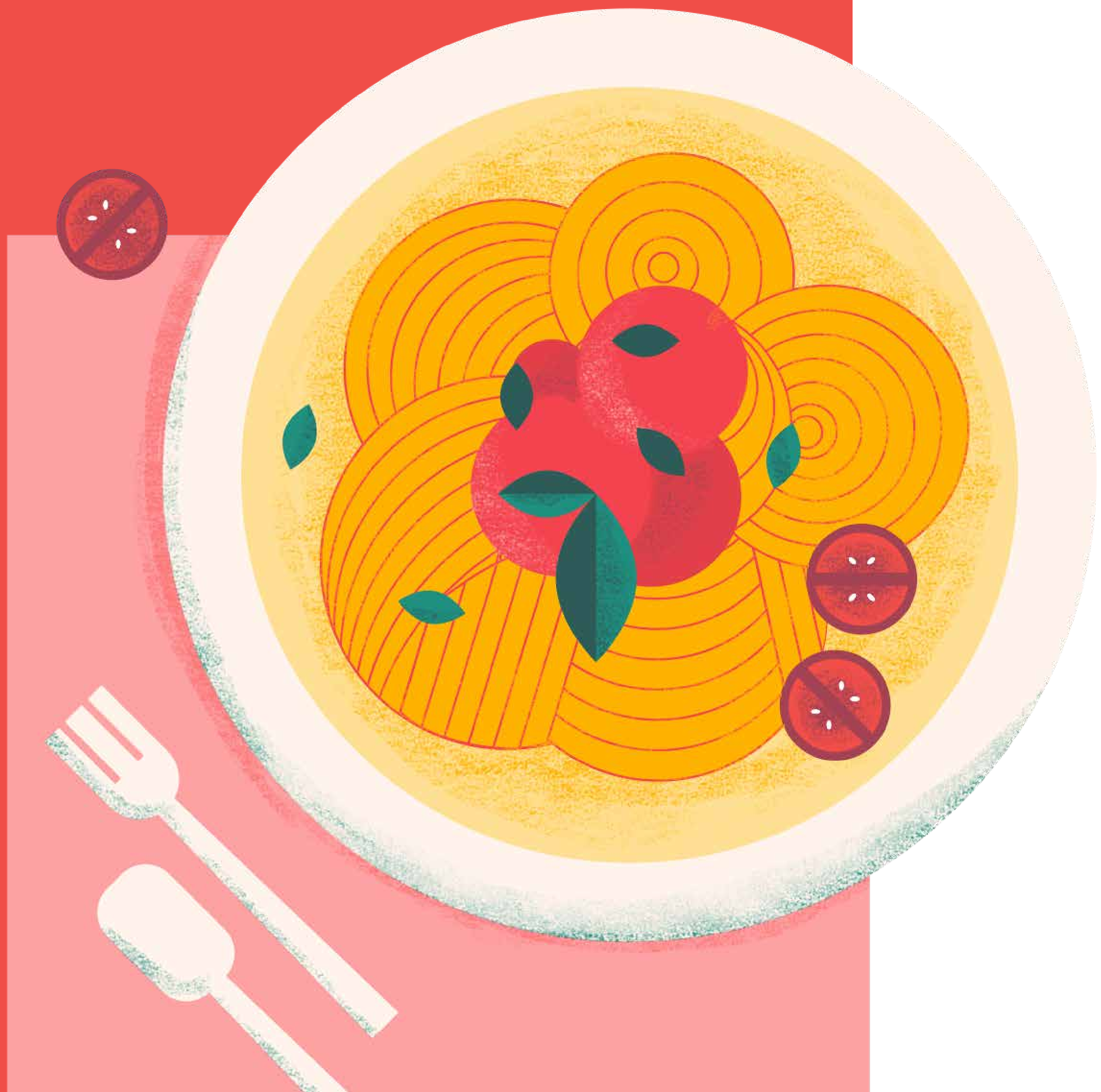
Holding 5% shareholding or more (as of December 31, 2025)

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|---|---|---|---|
| JG Summit Holdings, Inc. | 1,215,223,061 | 56.85% | Same as record owner |
| PCD Nominee Corporation (Filipino) | 484,639,479 | 22.67% | PCD Participants & their clients |
| PCD Nominee Corporation (Non-Filipino) | 383,906,912 | 17.96% | PCD Participants & their clients |

In addition to above, the Capital Group Companies, Inc. (CGC) acquired 108,113,714 of the Company's shares on 20 May 2025 resulting to CGC's aggregate ownership of the Company shares of 5.05% at the time of acquisition.

# Dealing in securities

## (changes in shareholdings of directors and key officers)



### A. Elected Directors for the calendar year 2025

| Name of Director | Number of Shares (Direct) | Number of Shares (Indirect) | % to Total Outstanding Shares |
|---|---|---|---|
| James L. Go | 1 | 4,068,060 | 0.19% |
| Lance Y. Gokongwei | 413,235 | 500,000 | 0.04% |
| Patrick Henry C. Go | 45,540 | 0 | 0% |
| Johnson Robert G. Go, Jr. | 1 | 0 | 0% |
| Irwin C. Lee | 1 | 500,000 | 0.02% |
| Cesar V. Purisima | 1 | 0 | 0% |
| Rizalina G. Mantaring | 1 | 11,630 | 0% |
| Christine Marie B. Angco | 1 | 0 | 0% |
| Antonio Jose U. Periquet, Jr. | 1 | 499,999 | 0.02% |

## B. Elected Officers for the calendar year 2025

| Name of Officer | Position/Designation | Number of Shares (Direct) | Number of Shares (Indirect) | % to Total Outstanding Shares |
|---|---|---|---|---|
| James L. Go | Chairman Emeritus | (same shareholdings as mentioned above) | | |
| Lance Y. Gokongwei | Chairman | | | |
| Irwin C. Lee | President & Chief Executive Officer | | | |
| Patrick Henry C. Go | Executive Vice President | | | |
| Anna Milagros D. David | Executive Vice President and Group President, Branded Consumer Foods Philippines | 0 | 174,860 | 0.01% |
| Francisco M. Del Mundo | Chief Finance and Strategy Officer | 0 | 9,230 | 0% |
| David J. Lim, Jr. | Chief Technology Officer | 0 | 0 | 0% |
| Jesselyn P. Panis | Chief Supply Chain and Sustainability Officer | 0 | 0 | 0% |
| Ong Mei Kuan (Karen Ong) | Chief Marketing Officer | 0 | 0 | 0% |

| Name of Officer | Position/Designation | Number of Shares (Direct) | Number of Shares (Indirect) | % to Total Outstanding Shares |
|---|---|---|---|---|
| **Elisa O. Abalajon** | Chief Human Resources Officer | 0 | 0 | 0% |
| **Karen Therese C. Salgado** | Chief Information Officer | 0 | 0 | 0% |
| **Rhodora T. Lao** | Vice President, Corporate Controller and Chief Compliance and Risk Officer | 0 | 13,500 | 0% |
| **Maria Celia H. Fernandez-Estavillo** | Corporate Secretary | 0 | 0 | 0% |
| **Phoebe Ann S. Bayona** | Assistant Corporate Secretary | 0 | 0 | 0% |
| **Maria Gay D. Advincula** | Data Protection Officer | 0 | 0 | 0% |
| **Charles Bernard A. Tañega** | Treasurer | 0 | 1,400 | 0% |
| **Elvin Michael L. Cruz** | Corporate Legal Counsel | 0 | 0 | 0% |
| **Jose Miguel T. Manalang** | Director, Strategy and Investor Relations | 0 | 12,000 | 0% |

# Dividends

On March 13, 2025 and August 7, 2025, the Board of Directors of the Company approved the declaration of the following cash dividends from the unrestricted retained earnings of URC as of December 31, 2024:

a) Cash Dividend of Two Pesos and Fifty Centavos (P2.50) per share and paid on May 9, 2025; and

b) Cash Dividend of Two Pesos and Twenty Centavos (P2.20) per share and paid on October 1, 2025.

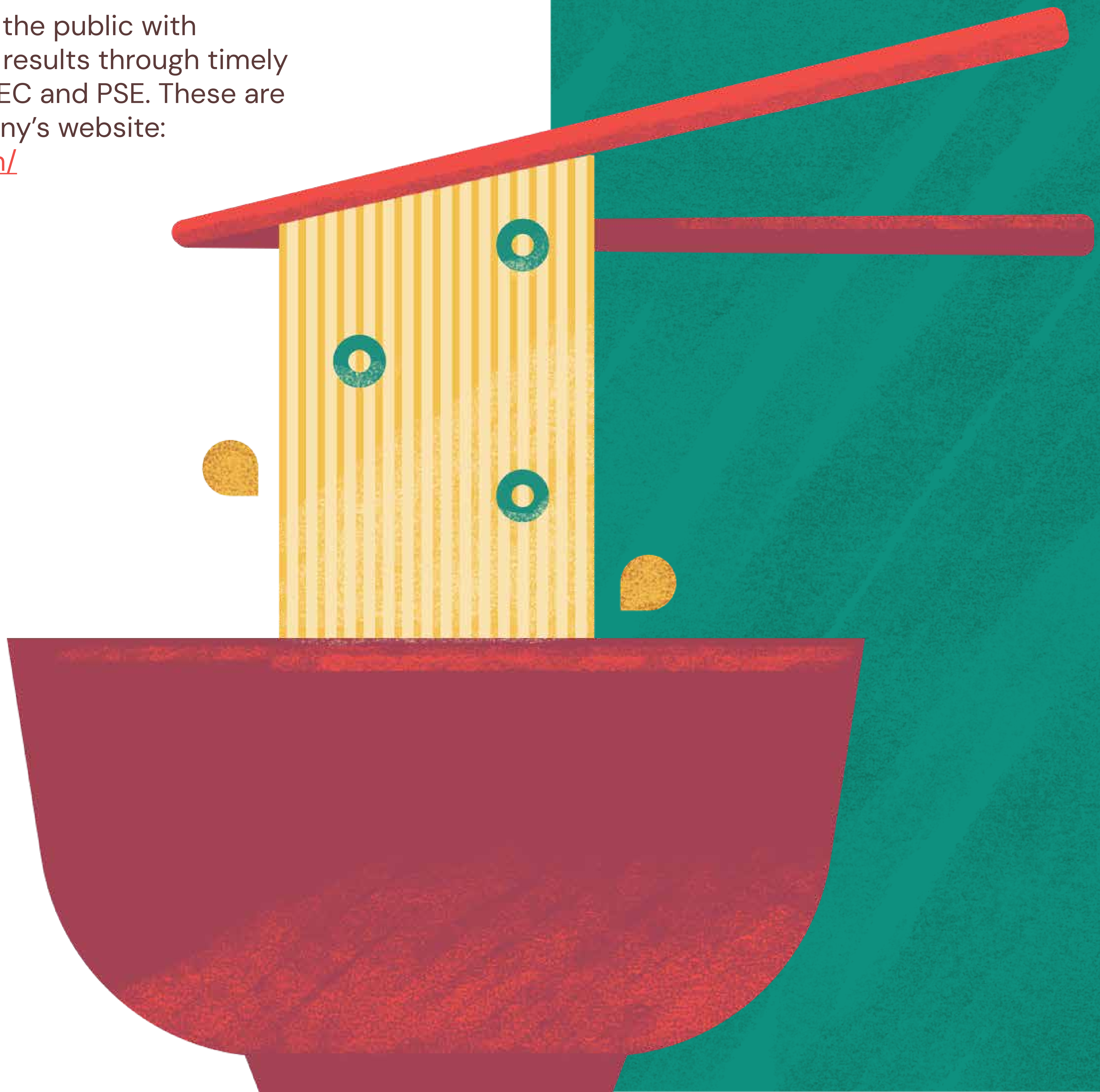
# Dividend Policy

The Company, as a matter of policy, will maintain an annual cash dividend payout ratio of 50% of the consolidated core net income from the preceding year. This is subject to the requirements of applicable laws and regulations and the absence of circumstances, which may restrict the payment of such dividends.

The Board of Directors shall determine the cash dividend rate and may, at any time, modify such dividend rate.

# Company Website

The Company updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: https://www.urc.com.ph/




# BOD and Executive Officers

# Board of Directors

**James L. Go**
Director, Chairman Emeritus

**Lance Y. Gokongwei**
Director, Chairman

**Irwin C. Lee**
Director, President and Chief Executive Officer

**Patrick Henry C. Go**
Director, Executive Vice President

**Johnson Robert G. Go, Jr.**
Director

**Cesar V. Purisima**
Independent Director

**Rizalina G. Mantaring**
Independent Director

**Christine Marie B. Angco**
Independent Director

**Antonio Jose U. Periquet, Jr.**
Independent Director

# Corporate Officers

**James L. Go**
Chairman Emeritus

**Lance Y. Gokongwei**
Chairman

**Irwin C. Lee**
President and Chief Executive Officer

**Patrick Henry C. Go**
Executive Vice President

**Anna Milagros D. David**
Executive Vice President and Group President, Branded Consumer Foods Philippines

**Francisco M. Del Mundo**
Chief Finance and Strategy Officer

**David J. Lim, Jr.**
Chief Technology Officer

**Jesselyn P. Panis**
Chief Supply Chain and Sustainability Officer

**Ong Mei Kuan (Karen Ong)**
Chief Marketing Officer

**Elisa O. Abalajon**
Chief Human Resources Officer and Agile Transformation Lead

**Karen Therese C. Salgado**
Chief Information Officer

**Rhodora T. Lao**
Corporate Controller and Chief Compliance and Risk Officer

**Maria Celia H. Fernandez-Estavillo**
Corporate Secretary

**Phoebe Ann S. Bayona**
Assistant Corporate Secretary

**Maria Gay D. Advincula**
Data Protection Officer

**Charles Bernard A. Tañega**
Treasurer

**Elvin Michael L. Cruz**
Corporate Legal Counsel

**Jose Miguel T. Manalang**
Director, Strategy and Investor Relations

# Leadership Team

**Shanie Ann S. Kawpeng**
Managing Director, Joint Ventures & Corporate Services

**Oscar I. Villamora**
Managing Director, Beverages, BCFG Philippines

**Marcia Y. Gokongwei**
Managing Director, Snack Foods, BCFG Philippines

**Renato P. Cabati**
Managing Director, Sugar & Renewables (SURE)

**Vincent Henry C. Go**
Managing Director, Agro-Industrial Group (AIG)

**Ellison Dean C. Lee**
Managing Director, Special Assignment and Sr. Advisor, Wheat Flour Trading

**Jose Emmanuel N. Agnir**
Managing Director, Flour and Packaging Group

**Rodney Wong**
Vice President and General Manager, URM Malaysia and International Trading Operations (ITO)

**Jean Pierre S. Gamboa**
Vice President and General Manager, Vietnam

**Tanant Suwanraks**
Vice President and General Manager, Thailand

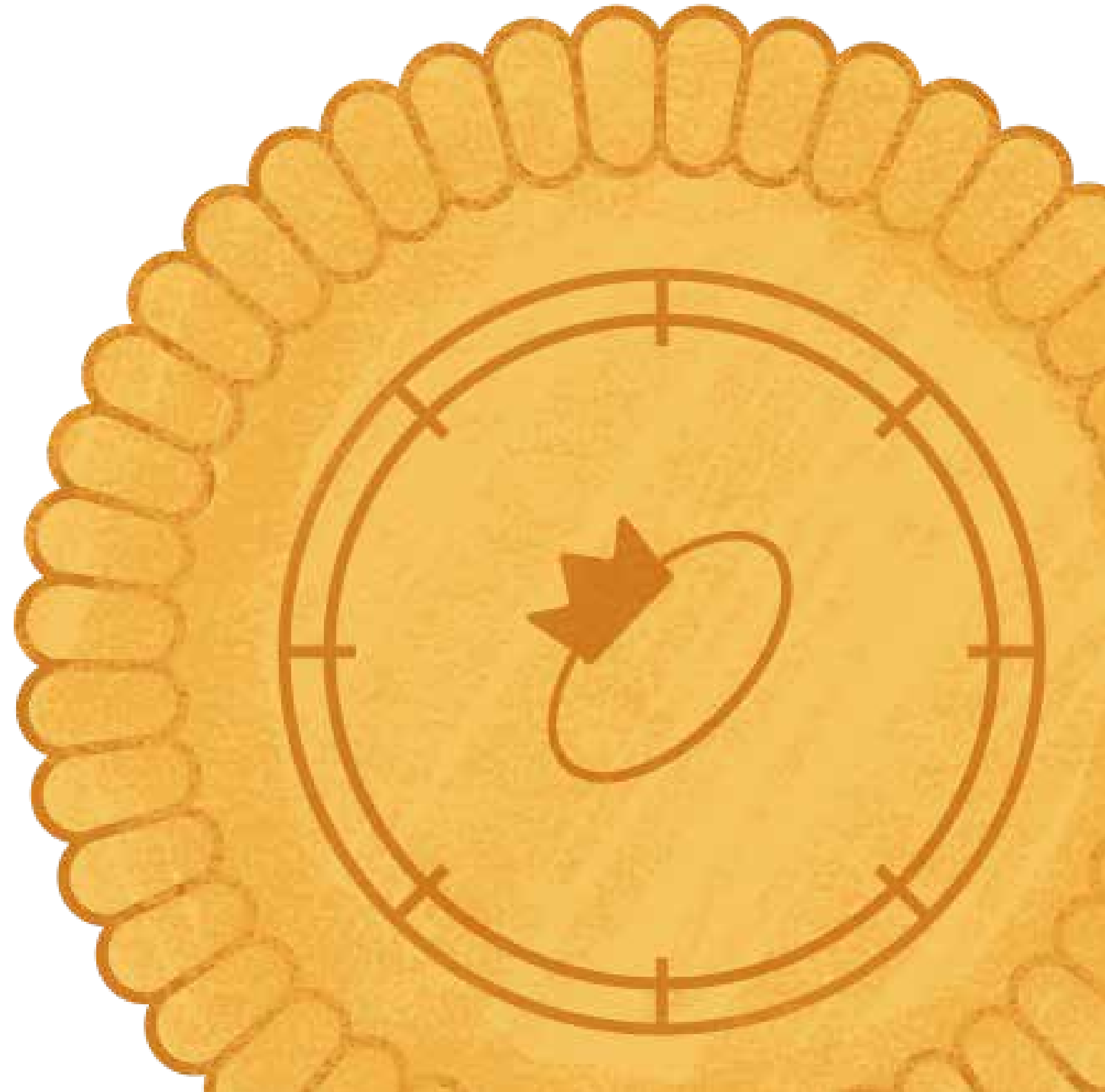
**Keerati Chulplang**
General Manager, Myanmar

**Taufiqurrahman Basthami ST**
General Manager, Indonesia

**Maria Sarah P. Albert**
General Manager, Food Solutions and Private Labels, BCFG Philippines

**Maarten Van Leeuwen**
General Manager, Danone URC

**Carlo Licuanan**
Vice-President and General Manager, Vitasoy URC



# Corporate Directory

# Philippines

## Universal Robina Corporation

8th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

**T: +63 2 8516-9888**

**https://www.urc.com.ph/**

## Agro-Industrial Group

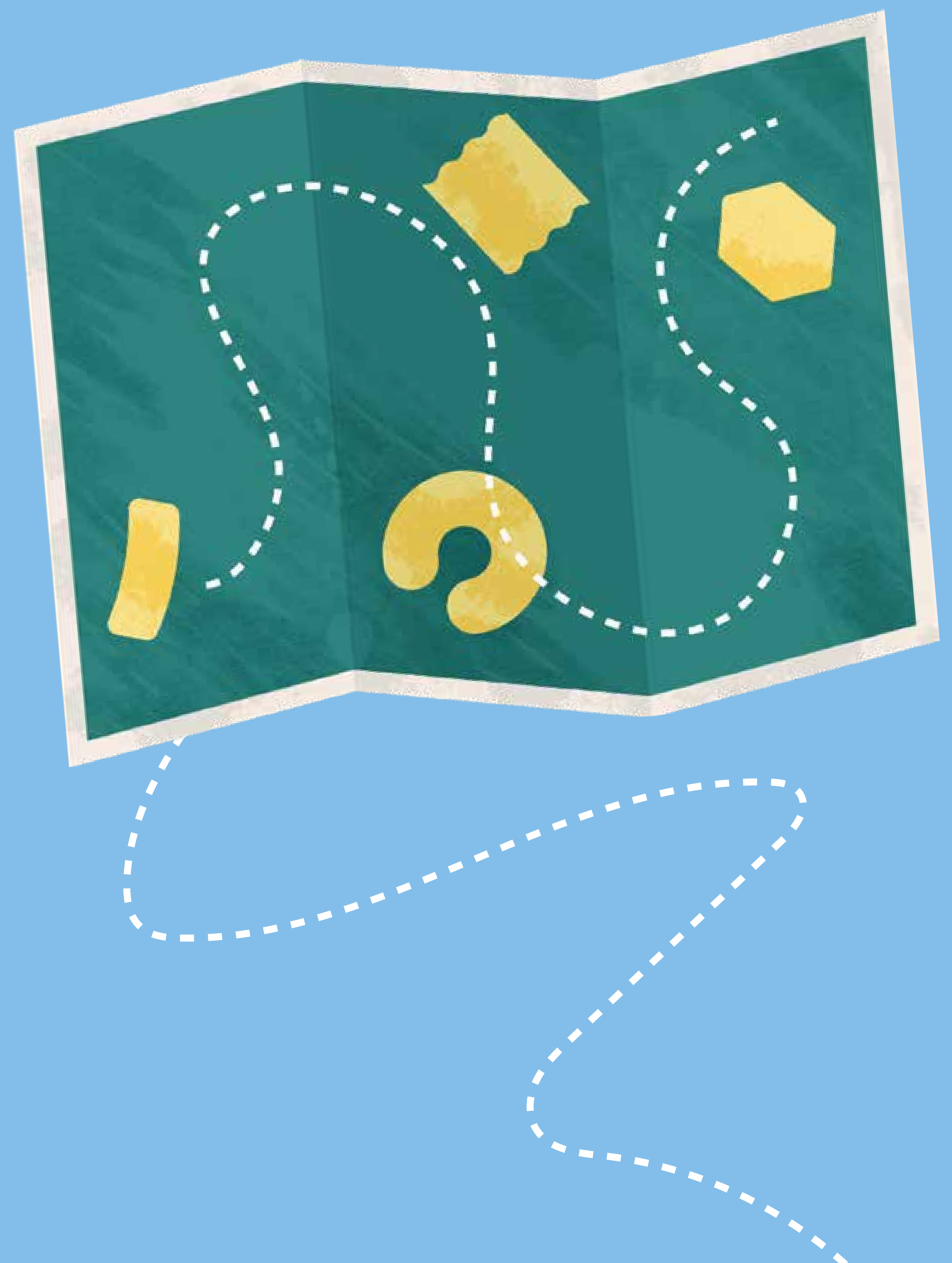
16 Santiago St., Bagong Ilog, Pasig City

**T/F: +63 2 8671-8194**

## Flour Division

9th Floor, Zeta Tower, Bridgetowne,
E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

**T: +63 2 8672-1553 to 54**
**T: +63 2 8672-1574**
**T: +63 2 8672-1587**



## Sugar and Renewables Group

17th Floor Giga Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

**T: +63 2 8516-9888**

## Investor Relations

17th Floor, Giga Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

**T: +63 2 8516-9888**
**IR@urc.com.ph**

## Independent Public Accountants

*Sycip Gorres Velayo & Co*
*Certified Public Accountants*

SGV Building 6760 Ayala Avenue Makati City

## Stock Transfer and Dividend Paying Agent

*BDO Unibank, Inc.*
*Trust and Investment Group*

14th Floor, BDO Towers Valero, 8741 Paseo De Roxas, Makati City

# International



## Hong Kong

### *URC Hong Kong Co. Ltd.*

Unit 2906, 29/F, Prosperity Center, 25 Chong Yip Street,
Kwun Tong, Kowloon, Hong Kong

**T: +852 2717-1478**
**T: +852 2717-1997**
**F: +852 2772-7052**

## Indonesia

### *PT URC Indonesia Head Office / Factory*

Jl. Sulawesi Blok M-27 MM2100 Industrial Town, Cikarang Barat, Bekasi
17530 Indonesia

**T: +62 21 8998-2585**
**F: +62 21 8998-1625**

### *PT URC Indonesia Marketing & Sales Office*

Menara Hijau, Floor 10, Jl. MT Haryono Kav. 33, Jakarta Selatan 12770 Indonesia

**T: +62 21 7919-2009**
**F: +62 21 798-5875**

## Malaysia

### *Munchworld Marketing Sdn Bhd*

Centro Building, 23rd Floor, 8, Jalan Batu Tiga Lama, 41300 Klang,
Selangor, Malaysia

**T: +60 3 3344-7888**

### *URC Snack Foods (Malaysia) Sdn Bhd*

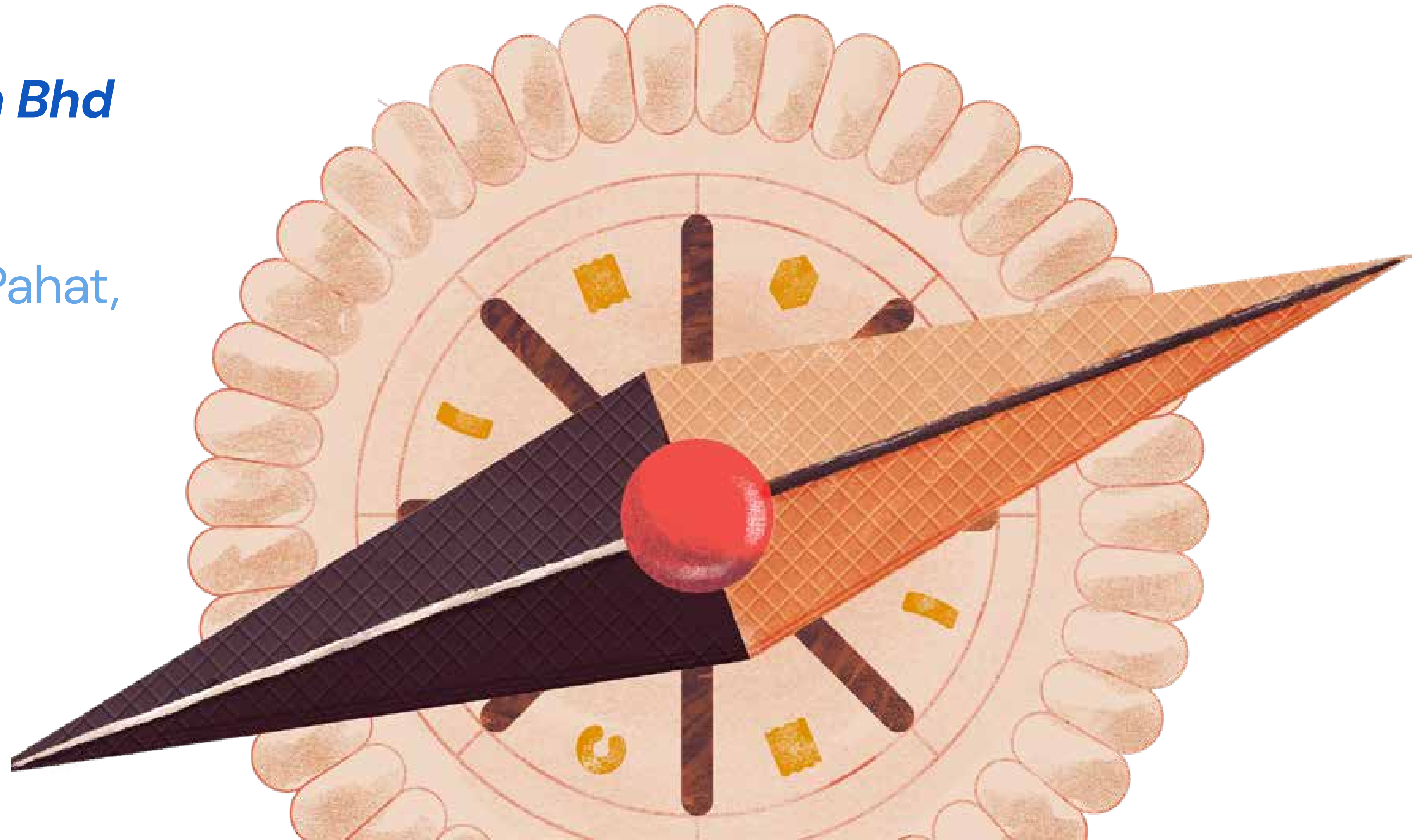
PLO 370 Jalan Perak Tiga, Kawasan Perindustrian, Pasir Gudang, 81700
Pasir Gudang, Johor, Malaysia

**T: +60 7 259-8000**

### *Munchy Food Industries Sdn Bhd*

Lot 9366, Batu 7, Simpang 3,
Tongkang Pecah, 83010 Batu Pahat,
Johor, Malaysia

**T: +60 7 415-3322**



# International



## Myanmar

### *URC Myanmar Co., Ltd*

Plot No. B-6 and B-7, Mingaladon Industrial Park, Mingaladon Township, Yangon, Myanmar

**T: +95 1 639-1025**

## Singapore

### *URC Foods (Singapore) Pte Ltd*

168 Tagore Lane, Singapore 787574

**T: +65 6552-0314**
**F: +65 6552-0127**

## Thailand

### *URC (Thailand) Co., Ltd. Head Office*

44,46 Rajpattana Road, Khwang Rajpattana, Khet Sa
10240 Thailand

**T: +66 2 517-4800**
**F: +66 2 517-1616**

### *URC (Thailand) Co., Ltd. Factory*

Samutsakorn Industrial Estate, 39/68 Moo2, Bang Krachao sub district, Mueang Samut Sakhon district, Samut Sakhon 74000

**T: +66 34 490-0314**

## Vietnam

### *URC Viet Nam Co. Ltd. Head Office / Factory*

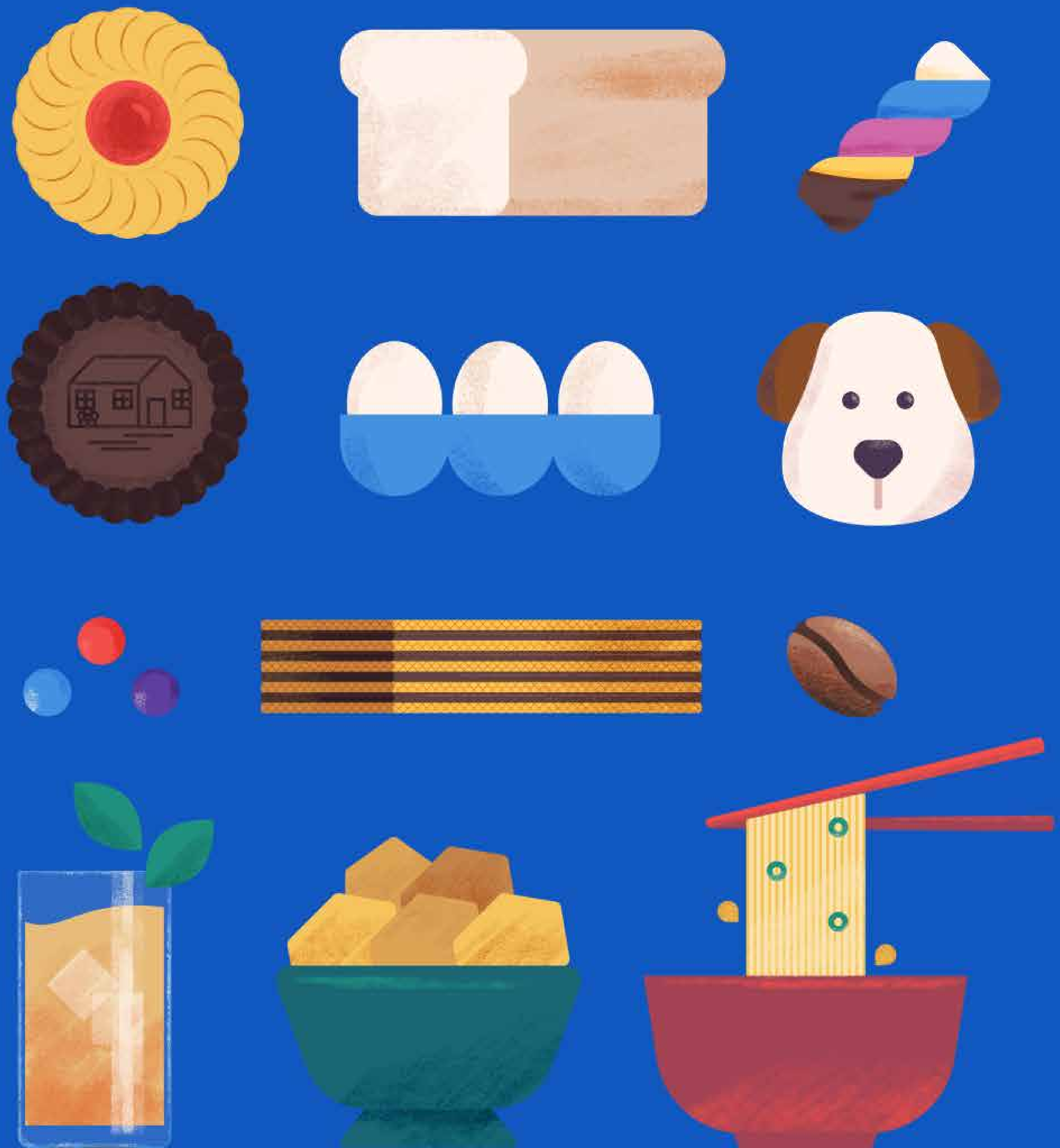
No. 42, VSIP Tu Do Boulevard, Vietnam Singapore Industrial Park, An Phu Ward, Ho Chi Minh City, Vietnam

**T: +84 274 376-7010**

### *URC Viet Nam Co. Ltd. Ho Chi Minh City Office*

16th Floor Etown Central, 11 Doan Van Bo Street, Xom Chieu Ward, Ho Chi Minh City, Vietnam

**T: +84 274 376-7010**



# Financial Statements

# Universal Robina Corporation
# and Subsidiaries

**Consolidated Financial Statements**
**As of December 31, 2025 and 2024**
**and for the years ended December 31, 2025, 2024, and 2023**

**and**

**Independent Auditor's Report**

*SGVFS203553*

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Universal Robina Corporation

### Opinion

We have audited the consolidated financial statements of Universal Robina Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at
December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025 and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### 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) as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. 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**

A key audit matter is one that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter below was 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 this matter. The description of how our audit addressed the matter is provided in that context.

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

***Recoverability of Goodwill and Intangible Assets***

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives. As of December 31, 2025, the Group's goodwill amounted to ₱22.04 billion. The Group's intangible assets with indefinite useful lives consist of brands and trademarks, trade secrets and product formulation amounting to ₱3.41 billion, ₱1.56 billion and ₱0.43 billion, as of December 31, 2025, respectively. The annual impairment test is significant to our audit because: (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of the business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and other intangible assets with indefinite lives are included in Notes 3 and 14 to the consolidated financial statements.

*Audit response*

We obtained an understanding of the management's process for evaluating the impairment of goodwill and other intangible assets with indefinite useful lives. We involved our internal specialists in evaluating the methodology and the assumptions used in the value in use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's 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 amount of goodwill and intangible assets with indefinite useful lives.

**Other Information**

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2025 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2025, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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 PFRS Accounting 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.

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 casts 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo B. Maminta.

SYCIP GORRES VELAYO & CO.

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765079, January 2, 2026, Makati City

April 15, 2026

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents (Note 7) | **₱11,226,608,279** | ₱11,597,399,876 |
| Financial assets at fair value through profit or loss (Note 8) | **294,764,435** | 1,080,645,488 |
| Receivables (Note 9) | **22,244,392,631** | 20,452,774,785 |
| Inventories (Note 10) | **37,886,490,441** | 40,025,092,996 |
| Biological assets (Note 13) | **272,541,865** | 174,320,301 |
| Advances to suppliers (Note 11) | **2,065,193,914** | 4,888,044,775 |
| Other current assets (Note 11) | **3,528,145,722** | 3,211,810,542 |
| | **77,518,137,287** | 81,430,088,763 |
| **Noncurrent Assets** | | |
| Property, plant and equipment (Note 12) | **70,605,205,698** | 65,406,337,256 |
| Right-of-use assets (Note 34) | **2,391,352,134** | 1,069,632,860 |
| Biological assets (Note 13) | **188,748,927** | 99,478,226 |
| Goodwill (Note 14) | **22,035,093,198** | 19,753,995,164 |
| Intangible assets (Note 14) | **5,903,105,340** | 5,401,250,589 |
| Investments in joint ventures (Note 15) | **103,207,475** | 132,536,260 |
| Deferred tax assets (Note 29) | **1,327,114,823** | 1,288,294,697 |
| Advances to suppliers (Note 16) | **1,795,969,069** | 2,437,951,710 |
| Other noncurrent assets (Note 16) | **1,181,546,498** | 1,668,294,703 |
| | **105,531,343,162** | 97,257,771,465 |
| **TOTAL ASSETS** | **₱183,049,480,449** | ₱178,687,860,228 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and other accrued liabilities (Note 18) | **₱28,416,781,588** | ₱31,894,006,772 |
| Short-term debts (Notes 17 and 19) | **17,041,993,499** | 12,662,922,495 |
| Trust receipts payable (Notes 10 and 19) | **6,416,657,812** | 7,951,200,072 |
| Income tax payable | **323,855,214** | 541,884,811 |
| Lease liabilities - current portion (Note 34) | **258,469,509** | 120,377,698 |
| | **52,457,757,622** | 53,170,391,848 |
| **Noncurrent Liabilities** | | |
| Deferred tax liabilities (Note 29) | **1,685,585,873** | 1,907,485,495 |
| Lease liabilities - net of current portion (Note 34) | **2,429,034,497** | 1,177,908,117 |
| Net pension liability (Note 28) | **1,092,826,005** | 1,192,213,074 |
| | **5,207,446,375** | 4,277,606,686 |
| | **57,665,203,997** | 57,447,998,534 |

*(Forward)*

| | December 31 | |
|---|---|---|
| | **2025** | 2024 |
| **Equity** | | |
| Equity attributable to equity holders of the parent | | |
| Paid-up capital (Note 19) | **₱23,422,134,732** | ₱23,422,134,732 |
| Retained earnings (Note 19) | **104,154,176,248** | 102,940,614,239 |
| Other comprehensive income (Note 20) | **8,875,616,798** | 5,122,698,158 |
| Equity reserve (Note 19) | **(5,253,703,527)** | (5,077,957,067) |
| Treasury shares (Note 19) | **(7,300,957,271)** | (6,514,528,346) |
| | **123,897,266,980** | 119,892,961,716 |
| Equity attributable to non-controlling interest (Note 19) | **1,487,009,472** | 1,346,899,978 |
| | **125,384,276,452** | 121,239,861,694 |
| **TOTAL LIABILITIES AND EQUITY** | **₱183,049,480,449** | ₱178,687,860,228 |

*See accompanying Notes to Consolidated Financial Statements.*

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2025** | 2024 | 2023 |
| **CONTINUING OPERATIONS** | | | |
| **SALE OF GOODS AND SERVICES** (Notes 21 and 32) | **₱168,009,175,443** | ₱161,867,243,890 | ₱157,752,179,737 |
| **COST OF SALES** (Note 21) | **123,699,933,406** | 117,837,936,484 | 115,010,461,857 |
| **GROSS PROFIT** | **44,309,242,037** | 44,029,307,406 | 42,741,717,880 |
| Selling and distribution costs (Note 22) | **22,809,561,788** | 21,753,596,733 | 20,167,277,090 |
| General and administrative expenses (Note 23) | **5,369,936,188** | 5,623,672,084 | 5,185,829,158 |
| **OPERATING INCOME** | **16,129,744,061** | 16,652,038,589 | 17,388,611,632 |
| Finance costs (Note 27) | **(1,485,853,202)** | (1,714,413,334) | (1,658,899,856) |
| Provision for credit and impairment losses (Notes 9, 10 and 12) | **(707,249,336)** | (167,966,820) | (235,885,792) |
| Finance revenue (Note 26) | **290,034,499** | 364,364,386 | 311,199,874 |
| Equity in net losses of joint ventures (Note 15) | **(133,250,279)** | (140,071,400) | (287,249,905) |
| Net foreign exchange gains | **98,163,955** | 822,661,946 | 259,409,470 |
| Market valuation gain (loss) on financial assets at fair value through profit or loss - net (Note 8) | **43,162,436** | (3,671,981) | 172,313,735 |
| Other income (losses) - net (Notes 10, 12, 16 and 18) | **(765,990,412)** | 4,213,861 | (250,026,444) |
| **INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | **13,468,761,722** | 15,817,155,247 | 15,699,472,714 |
| **PROVISION FOR INCOME TAX** (Note 29) | **2,631,078,155** | 3,057,962,258 | 2,976,821,225 |
| **NET INCOME FROM CONTINUING OPERATIONS** | **10,837,683,567** | 12,759,192,989 | 12,722,651,489 |
| **DISCONTINUED OPERATIONS** | | | |
| **NET LOSS AFTER TAX FROM DISCONTINUED OPERATIONS** (Note 30) | **(34,654,607)** | (405,549,137) | (18,051,619) |
| **NET INCOME** | **₱10,803,028,960** | ₱12,353,643,852 | ₱12,704,599,870 |
| **NET INCOME ATTRIBUTABLE TO:** | | | |
| Equity holders of the parent (Note 31) | **₱10,195,893,565** | ₱11,661,557,770 | ₱12,091,292,370 |
| Non-controlling interests (Note 19) | **607,135,395** | 692,086,082 | 613,307,500 |
| | **₱10,803,028,960** | ₱12,353,643,852 | ₱12,704,599,870 |
| **EARNINGS PER SHARE** (Note 31) | | | |
| Basic/diluted, for income attributable to equity holders of the parent | **₱4.77** | ₱5.39 | ₱5.55 |

*See accompanying Notes to Consolidated Financial Statements.*

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2025** | 2024 | 2023 |
| **NET INCOME** | **₱10,803,028,960** | ₱12,353,643,852 | ₱12,704,599,870 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments (Note 20) | **3,446,680,648** | 1,037,046,790 | (1,215,578,084) |
| | **3,446,680,648** | 1,037,046,790 | (1,215,578,084) |
| *Items not to be reclassified to profit or loss in subsequent periods:* | | | |
| Remeasurement gain (loss) on defined benefit plans (Notes 20 and 28) | **446,533,352** | 502,101,722 | (612,915,087) |
| Income tax effect | **(111,633,338)** | (125,525,429) | 153,228,771 |
| Unrealized gain on financial assets at fair value through other comprehensive income (Notes 16 and 20) | **42,050,000** | 40,350,000 | 15,150,000 |
| | **376,950,014** | 416,926,293 | (444,536,316) |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | **3,823,630,662** | 1,453,973,083 | (1,660,114,400) |
| **TOTAL COMPREHENSIVE INCOME** | **₱14,626,659,622** | ₱13,807,616,935 | ₱11,044,485,470 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | |
| Equity holders of the parent | **₱13,948,812,205** | ₱13,081,866,902 | ₱10,460,971,155 |
| Non-controlling interests | **677,847,417** | 725,750,033 | 583,514,315 |
| | **₱14,626,659,622** | ₱13,807,616,935 | ₱11,044,485,470 |

*See accompanying Notes to Consolidated Financial Statements.*

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to Equity Holders of the Parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-up Capital (Note 19) | | | | Other Comprehensive Income (Loss) (Note 20) | | | | | | | | |
| | Capital Stock | Additional Paid-in Capital | Total Paid-up Capital | Unappropriated Retained Earnings | Cumulative Translation Adjustments (Note 20) | Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Note 16) | Remeasurement Gain (Loss) on Defined Benefit Plans | Total Other Comprehensive Income (Loss) | Equity Reserve (Note 19) | Treasury Shares (Note 19) | Total | Equity Attributable to Non-controlling Interest (Notes 15, 19 and 20) | Total Equity |
| **Balances as at January 1, 2025** | **₱2,230,160,190** | **₱21,191,974,542** | **₱23,422,134,732** | **₱102,940,614,239** | **₱5,103,466,825** | **₱139,860,000** | **(₱120,628,667)** | **₱5,122,698,158** | **(₱5,077,957,067)** | **(₱6,514,528,346)** | **₱119,892,961,716** | **₱1,346,899,978** | **₱121,239,861,694** |
| **Net income for the year** | **–** | **–** | **–** | **10,195,893,565** | **–** | **–** | **–** | **–** | **–** | **–** | **10,195,893,565** | **607,135,395** | **10,803,028,960** |
| **Other comprehensive income** | **–** | **–** | **–** | **–** | **3,377,874,381** | **42,050,000** | **332,994,259** | **3,752,918,640** | **–** | **–** | **3,752,918,640** | **70,712,022** | **3,823,630,662** |
| **Total comprehensive income** | **–** | **–** | **–** | **10,195,893,565** | **3,377,874,381** | **42,050,000** | **332,994,259** | **3,752,918,640** | **–** | **–** | **13,948,812,205** | **677,847,417** | **14,626,659,622** |
| **Cash dividends** (Note 19) | **–** | **–** | **–** | **(8,982,331,556)** | **–** | **–** | **–** | **–** | **–** | **–** | **(8,982,331,556)** | **(668,360,000)** | **(9,650,691,556)** |
| **Acquisition of additional interest in a subsidiary** (Note 19) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(175,746,460)** | **–** | **(175,746,460)** | **130,622,077** | **(45,124,383)** |
| **Purchase of treasury shares** (Note 19) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(786,428,925)** | **(786,428,925)** | **–** | **(786,428,925)** |
| **Balances as at December 31, 2025** | **₱2,230,160,190** | **₱21,191,974,542** | **₱23,422,134,732** | **₱104,154,176,248** | **₱8,481,341,206** | **₱181,910,000** | **₱212,365,592** | **₱8,875,616,798** | **(₱5,253,703,527)** | **(₱7,300,957,271)** | **₱123,897,266,980** | **₱1,487,009,472** | **₱125,384,276,452** |
| Balances as at January 1, 2024 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱99,509,790,832 | ₱4,101,683,755 | ₱99,510,000 | (₱498,804,729) | ₱3,702,389,026 | (₱5,077,957,067) | (₱3,776,894,316) | ₱117,779,463,207 | ₱712,399,945 | ₱118,491,863,152 |
| Net income for the year | – | – | – | 11,661,557,770 | – | – | – | – | – | – | 11,661,557,770 | 692,086,082 | 12,353,643,852 |
| Other comprehensive income | – | – | – | – | 1,001,783,070 | 40,350,000 | 378,176,062 | 1,420,309,132 | – | – | 1,420,309,132 | 33,663,951 | 1,453,973,083 |
| Total comprehensive income | – | – | – | 11,661,557,770 | 1,001,783,070 | 40,350,000 | 378,176,062 | 1,420,309,132 | – | – | 13,081,866,902 | 725,750,033 | 13,807,616,935 |
| Cash dividends (Note 19) | – | – | – | (8,230,734,363) | – | – | – | – | – | – | (8,230,734,363) | (98,000,000) | (8,328,734,363) |
| Acquisition of new subsidiary (Note 19) | – | – | – | – | – | – | – | – | – | – | – | 6,750,000 | 6,750,000 |
| Purchase of treasury shares (Note 19) | – | – | – | – | – | – | – | – | – | (2,737,634,030) | (2,737,634,030) | – | (2,737,634,030) |
| Balances as at December 31, 2024 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱102,940,614,239 | ₱5,103,466,825 | ₱139,860,000 | (₱120,628,667) | ₱5,122,698,158 | (₱5,077,957,067) | (₱6,514,528,346) | ₱119,892,961,716 | ₱1,346,899,978 | ₱121,239,861,694 |
| Balances as at January 1, 2023 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱95,304,192,226 | ₱5,290,601,426 | ₱84,360,000 | (₱41,242,577) | ₱5,333,718,849 | (₱5,062,245,488) | (₱3,652,109,120) | ₱115,345,691,199 | ₱624,649,896 | ₱115,970,341,095 |
| Net income for the year | – | – | – | 12,091,292,370 | – | – | – | – | – | – | 12,091,292,370 | 613,307,500 | 12,704,599,870 |
| Other comprehensive income (loss) | – | – | – | – | (1,187,909,063) | 15,150,000 | (457,562,152) | (1,630,321,215) | – | – | (1,630,321,215) | (29,793,185) | (1,660,114,400) |
| Total comprehensive income (loss) | – | – | – | 12,091,292,370 | (1,187,909,063) | 15,150,000 | (457,562,152) | (1,630,321,215) | – | – | 10,460,971,155 | 583,514,315 | 11,044,485,470 |
| Cash dividends (Note 19) | – | – | – | (7,885,693,764) | – | – | – | – | – | – | (7,885,693,764) | (512,050,000) | (8,397,743,764) |
| Acquisition of additional interest in a subsidiary (Note 19) | – | – | – | – | (1,008,608) | – | – | (1,008,608) | (15,711,579) | – | (16,720,187) | 16,285,734 | (434,453) |
| Purchase of treasury shares (Note 19) | – | – | – | – | – | – | – | – | – | (124,785,196) | (124,785,196) | – | (124,785,196) |
| Balances as at December 31, 2023 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱99,509,790,832 | ₱4,101,683,755 | ₱99,510,000 | (₱498,804,729) | ₱3,702,389,026 | (₱5,077,957,067) | (₱3,776,894,316) | ₱117,779,463,207 | ₱712,399,945 | ₱118,491,863,152 |

*See accompanying Notes to Consolidated Financial Statements.*

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2025** | 2024 | 2023 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax from continuing operations | **₱13,468,761,722** | ₱15,817,155,247 | ₱15,699,472,714 |
| Loss before income tax from discontinued operations (Note 30) | **(34,654,607)** | (404,511,900) | (14,705,075) |
| Income before income tax | **13,434,107,115** | 15,412,643,347 | 15,684,767,639 |
| Adjustments for: | | | |
| Depreciation and amortization (Note 24) | **5,958,173,301** | 4,987,520,020 | 6,403,094,767 |
| Finance costs (Note 27) | **1,485,853,202** | 1,714,413,334 | 1,658,899,856 |
| Provision for credit and impairment losses (Notes 9, 10, 12 and 30) | **707,249,336** | 484,834,404 | 235,885,792 |
| Finance revenue (Notes 26 and 30) | **(295,648,827)** | (376,007,914) | (330,038,326) |
| Pension expense (Notes 25 and 28) | **294,979,283** | 302,664,188 | 230,779,575 |
| Net foreign exchange gains | **(137,189,807)** | (826,370,447) | (262,146,849) |
| Equity in net losses of joint ventures (Note 15) | **133,250,279** | 140,071,400 | 287,249,905 |
| Market valuation (gain) loss on financial assets at fair value through profit or loss (Note 8) | **(43,162,436)** | 3,671,981 | (172,313,735) |
| Gain on sale/disposals of property, plant and equipment (Notes 12) | **(179,269,651)** | (47,521,305) | (18,396,199) |
| Gain arising from changes in fair value less estimated costs to sell of biological assets (Note 13) | **(6,188,718)** | (8,976,189) | (336,172) |
| Operating income before working capital changes | **21,352,153,077** | 21,786,942,819 | 23,717,446,253 |
| Decrease (increase) in: | | | |
| Receivables | **(1,935,701,317)** | 2,406,382,485 | (3,219,024,635) |
| Inventories | **1,935,173,246** | 5,462,492,956 | (7,749,911,815) |
| Biological assets | **(275,544,687)** | (111,724,185) | 1,687,035 |
| Advances to suppliers and other current assets | **2,535,749,149** | (3,318,845,771) | (890,109,468) |
| Increase (decrease) in: | | | |
| Accounts payable and other accrued liabilities | **(6,311,394,457)** | (7,720,355) | 2,707,440,997 |
| Trust receipts payable | **(1,553,655,857)** | (2,197,597,404) | (1,252,489,365) |
| Net cash generated from operations | **15,746,779,154** | 24,019,930,545 | 13,315,039,002 |
| Income taxes paid | **(3,419,767,687)** | (3,748,849,540) | (3,087,271,189) |
| Interest paid | **(1,281,360,250)** | (1,596,917,428) | (1,406,941,126) |
| Contributions to retirement plan (Note 28) | **(25,507,295)** | – | – |
| Interest received | **253,472,660** | 307,058,112 | 266,118,180 |
| Net cash provided by operating activities | **11,273,616,582** | 18,981,221,689 | 9,086,944,867 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisitions of: | | | |
| Property, plant and equipment (Notes 12 and 15) | **(6,383,361,995)** | (5,976,573,447) | (8,454,217,169) |
| Investments in joint ventures (Note 15) | **(100,000,000)** | (170,000,000) | (250,000,000) |
| Additional interest in a subsidiary (Note 19) | **–** | – | (434,454) |
| Intangible assets (Note 14) | **(72,310,022)** | (2,290,636) | (966,072) |
| Proceeds from sale/disposal of: | | | |
| Property, plant and equipment and investment property (Notes 12 and 16) | **398,847,542** | 1,106,426,211 | 3,689,191,468 |
| Decrease (increase) in advances to suppliers and other noncurrent assets | **1,170,528,179** | 744,871,371 | (1,067,942,047) |
| Dividends received (Note 8) | **48,454,304** | 48,454,304 | 64,605,739 |
| Net cash used in investing activities | **(4,937,841,992)** | (4,249,112,197) | (6,019,762,535) |

*(Forward)*

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2025** | 2024 | 2023 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of: | | | |
| Short-term debts (Notes 17 and 35) | **(₱8,971,250,222)** | (₱19,600,000,000) | (₱6,800,000,000) |
| Principal portion of lease liabilities (Note 34) | **(362,009,485)** | (305,417,456) | (358,364,833) |
| Availments of short-term debts (Notes 17 and 35) | **13,100,000,000** | 15,649,569,036 | 11,550,000,000 |
| Purchase of treasury shares (Note 19) | **(786,428,925)** | (2,737,634,030) | (124,785,195) |
| Cash dividends paid (Note 19) | **(8,973,393,172)** | (8,230,734,363) | (7,885,693,764) |
| Dividends paid by a subsidiary to non-controlling interest (Note 19) | **(668,360,000)** | (98,000,000) | (512,050,000) |
| Additional interest in a subsidiary (Note 19) | **(45,124,383)** | – | – |
| Net cash used in financing activities | **(6,706,566,187)** | (15,322,216,813) | (4,130,893,792) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(370,791,597)** | (590,107,321) | (1,063,711,460) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **11,597,399,876** | 12,187,507,197 | 13,251,218,657 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **₱11,226,608,279** | ₱11,597,399,876 | ₱12,187,507,197 |

*See accompanying Notes to Consolidated Financial Statements.*

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. **Corporate Information**

Universal Robina Corporation (hereinafter referred to as "the Parent Company" or "URC") was incorporated on September 28, 1954, domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. On October 28, 2002, the Parent Company's corporate life was extended for another 50 years or until September 28, 2054. The registered office address of the Parent Company is at 8th Floor Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. ("the Ultimate Parent Company" or "JGSHI").

The Parent Company and its subsidiaries (hereinafter referred to as "the Group") is one of the largest branded food products companies in the Philippines and has a strong presence in ASEAN markets. The Group is involved in a wide range of food-related businesses which are organized into three (3) business segments: Branded Consumer Foods (BCF), Animal Nutrition and Health (ANH), and Commodities.

The BCF segment manufactures, distributes, sells and markets a mix of food and beverage products.

The Company's ANH division focuses on animal nutrition through its core animal feeds business, complemented by the expansion of its pet food portfolio, and its drugs and disinfectants segments.

The Commodities segment comprises the (a) Sugar and Renewables (SURE) which operates
(i) Sugar, (ii) Distillery, and (iii) Cogeneration, (b) Flour, and (c) Others.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and non-pioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of five (5) years to seven (7) years from respective start dates of commercial operations (see Note 33).

The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6.

## 2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), inventories that have been measured at lower of cost and net realizable value (NRV) and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

The functional currencies of the Group's consolidated foreign subsidiaries follow:

| Subsidiaries | Country of Incorporation | Functional Currency |
|---|---|---|
| URC Asean Brands Co. Ltd. (UABCL) | British Virgin Islands | US Dollar |
| Hong Kong China Foods Co. Ltd. | - do - | - do - |
| URC International Co. Ltd. (URCICL) | - do - | - do - |
| URC Oceania Company Limited. (UOCL) | - do - | - do - |
| Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy) | China | Chinese Renminbi |
| URC China Commercial Co. Ltd. (URCCCL) | - do - | - do - |
| Xiamen Tongan Pacific Food Co., Ltd. | - do - | - do - |
| Guangzhou Peggy Foods Co., Ltd. | - do - | - do - |
| Shantou SEZ Shanfu Foods Co., Ltd. | - do - | - do - |
| Jiangsu Acesfood Industrial Co., Ltd. | - do - | - do - |
| Shantou Peggy Co. Ltd. | - do - | - do - |
| URC Hong Kong Company Limited | Hong Kong | Hong Kong Dollar |
| PT URC Indonesia | Indonesia | Indonesian Rupiah |
| URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia) | Malaysia | Malaysian Ringgit |
| Ricellent Sdn. Bhd. | - do - | - do - |
| Crunchy Foods Sdn. Bhd (Malaysia) | - do - | - do - |
| Munchy Food Industries Sdn. Bhd | - do - | - do - |
| Munchworld Marketing Sdn Bhd | - do - | - do - |

| Subsidiaries | Country of Incorporation | Functional Currency |
|---|---|---|
| URC Foods (Singapore) Pte. Ltd. | Singapore | Singapore Dollar |
| Advanson International Pte. Ltd. (Advanson) | - do - | - do - |
| Pan Pacific Investments Co. Limited (PPICL) | - do - | - do - |
| URC Equity Ventures Pte. Ltd. | - do - | US Dollar |
| URC (Thailand) Co., Ltd. | Thailand | Thai Baht |
| Siam Pattanasin Co., Ltd. | - do - | - do - |
| URC (Myanmar) Co. Ltd. | Myanmar | Myanmar Kyat |
| URC Vietnam Co., Ltd. | Vietnam | Vietnam Dong |
| URC Hanoi Company Limited | - do - | - do - |
| URC Central Co. Ltd. | - do - | - do - |

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned direct subsidiaries as of December 31, 2025 and 2024.

| | | Effective Percentages of Ownership | |
|---|---|---|---|
| Subsidiaries | Place of Incorporation | **2025** | 2024 |
| CFC Corporation | Philippines | **100.00** | 100.00 |
| Bio-Resource Power Generation Corporation (BRPGC) | - do - | **100.00** | 100.00 |
| Green Recovery, Incorporated (GRI) | - do - | **75.00** | 75.00 |
| Najalin Agri-Ventures, Inc. (NAVI) | - do - | **95.82** | 95.82 |
| Nissin-Universal Robina Corporation (NURC) | - do - | **51.00** | 51.00 |
| URC Philippines, Limited (URCPL) | British Virgin Islands | **100.00** | 100.00 |
| URC International Co., Ltd. and Subsidiaries (URCICL)* | - do - | **100.00** | 100.00 |
| URC China Commercial Co., Ltd. and Subsidiary | China | **−** | 100.00 |

**Subsidiaries are located in Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong*

*Share Transfer Agreement*
On July 30, 2025, the Administration for Market Regulation of China (Shanghai) Pilot Free Trade Zone approved the transfer of 100% of the equity of URC China Commercial Co., Ltd., from the Parent Company to Jiangsu Aces, representing the paid-in capital of USD 650,000, for a price of USD 650,000 (RMB 5,245,630).

*Green Recovery, Incorporated*
On December 18, 2023, the Parent Company entered into a joint venture agreement with Greencycle Innovative Solutions, Inc., a corporation duly organized in the Philippines to form Green Recovery, Incorporated (GRI), a corporation duly incorporated and organized in the Philippines on August 5, 2024 for waste management which includes collection, treatment, recovery, and processing of plastic wastes.

On July 8, 2024, the Board of Directors (BOD) approved the initial subscription of the Parent Company to the unissued authorized capital stock of GRI consisting of 20,250,000 common shares for a total cost of ₱20.3 million.

*Merger of Universal Robina (Cayman), Ltd. and URCICL*
On March 25, 2024, the BOD approved the plan to merge Universal Robina (Cayman), Ltd. into URCICL. Subsequently, on June 25, 2024, the BOD approved the Plan of Merger and Articles of Merger, with the merger becoming effective on June 27, 2024. Both companies, incorporated under Cayman and BVI laws, received the necessary approvals to proceed with the merger (see Note 19). The merger does not impact the consolidated financial statements of the Group since both URCL and URCICL are wholly owned subsidiaries of the Parent Company.

*Control*
Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest’s share of changes in equity since the date of the combination.

Any changes in the Group’s ownership interest in subsidiary that does not result in a loss of control is accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the Parent Company’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Some of the Group's subsidiaries have a local statutory accounting reference date of April 30 and September 30. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

| Subsidiaries | Year-end |
|---|---|
| Pan Pacific Investments (Pte.) Limited | April 30 |
| Bio-Resource Power Generation Corporation* | September 30 |
| Najalin Agri-Ventures, Inc.* | -do- |

**Dormant/non-operating subsidiaries*

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. This policy also covers purchase of assets that constitutes acquisition of a business.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are recognized in profit or loss in the consolidated statement of income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS Accounting Standards. Changes in the fair value of contingent consideration classified as equity are not recognized.

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.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

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

<u>Combinations of Entities under Common Control</u>
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., Controlling Shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Q&A No. 2011-02, PFRS 3.2 - *Common Control Business Combinations*. The purchase method of accounting is used 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 non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interests method.

In applying the pooling of interests method, the Group follows the Philippine Interpretations Committee Q&A No. 2012-01, PFRS 3.2 - *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Goodwill
Goodwill arising from the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units 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:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in the consolidated statement of income as a gain on bargain purchase.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of nonfinancial assets).

Where goodwill forms part of a cash-generating unit 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 this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRS Accounting Standards and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2025. The adoption of the new and amended standards and interpretations did not have any material impact on the consolidated financial statements of the Group.

- Amendments to PAS 21, *Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

**Material Accounting Policy Information**

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by
re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement, and that are subject to insignificant risk of changes in value.

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 fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as of December 31, 2025 and 2024 consist of financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL (equity and debt instruments).

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

The Group's financial assets at amortized cost include cash and cash equivalents, receivables and security deposits.

*Financial assets designated at FVOCI (equity instruments)*
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in club shares under this category.

*Financial assets at FVTPL*
Debt instruments that do not meet the amortized cost criteria, or meets the criteria but the Group has designated as at FVTPL upon initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of income.

This category includes equity instruments which the Group had not irrevocably elected to classify at fair value through OCI and currency options.

*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 Group's 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 ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

*Impairment of financial assets*
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivables, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a SICR 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 SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 60 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

*Determining the stage for impairment*
At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analyses.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

*Staging assessment*
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for Stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for Stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for financial assets that are in default. The Group considers a financial asset in default when contractual payments are 30-60 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 amounts 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.

b) Financial liabilities

*Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

*Subsequent measurement*
The measurement of financial liabilities depends on their classification.

*Financial liabilities at amortized cost*
This pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial recognition, these financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group’s accounts payable and accrued liabilities (excluding advances from customers, advances from third parties, statutory and taxes payables), short-term debts and trust receipts payable.

*Derecognition*
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. 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.

c) 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 offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities 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 solvency or bankruptcy of the Group and all of the counterparties.

<u>Inventories</u>
Inventories, including goods-in-process, are recorded at cost and subsequently valued at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales' in the consolidated statement of income in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

*Finished goods, goods-in-process, raw materials, containers and packaging materials, and spare parts and supplies*
Cost is determined using the weighted average method. The cost of raw materials, containers and packaging materials, and spare parts and supplies consist of their purchase cost. The cost of finished goods and goods-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

*Materials in-transit*
Cost is determined on a specific identification basis.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock
- Breeders (livestock bearer)
- Sucklings (breeders' offspring)
- Weanlings (comes from sucklings intended to be breeders or to be raised as fatteners/finishers)
- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat and meat products or to be sold live)

Poultry livestock
- Breeders (livestock bearer)
- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce of swine livestock are hog carcasses, while the agricultural produce of poultry livestock are table eggs and hatched chick. These are then subsequently measured following PAS 2, *Inventories*.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset in the consolidated statement of income in the period in which it arises.

Property, Plant and Equipment
Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the ‘Property, plant and equipment’ in the consolidated statement of financial position, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence once the property, plant and equipment are available for use and are computed using the straight-line method over the estimated useful life (EUL) of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follows:

| | Years |
|---|---|
| Land improvements | 5 to 10 |
| Buildings and improvements | 10 to 30 |
| Machinery and equipment | 10 to 15 |
| Transportation equipment | 5 |
| Furniture, fixtures and equipment | 5 |

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms. The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress and equipment in transit are stated at cost, net of accumulated impairment losses, if any. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress and equipment in transit are not depreciated until such time as the relevant assets are completed and put into operational use.

Construction in-progress and equipment in transit are transferred to the related ‘Property, plant and equipment’ in the consolidated statement of financial position when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

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 or disposal of the asset. Any gain or loss arising from the derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income, in the period the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment loss, if any. Land is carried at cost less any accumulated impairment loss, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

The Group's investment properties consist solely of buildings and building improvements and are depreciated using the straight-line method over their EUL ranging from 10 to 30 years (see Note 16).

Intangible Assets

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with a finite life are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over the asset's EUL and assessed for impairment, whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level (see further discussion under Impairment of nonfinancial assets). Such intangibles are not amortized. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets follows:

| | EUL | Amortization method used | Internally generated or acquired |
|---|---|---|---|
| Product formulation | Indefinite | No amortization | Acquired |
| Brands/Trademarks/Trade secrets | Indefinite | No amortization | Acquired |
| Trademarks | Finite (10 years) | Straight line amortization | Acquired |
| Software costs | Finite (5-8 years) | Straight line amortization | Acquired |

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

Investment in Joint Ventures

The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangement.

The Group's investment in joint venture is accounted for using the equity method of accounting.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's property, plant and equipment (see Note 12), right-of-use assets (see Note 34), investment properties (see Note 16), investments in joint ventures (see Note 15), goodwill and intangible assets (see Note 14).

Except for goodwill and intangible assets with indefinite useful lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount.

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 (or cash-generating unit). In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized under 'Provision for credit and impairment losses' in the consolidated statement of income.

The following criteria are also applied in assessing impairment of specific assets:

*Property, plant and equipment, right-of-use assets, investment properties, intangible assets with definite useful lives, and investments in joint ventures*
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and an impairment assessment is performed. For investments in joint ventures, this impairment assessment is done after application of the equity method. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

*Goodwill and intangible assets with indefinite useful lives*
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

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

Discontinued operations are excluded from the results of continuing operations and is presented as a single amount as 'Net income (loss) after tax from discontinued operations' in the consolidated statements of income.

Cash flows from discontinued operations are included in the consolidated statements of cash flow and are disclosed separately in Note 30. The Group includes proceeds from disposal in cash flows from discontinued operations, if any.

Additional disclosures are provided in Note 30. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

*Revenue within the scope of PFRS 15:*
*Sale of goods*
Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specific period.

*Sale of sugar and molasses*
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

*Rendering of tolling services*
Revenue derived from tolling activities is recognized as revenue over time as the related services are being rendered.

<u>Revenue outside the scope of PFRS 15:</u>
*Dividend income*
Dividend income is recognized when the shareholder's right to receive the payment is established.

*Interest income*
Interest income is recognized as it accrues using the EIR method under which interest income is recognized at the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

<u>Provisions</u>
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Finance cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

<u>Contingencies</u>
Contingent liabilities are not recognized in the consolidated financial statements but 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 disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

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

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

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 the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

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

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

*Termination benefit*
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

*Employee leave entitlement*
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Income Taxes</u>
*Current tax*
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

*Deferred tax*
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Such deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority by each entity is included as part of 'Other current assets' or 'Accounts payable and other accrued liabilities' in the consolidated statement of financial position.

Leases
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. 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.

*The Group as a lessee*
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

*Right-of-use assets*
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets, which are presented under 'Noncurrent Assets' in the consolidated statement of financial position, are subject to impairment.

The depreciation period for each class of ROU assets follows:

| | Period |
|---|---|
| Land and land improvements | 10 years |
| Buildings and improvements | 2-20 years |
| Furniture and fixtures | 2 years |

*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 reflected the Group exercising the option to terminate. 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 commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases*
The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on
short-term leases are recognized as expense on a straight-line basis over the lease term.

*Group as a lessor*
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

*Rent income*
Rent income arising from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases and is included in other loss in the consolidated statement of income.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

*Transactions and balances*
Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date. Differences arising from settlement or translation of monetary items are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

*Group companies*
As of reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Group at the rate of exchange prevailing at reporting date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity as ‘Cumulative translation adjustments’ under ‘Other comprehensive income’. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

The Group has determined that the cumulative translation adjustments will not be realized in the foreseeable future. Therefore, the Group does not recognize deferred tax liabilities on its cumulative translation adjustments.

Common Stock
Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as ‘Additional paid-in capital’ in the consolidated statement of changes in equity.

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

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income (loss), dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Other Comprehensive Income
Other comprehensive income comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRSs.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Equity Reserves
Equity reserves arise from transactions in which the proportion of equity held by non-controlling interests changes. These are initially measured as the difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received. Equity reserves are attributed to the owners of the Parent Company.

Dividends on Common Stocks
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)
Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after Reporting Date
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

  The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

  The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

  The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for
  in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*
  The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

  - Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  - Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

*Effective beginning on or after January 1, 2027*

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards.

  In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

  The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

  The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. *Revenue recognition on sale of goods and services*

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the Group will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

i. *Existence of a contract*
The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

ii. *Identifying performance obligation*
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for sale of goods at a point in time, when the goods are sold and delivered and for tolling activities, overtime as services are being rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement and cane purchase agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operations. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

b. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - the Group as a lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

c. *Discontinued operations*

The Group determined that the cessation of the China businesses will qualify for presentation as discontinued operations in 2024 since it represents a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (see Note 30). China represents a separate geographical area of operations of the Group, hence, the consolidated statements of income present its results of operations as discontinued operations in 2024. Comparative periods were also restated to align with this presentation.

Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date 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.

a. *Assessment of ECL on trade receivables*
The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group recognized provision for credit losses amounting to ₱13.4 million and ₱11.4 million for the years ended December 31, 2025 and 2024, respectively. The carrying amount of trade receivables is ₱18.1 billion and ₱16.4 billion as at December 31, 2025 and 2024, respectively (see Note 9).

b. *Assessment for ECL on other financial assets at amortized cost*
The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been an SICR since initial recognition in which case lifetime ECLs are provided.

When determining if there has been a SICR, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent an SICR such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amount of other financial assets at amortized cost is ₱4.2 billion and ₱4.0 billion as at December 31, 2025 and 2024, respectively (see Note 9).

c. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of December 31, 2025 and 2024, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱461.3 million and ₱273.8 million, respectively (see Note 13). For the years ended December 31, 2025, 2024, and 2023, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to ₱6.2 million, ₱9.0 million, and ₱0.3 million, respectively (see Note 13). Changes in fair value of biological assets are recognized in the consolidated statements of income.

d. *Impairment of goodwill and intangible assets with indefinite useful lives*
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The following assumptions were also used in computing value in use:

*Growth rate estimates* - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

*Discount rates* - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in discount rate and growth rate.
As of December 31, 2025 and 2024, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

| | **2025** | 2024 |
|---|---|---|
| Goodwill (Note 14) | **₱22,035,093,198** | ₱19,753,995,164 |
| Intangible assets (Note 14) | **5,338,987,662** | 4,811,478,149 |

e. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, right-of-use assets, investment properties, investments in joint venture and intangible assets with finite useful lives) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business such as plans to discontinue or restructure the operation to which an asset belongs; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from recent, binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the years ended December 31, 2025, 2024, and 2023 the Group recognized impairment losses on its property, plant and equipment amounting to ₱431.0 million, ₱370.6 million and ₱226.5 million, respectively (see Note 12).

For the years ended December 31, 2025, 2024, and 2023, the Group did not recognize any impairment losses on its right-of-use assets (see Note 34), investment properties (see Note 16), goodwill and other intangible assets (see Note 14).

As of December 31, 2025 and 2024, the balances of the Group's nonfinancial assets with finite useful lives, excluding biological assets, net of accumulated depreciation, amortization and impairment losses follow:

| | **2025** | 2024 |
|---|---|---|
| Property, plant and equipment (Note 12) | **₱43,219,075,402** | ₱37,554,071,376 |
| Right-of-use assets (Note 34) | **2,391,352,134** | 1,069,632,860 |
| Intangible assets (Note 14) | **564,117,678** | 589,772,440 |
| Investment properties (Note 16) | **1,200,172** | 1,452,839 |

f. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property (see Note 12). Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

g. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 28). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future salary increase rates of the Group.

As of December 31, 2025 and 2024, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 28 to the consolidated financial statements.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no guarantee that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. As of December 31, 2025 and 2024, the Group recognized net deferred tax assets amounting to ₱1.3 billion (see Note 29), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱1.7 billion and ₱1.9 billion as of December 31, 2025 and 2024, respectively (see Note 29).

The recognized and unrecognized deferred tax assets for the Group are disclosed in Note 29.

i. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

*Lease term*. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

*Discount rate.* The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using risk-free rates applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified. The discount rates applied range from 3.99% to 7.98% for the years ended December 31, 2025 and 2024, respectively.

j. *Estimation of useful life of property, plant and equipment*
The EUL of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The EUL of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the EUL of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

In 2024, the Group has changed the estimated useful life of certain machinery and equipment from 10 to 15 years. The impact of the change in 2024 resulted to a decrease in depreciation expense amounting to ₱930.1 million.

The carrying value of the depreciable property, plant and equipment amounted to ₱43.2 billion and ₱37.6 billion as of December 31, 2025 and 2024, respectively (see Note 12).

k. *Estimation of useful life of intangible assets*
The Group determines the EUL of its intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of these intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

With more than 30 product brands listed under its umbrella, Munchy’s is considered to be a well-known brand in Malaysia. Trademarks pertain to signs, designs, or expressions that identify products related to Munchy’s brand which set them apart from others. Munchy's has improved the technology, manufacturing procedures, and design of its production lines. All of these are regarded as trade secrets. Management determined the useful life of these intangible assets to be indefinite since there is no foreseeable limit to the period over which the brands, trademarks, and trade secrets is likely to generate net cash inflows to Munchy’s.

The said assessment is based on the track record of stability for the biscuit manufacturing industry and the Munchy’s brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of intangible assets are disclosed in Note 14 of the consolidated financial statements.

l. *Contingencies*
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

## 4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group's subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange exposures.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

<u>Risk Management Structure</u>
The Group's risk management structure is closely aligned with that of the Ultimate Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring of risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has created the board-level Board Risk and Oversight Committee (BROC) to spearhead the managing and monitoring of risks.

*BROC*
The purpose of the Board Risk Oversight Committee is to oversee the establishment of an Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Group's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

*Corporate Governance Compliance Officer*
Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for:

- Monitoring, reviewing, evaluating and ensuring the compliance by the Group, its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Code of Corporate Governance, rules, regulations and all governance issuances of regulatory agencies; and

- Assisting the Board and the Corporate Governance and Sustainability Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Group, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in the Corporate Governance Manual and the respective charters of the Board Committees.

*Enterprise Resource Management (ERM) Framework*
The ERM framework revolves around the following activities:

1. Risk Identification. This involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives that are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.
2. Risk Assessment. Each identified risk is assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories such as Reputational Risk, Strategic Risk, Financial Risk, Compliance Risk, Operations Risk, and Emerging Risk. For each risk category, a risk assessment scale provides an objective criterion to evaluate the impact to the business - insignificant, minor, moderate, major, or extreme impact. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.
3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile.

4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.
5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Board Risk Oversight Committee twice a year.

Risk Management Policies
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

*Credit risk*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit Management Division (CMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Generally, trade receivables are written off when deemed unrecoverable. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group's maximum exposure to credit risk is equal to its carrying amount as of December 31, 2025 and 2024, except for the Group's trade receivables as of December 31, 2025 and 2024 with carrying value of ₱18.1 billion and ₱16.4 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱3.6 billion and ₱4.4 billion as of December 31, 2025 and 2024, respectively, resulting to net exposure of ₱14.5 billion and ₱12.0 billion, respectively.

The collateral securities related to the Group's trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.
Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are pcontrolled and managed in accordance with the Group's policies and procedures.

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2025 and 2024 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

| | **2025** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Philippines** | **Asia** | **New Zealand** | **Australia** | **United States** | **Others** | **Total** |
| Cash and cash equivalents* (Note 7) | **₱2,369,482,804** | **₱8,798,452,532** | **₱–** | **₱–** | **₱–** | **₱–** | **₱11,167,935,336** |
| Receivables (Note 9): | | | | | | | |
| Trade receivables | **12,835,101,104** | **5,128,829,710** | **12,099,232** | **36,172,755** | **53,900,048** | **3,889,212** | **18,069,992,061** |
| Due from related parties | **2,030,611,682** | **116,267,225** | **–** | **–** | **–** | **–** | **2,146,878,907** |
| Non-trade receivables | **1,772,136,735** | **–** | **–** | **–** | **–** | **2,626,263** | **1,774,762,998** |
| Interest receivable | **5,836,014** | **15,109,948** | **–** | **–** | **–** | **–** | **20,945,962** |
| Others | **158,872,027** | **72,940,676** | **–** | **–** | **–** | **–** | **231,812,703** |
| Deposits (Note 16) | **858,446,727** | **–** | **–** | **–** | **–** | **–** | **858,446,727** |
| | **₱20,030,487,093** | **₱14,131,600,091** | **₱12,099,232** | **₱36,172,755** | **₱53,900,048** | **₱6,515,475** | **₱34,270,774,694** |

** Excludes cash on hand*

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Philippines | Asia | New Zealand | Australia | United States | Others | Total |
| Cash and cash equivalents* (Note 7) | ₱4,109,274,303 | ₱7,436,000,730 | ₱– | ₱– | ₱– | ₱– | ₱11,545,275,033 |
| Receivables (Note 9): | | | | | | | |
| Trade receivables | 12,467,943,226 | 3,819,512,025 | 27,046,333 | – | – | 93,280,810 | 16,407,782,394 |
| Due from related parties | 2,821,713,092 | 133,603,512 | – | – | – | – | 2,955,316,604 |
| Non-trade receivables | 696,485,845 | 792,487 | – | – | – | – | 697,278,332 |
| Interest receivable | 4,508,403 | 22,715,697 | – | – | – | – | 27,224,100 |
| Others | 125,699,096 | 239,474,259 | – | – | – | – | 365,173,355 |
| Deposits (Note 16) | 1,002,772,014 | – | – | – | – | – | 1,002,772,014 |
| | ₱21,228,395,979 | ₱11,652,098,710 | ₱27,046,333 | ₱– | ₱– | ₱93,280,810 | ₱33,000,821,832 |

** Excludes cash on hand*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2025 and 2024 before taking into account any collateral held or other credit enhancements.

| | 2025 | | | | |
|---|---|---|---|---|---|
| | **Manufacturing/ Retail** | **Financial Intermediaries** | **Petrochemicals** | **Others*** | **Total** |
| Cash and cash equivalents** (Note 7) | **₱–** | **₱11,134,002,485** | **₱–** | **₱33,932,851** | **₱11,167,935,336** |
| Receivables (Note 9): | | | | | |
| Trade receivables | **16,521,078,312** | **–** | **–** | **1,548,913,749** | **18,069,992,061** |
| Due from related parties | **504,201,819** | **19,217,348** | **390,516,331** | **1,232,943,409** | **2,146,878,907** |
| Non-trade receivables | **1,659,904,304** | **–** | **–** | **114,858,694** | **1,774,762,998** |
| Interest receivable | **–** | **20,945,962** | **–** | **–** | **20,945,962** |
| Others | **218,318,905** | **1,898,849** | **–** | **11,594,949** | **231,812,703** |
| | **₱18,903,503,340** | **₱11,176,064,644** | **₱390,516,331** | **₱2,942,243,652** | **₱33,412,327,967** |

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Manufacturing/ Retail | Financial Intermediaries | Petrochemicals | Others* | Total |
| Cash and cash equivalents** (Note 7) | ₱– | ₱11,545,275,033 | ₱– | ₱– | ₱11,545,275,033 |
| Receivables (Note 9): | | | | | |
| Trade receivables | 14,428,901,037 | – | – | 1,978,881,357 | 16,407,782,394 |
| Due from related parties | 404,301,415 | 32,685,256 | 329,966,229 | 2,188,363,704 | 2,955,316,604 |
| Non-trade receivables | 558,817,249 | – | – | 52,007,566 | 610,824,815 |
| Interest receivable | – | 27,224,100 | – | – | 27,224,100 |
| Others | 449,324,484 | 2,302,388 | – | – | 451,626,872 |
| | ₱15,841,344,185 | ₱11,607,486,777 | ₱329,966,229 | ₱4,219,252,627 | ₱31,998,049,818 |

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

iii. Credit risk under general approach and simplified approach

| | 2025 | | | |
|---|---|---|---|---|
| | **General Approach** | | | |
| | **Stage 1** | **Stage 2** | **Stage 3** | **Simplified Approach** |
| Cash and cash equivalents* (Note 7) | **₱11,167,935,336** | **₱–** | **₱–** | **₱–** |
| Receivables (Note 9): | | | | |
| Trade receivables | **–** | **–** | **–** | **18,143,360,665** |
| Due from related parties | **2,146,878,907** | **–** | **–** | **–** |
| Non-trade receivables | **1,389,707,507** | **247,532,394** | **137,523,097** | **–** |
| Interest receivable | **3,982,485** | **16,963,477** | **–** | **–** |
| Others | **369,335,800** | **–** | **19,646,682** | **–** |
| Total financial assets at amortized cost | **₱15,077,840,035** | **₱264,495,871** | **₱157,169,779** | **₱18,143,360,665** |

**Excludes cash on hand*

| | 2024 | | | |
|---|---|---|---|---|
| | General Approach | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified Approach |
| Cash and cash equivalents* (Note 7) | ₱11,545,275,033 | ₱– | ₱– | ₱– |
| Receivables (Note 9): | | | | |
| Trade receivables | – | – | – | 16,497,132,616 |
| Due from related parties | 2,955,316,604 | – | – | – |
| Non-trade receivables | 556,708,550 | 3,046,685 | 137,523,097 | – |
| Interest receivable | 27,224,100 | – | – | – |
| Others | 496,003,686 | 6,692,766 | 19,646,682 | – |
| Total financial assets at amortized cost | ₱15,580,527,973 | ₱9,739,451 | ₱157,169,779 | ₱16,497,132,616 |

**Excludes cash on hand*

iv. Aging analysis

Set out below is the information about the credit risk exposure on the trade receivables:

| | **2025** | | | | | |
|---|---|---|---|---|---|---|
| | | **Past Due but Not Impaired** | | | | |
| | **Current** | **Less than 30 Days** | **30 to 60 Days** | **60 to 90 Days** | **Over 90 Days** | **Total** |
| Gross carrying amount | **₱11,489,868,437** | **₱4,500,134,148** | **₱1,040,881,856** | **₱132,654,585** | **₱979,821,639** | **₱18,143,360,665** |
| Expected credit losses | **₱–** | **₱–** | **₱–** | **₱–** | **₱73,368,604** | **₱73,368,604** |

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | Past Due but Not Impaired | | | | |
| | Current | Less than 30 Days | 30 to 60 Days | 60 to 90 Days | Over 90 Days | Total |
| Gross carrying amount | ₱11,435,717,113 | ₱3,101,323,761 | ₱598,162,907 | ₱561,544,624 | ₱800,384,211 | ₱16,497,132,616 |
| Expected credit losses | ₱– | ₱– | ₱– | ₱– | ₱89,350,222 | ₱89,350,222 |

*Liquidity risk*

Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital and financial market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets as of December 31, 2025 and 2024 based on the remaining undiscounted contractual cash flows.

| | **2025** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **On Demand** | **1 to 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **More than 5 years** | **No Maturity** | **Total** |
| Cash and cash equivalents* (Note 7) | **₱8,222,122,939** | **₱2,949,596,641** | **₱–** | **₱–** | **₱–** | **₱–** | **₱11,171,719,580** |
| Financial assets at FVTPL | **294,764,435** | **–** | **–** | **–** | **–** | **–** | **294,764,435** |
| Receivables (Note 9): | | | | | | | |
| Trade receivables | **2,153,358,080** | **15,990,002,585** | **–** | **–** | **–** | **–** | **18,143,360,665** |
| Due from related parties | **2,146,878,907** | **–** | **–** | **–** | **–** | **–** | **2,146,878,907** |
| Non-trade receivables | **1,774,762,998** | **–** | **–** | **–** | **–** | **–** | **1,774,762,998** |
| Interest receivable | **20,945,962** | **–** | **–** | **–** | **–** | **–** | **20,945,962** |
| Others | **388,982,482** | **–** | **–** | **–** | **–** | **–** | **388,982,482** |
| Financial assets at FVOCI | **–** | **–** | **–** | **–** | **–** | **203,000,000** | **203,000,000** |
| Deposits (Note 16) | **–** | **–** | **–** | **30,686,235** | **827,760,492** | **–** | **858,446,727** |
| | **₱15,001,815,803** | **₱18,939,599,226** | **₱–** | **₱30,686,235** | **₱827,760,492** | **₱203,000,000** | **₱35,002,861,756** |

**Excludes cash on hand and includes future interest*

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | 1 to 5 Years | More than 5 years | No Maturity | Total |
| Cash and cash equivalents* (Note 7) | ₱7,391,789,957 | ₱4,157,685,571 | ₱– | ₱– | ₱– | ₱– | ₱11,549,475,528 |
| Financial assets at FVTPL | 1,080,645,488 | – | – | – | – | – | 1,080,645,488 |
| Receivables (Note 9): | | | | | | | |
| Trade receivables | 1,960,091,742 | 14,537,040,874 | – | – | – | – | 16,497,132,616 |
| Due from related parties | 2,955,316,604 | – | – | – | – | – | 2,955,316,604 |
| Non-trade receivables | 697,278,332 | – | – | – | – | – | 697,278,332 |
| Interest receivable | 27,224,100 | – | – | – | – | – | 27,224,100 |
| Others | 522,343,134 | – | – | – | – | – | 522,343,134 |
| Financial assets at FVOCI | – | – | – | – | – | 160,950,000 | 160,950,000 |
| Deposits (Note 16) | – | – | – | 39,931,325 | 962,840,689 | – | 1,002,772,014 |
| | ₱14,634,689,357 | ₱18,694,726,445 | ₱– | ₱39,931,325 | ₱962,840,689 | ₱160,950,000 | ₱34,493,137,816 |

**Excludes cash on hand and includes future interest*

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2025 and 2024 based on the remaining undiscounted contractual cash flows.

| | 2025 | | | | | |
|---|---|---|---|---|---|---|
| | **On Demand** | **1 to 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **More than 5 years** | **Total** |
| Accounts payable and other accrued liabilities: | | | | | | |
| Trade payables, accrued expenses and other payables* | **₱15,091,167,955** | **₱10,881,277,046** | **₱728,524,334** | **₱–** | **₱–** | **₱26,700,969,335** |
| Due to related parties | **907,137,271** | **–** | **–** | **–** | **–** | **907,137,271** |
| Short-term debts** | **–** | **17,079,529,518** | **–** | **–** | **–** | **17,079,529,518** |
| Trust receipts payable** | **–** | **6,434,179,342** | **–** | **–** | **–** | **6,434,179,342** |
| Lease liabilities** | **–** | **118,635,933** | **286,494,177** | **1,692,631,396** | **1,775,066,811** | **3,872,828,317** |
| | **₱15,998,305,226** | **₱34,513,621,839** | **₱1,015,018,511** | **₱1,692,631,396** | **₱1,775,066,811** | **₱54,994,643,783** |

*Excludes statutory liabilities*
***Includes future interest*

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | 1 to 5 Years | More than 5 years | Total |
| Accounts payable and other accrued liabilities: | | | | | | |
| Trade payables, accrued expenses and other payables* | ₱10,883,285,016 | ₱16,977,511,245 | ₱2,747,528,995 | ₱1,671,647 | ₱– | ₱30,609,996,903 |
| Due to related parties | 614,004,861 | – | – | – | – | 614,004,861 |
| Short-term debts** | – | 11,667,052,365 | 1,052,009,975 | – | – | 12,719,062,340 |
| Trust receipts payable** | – | 7,970,900,118 | – | – | – | 7,970,900,118 |
| Lease liabilities** | – | 74,648,961 | 149,496,990 | 576,761,897 | 1,385,970,586 | 2,186,878,434 |
| | ₱11,497,289,877 | ₱36,690,112,689 | ₱3,949,035,960 | ₱578,433,544 | ₱1,385,970,586 | ₱54,100,842,656 |

*Excludes statutory liabilities*
***Includes future interest*

*Market risk*
Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The three types of market risk are interest rate risk, foreign currency exchange risk and equity price risk.

*Foreign currency risk*
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. For the years ended December 31, 2025, 2024, and 2023, approximately 21.4%, 21.5%, and 20.4% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 14.6% and 21.3% of the Group's debts and 100.0% and 58.9% of short-term investments are denominated in various currencies as of December 31, 2025 and 2024, respectively.

The Group estimates a reasonably possible change of +5.00 in the US Dollar to Philippine Peso exchange rate would have an impact of approximately ₱19.0 million and ₱16.1 million on income before income tax, and equity for the years ended December 31, 2025 and 2024, respectively. An equal change in the opposite direction would have decreased income before income tax by the same amount.

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of December 31, 2025 and 2024 are not significant.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱58.79 to US$1.00 and ₱57.85 to US$1.00 as of December 31, 2025 and 2024, respectively.

*Equity price risk*

Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVTPL investments due to reasonably possible changes in equity indices:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| Changes in PSEi | **16.69%** | **-16.69%** | 15.29% | -15.29% |
| Change in trading gain (loss) at equity portfolio | **₱2,717** | **(₱2,717)** | ₱85,005,820 | (₱85,005,820) |
| As a percentage of the Parent Company's trading gain for the year | **44.16%** | **(44.16%)** | 153.50% | (153.50%) |

The Group's investment in golf shares designated as financial assets at FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group estimates an increase of 1.00% would have an impact of approximately ₱2.0 million and ₱1.6 million on equity for the years ended December 31, 2025 and 2024. An equal change in the opposite direction would have decreased equity by the same amount.

*Interest rate risk*
As of December 31, 2025 and 2024, the Group has no interest rate risk exposure since there are no outstanding interest rate-sensitive assets and liabilities.

## 5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

*Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debts and trust receipts payable*
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

*Amounts due from and due to related parties*
Carrying amounts of due from and due to related parties, which are payable and due on demand, approximate their fair values.

*Financial assets at FVTPL and financial assets at FVOCI*
Fair values of quoted equity securities are based on quoted prices published in markets while fair values of private equity funds are based on capital statements.

*Deposits*
The fair values are determined based on the present value of estimated future cash flows using prevailing market rates.

*Biological assets*
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

*Investment properties*
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers in 2022, including independent external appraisers, on the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

*Lease liabilities*
The fair value of lease liabilities is based on the present value of lease payments to be made over the lease term discounted by using the IBR at lease's commencement date.

Fair Value Measurement Hierarchy for Assets and Liabilities

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **Assets measured at fair value** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVTPL (Note 8): | | | | | |
| Quoted equity securities | **₱25,200** | **₱25,200** | **₱–** | **₱–** | **₱25,200** |
| Private equity and unquoted equity securities | **294,739,235** | **–** | **294,739,235** | **–** | **294,739,235** |
| Financial assets at FVOCI | | | | | |
| Unquoted equity securities (Note 16) | **203,000,000** | **–** | **203,000,000** | **–** | **203,000,000** |
| | **₱497,764,435** | **₱25,200** | **₱497,739,235** | **₱–** | **₱497,764,435** |
| **Nonfinancial assets** | | | | | |
| Biological assets (Note 13) | **₱461,290,792** | **₱–** | **₱57,264,380** | **₱404,026,412** | **₱461,290,792** |
| **Assets for which fair values are disclosed** | | | | | |
| Deposits (Note 16) | **₱858,446,727** | **₱–** | **₱–** | **₱855,231,326** | **₱855,231,326** |
| Investment properties (Note 16) | **1,200,172** | **–** | **–** | **47,823,000** | **47,823,000** |
| | **₱859,646,899** | | | **₱903,054,326** | **₱903,054,326** |
| **Financial liability** | | | | | |
| Lease liabilities (Note 34) | **₱2,687,504,006** | **₱–** | **₱–** | **₱3,872,828,317** | **₱3,872,828,317** |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets measured at fair value** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVTPL (Note 8): | | | | | |
| Quoted equity securities | ₱883,830,510 | ₱883,830,510 | ₱– | ₱– | ₱883,830,510 |
| Private equity, bonds and unquoted equity securities | 196,814,978 | – | 196,814,978 | – | 196,814,978 |
| Financial assets at FVOCI | | | | | |
| Unquoted equity securities (Note 16) | 160,950,000 | – | 160,950,000 | – | 160,950,000 |
| | ₱1,241,595,488 | ₱883,830,510 | ₱357,764,978 | ₱– | ₱1,241,595,488 |
| **Nonfinancial assets** | | | | | |
| Biological assets (Note 13) | ₱273,798,527 | ₱– | ₱36,254,945 | ₱237,543,582 | ₱273,798,527 |
| **Assets for which fair values are disclosed** | | | | | |
| Deposits (Note 16) | ₱1,002,772,014 | ₱– | ₱– | ₱989,435,760 | ₱989,435,760 |
| Investment properties (Note 16) | 1,452,839 | – | – | 47,823,000 | 47,823,000 |
| | ₱1,004,224,853 | ₱– | – | ₱1,037,258,760 | ₱1,037,258,760 |
| **Financial liability** | | | | | |
| Lease liabilities (Note 34) | ₱1,298,285,815 | ₱– | ₱– | ₱2,186,878,434 | ₱2,186,878,434 |

For the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements. Nonfinancial assets determined under Level 3 include investment properties and biological assets. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Descriptions of significant unobservable inputs to valuation of biological assets, investment properties, and deposits under Level 3 of the fair value category follow:

| **Account** | **Valuation Technique** | **Significant Unobservable Inputs** |
|---|---|---|
| Biological assets | Adjusted commercial farmgate prices | Commercial farmgate prices |
| Investment properties | Market data approach and cost approach | Price per square meter, size, shape, location, time element, replacement cost and depreciation for improvements |
| Deposits | Discounted cash flow method | Credit spread |
| Private equity and unquoted equity securities | Net asset approach | Net asset value |
| Lease liabilities | Discounted cash flow | Discount rate |

*Significant unobservable inputs*

| | |
|---|---|
| Adjusted commercial farmgate prices | Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit. |
| Size | Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value. |
| Shape | Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property. |
| Location | Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road. |
| Time element | An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data. |
| Replacement cost | Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials. |

| | |
|---|---|
| Depreciation | Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings. |
| Credit spread | Determined by reference to internal data and used to arrive at a discount rate by adding to the risk-free rate |

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets.

Significant increases (decreases) in credit spreads would result in a significantly lower (higher) fair value of the deposits.

## 6. Business Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

In 2025, the Group has changed its operating structure during the year to better reflect developments in the Group's business operations and strategic focus. As a result of this change, an additional reportable operating segment was identified and separately presented, the ANH Segment. Comparative segment information for the years ended 2024 and 2023 has been restated to conform to the current year's presentation.

The Group has three (3) reportable operating segments as follows:

- The BCF segment manufactures, distributes, sells and markets a diverse mix of food and beverage products. Its revenues are in their peak during the opening of classes and Christmas season.
- The Company's ANH segment focuses on animal nutrition through its core animal feeds business, complemented by the expansion of its pet food portfolio, and its drugs and disinfectants segments.
- The Commodities segment comprises the: (a) SURE, which operates the (i) Sugar, (ii) Distillery, and (iii) Cogeneration with peak season during its crop season, which normally starts in November and ends in April, (b) Flour engages in flour milling and pasta manufacturing with peak season before and during the Christmas season, and (c) Others which includes (i) Packaging and (ii) Farms.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRS Accounting Standards except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the years ended December 31, 2025, 2024, and 2023.

The Group's business segment information follows (amounts in thousands):

| | As of and for the year ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Branded Consumer Foods | Animal Nutrition and Health | Commodities | Corporate | Eliminations | Total |
| **Sale of Goods and Services** | | | | | | |
| Third party | ₱115,003,312 | ₱13,392,197 | ₱39,613,666 | ₱– | ₱– | ₱168,009,175 |
| Inter-segment | 22,244,278 | 157,239 | 10,502,586 | – | (32,904,103) | – |
| | ₱137,247,590 | ₱13,549,436 | ₱50,116,252 | ₱– | (₱32,904,103) | ₱168,009,175 |
| **Result** | | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | ₱17,455,737 | ₱1,942,251 | ₱5,738,624 | (₱3,049,180) | ₱– | ₱22,087,432 |
| Depreciation and amortization (Note 24) | (3,738,654) | (263,450) | (1,706,278) | (249,306) | – | (5,957,688) |
| Earnings before interest and income tax (EBIT) | ₱13,717,083 | ₱1,678,801 | ₱4,032,346 | (₱3,298,486) | ₱– | ₱16,129,744 |
| Finance costs (Note 27) | (₱188,812) | (₱113,171) | (₱281,163) | (₱902,707) | ₱– | (1,485,853) |
| Finance revenue (Note 26) | ₱181,668 | ₱– | ₱24,524 | ₱83,842 | ₱– | 290,034 |
| Equity in net loss of joint ventures (Note 15) | ₱4,969 | ₱– | ₱– | (₱138,219) | ₱– | (133,250) |
| Provision for credit and impairment losses (Notes 9 and 12) | ₱1,290 | ₱– | (₱708,527) | (12) | ₱– | (707,249) |
| Market valuation gain on financial assets and liabilities at FVTPL (Note 8) | 38,477 | ₱– | ₱– | ₱4,685 | ₱– | 43,162 |
| Other losses - net* | | | | | | (667,826) |
| Income before income tax | | | | | | ₱13,468,762 |
| Provision for income tax (Note 29) | | | | | | (2,631,078) |

*(Forward)*

| | **As of and for the year ended December 31, 2025** | | | | | |
|---|---|---|---|---|---|---|
| | **Branded Consumer Foods** | **Animal Nutrition and Health** | **Commodities** | **Corporate** | **Eliminations** | **Total** |
| Net income from continuing operations | | | | | | **₱10,837,684** |
| Net loss from discontinued operations (Note 30) | | | | | | **(34,655)** |
| | | | | | | **₱10,803,029** |
| **Other Information** | | | | | | |
| Total assets | **₱118,997,627** | **₱7,910,285** | **₱52,628,957** | **₱3,512,611** | **₱–** | **₱183,049,480** |
| Total liabilities | **₱27,257,525** | **₱4,571,674** | **₱6,357,953** | **₱19,478,052** | **₱–** | **₱57,665,204** |
| Capital expenditures | **₱7,807,014** | **₱6,707** | **₱3,043,050** | **₱137,898** | **₱–** | **₱10,994,669** |
| Non-cash expenses other than depreciation and amortization: | | | | | | |
| Impairment losses on: | | | | | | |
| Receivables (Note 9) | **₱22,969** | **₱–** | **(₱7,820)** | **₱–** | **₱–** | **₱15,149** |
| Property, plant and equipment (Note 12) | **(4,962)** | **–** | **(426,019)** | **–** | **–** | **(430,981)** |
| Inventories (Note 10) | **(16,717)** | **–** | **(274,688)** | **(12)** | **–** | **(291,417)** |
| | **₱1,290** | **₱–** | **(₱708,527)** | **(12)** | **₱–** | **(₱707,249)** |

**Includes net foreign exchange gains and other income (losses)*

| | As of and for the year ended December 31, 2024 (As Restated) | | | | | |
|---|---|---|---|---|---|---|
| | Branded Consumer Foods | Animal Nutrition and Health | Commodities | Corporate | Eliminations | Total |
| **Sale of Goods and Services** | | | | | | |
| Third party | ₱109,997,110 | ₱13,960,592 | ₱37,909,542 | ₱– | ₱– | ₱161,867,244 |
| Inter-segment | 24,412,192 | – | 11,965,364 | – | (36,377,556) | – |
| | ₱134,409,302 | ₱13,960,592 | ₱49,874,906 | ₱– | (₱36,377,556) | ₱161,867,244 |
| **Result** | | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | ₱17,635,300 | ₱1,907,116 | ₱5,125,448 | (₱3,047,119) | ₱– | ₱21,620,745 |
| Depreciation and amortization (Note 24) | (3,163,792) | (206,557) | (1,338,888) | (259,470) | – | (4,968,707) |
| Earnings before interest and income tax (EBIT) | ₱14,471,508 | ₱1,700,559 | ₱3,786,560 | (₱3,306,589) | ₱– | ₱16,652,038 |
| Finance costs (Note 27) | (₱189,080) | (₱215,671) | (₱325,318) | (₱984,344) | ₱– | (1,714,413) |
| Finance revenue (Note 26) | ₱203,567 | ₱204 | ₱18,195 | ₱142,398 | ₱– | 364,364 |
| Equity in net loss of joint ventures (Note 15) | ₱2,112 | ₱– | ₱– | (₱142,183) | ₱– | (140,071) |
| Provision for credit and impairment losses (Notes 9 and 12) | (₱7,938) | ₱– | (₱160,029) | ₱– | ₱– | (167,967) |
| Market valuation gain (loss) on financial assets and liabilities at FVTPL (Note 8) | (₱134,155) | ₱– | ₱– | ₱130,484 | ₱– | (3,671) |
| Other income - net* | | | | | | 826,875 |
| Income before income tax | | | | | | ₱15,817,155 |
| Provision for income tax (Note 29) | | | | | | (3,057,962) |

*(Forward)*

| | As of and for the year ended December 31, 2024 (As Restated) | | | | | |
|---|---|---|---|---|---|---|
| | Branded Consumer Foods | Animal Nutrition and Health | Commodities | Corporate | Eliminations | Total |
| Net income from continuing operations | | | | | | ₱12,759,193 |
| Net loss from discontinued operations (Note 30) | | | | | | (405,549) |
| | | | | | | ₱12,353,644 |
| **Other Information** | | | | | | |
| Total assets | ₱111,785,908 | ₱7,912,624 | ₱54,727,609 | ₱4,261,719 | ₱– | ₱178,687,860 |
| Total liabilities | ₱29,337,423 | ₱5,543,287 | ₱8,261,083 | ₱14,306,206 | ₱– | ₱57,447,999 |
| Capital expenditures | ₱4,574,570 | ₱2,073 | ₱3,124,089 | ₱104,080 | ₱– | ₱7,804,812 |
| Non-cash expenses other than depreciation and amortization: | | | | | | |
| Impairment losses on: | | | | | | |
| Receivables (Note 9) | (₱7,908) | ₱– | (₱3,487) | ₱– | ₱– | (₱11,395) |
| Property, plant and equipment (Note 12) | – | – | (53,761) | – | – | (53,761) |
| Inventories (Note 10) | (31) | – | (102,780) | – | – | (102,811) |
| | (₱7,939) | ₱– | (₱160,029) | ₱– | ₱– | (₱167,967) |

**Includes net foreign exchange gains and other income (losses)*

| | As of and for the year ended December 31, 2023 (As Restated) | | | | | |
|---|---|---|---|---|---|---|
| | Branded Consumer Foods | Animal Nutrition and Health | Commodities | Corporate | Eliminations | Total |
| **Sale of Goods and Services** | | | | | | |
| Third party | ₱107,776,060 | ₱15,177,092 | ₱34,799,028 | ₱– | ₱– | ₱157,752,180 |
| Inter-segment | 22,118,977 | – | 13,446,029 | – | (35,565,006) | – |
| | ₱129,895,037 | ₱15,177,092 | ₱48,245,057 | ₱– | (₱35,565,006) | ₱157,752,180 |
| **Result** | | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | ₱16,315,903 | ₱2,178,607 | ₱8,115,481 | (₱2,860,052) | ₱– | ₱23,749,939 |
| Depreciation and amortization (Note 24) | (4,236,109) | (212,069) | (1,679,359) | (233,790) | – | (6,361,327) |
| Earnings before interest and income tax (EBIT) | ₱12,079,794 | ₱1,966,538 | ₱6,436,122 | (₱3,093,842) | ₱– | ₱17,388,612 |
| Finance costs (Note 27) | (₱153,143) | (₱221,981) | (₱459,183) | (₱824,593) | ₱– | (1,658,900) |
| Finance revenue (Note 26) | ₱211,904 | ₱25 | ₱25 | ₱99,246 | ₱– | 311,200 |
| Equity in net loss of joint ventures (Note 15) | ₱20,961 | ₱– | ₱– | (₱308,211) | ₱– | (287,250) |
| Provision for credit and impairment losses (Notes 9 and 12) | (₱30,399) | (₱205,487) | ₱– | ₱– | ₱– | (235,886) |
| Market valuation gain on financial assets and liabilities at FVTPL (Note 8) | ₱3,077 | ₱– | ₱– | ₱169,237 | ₱– | 172,314 |
| Other income - net* | | | | | | 9,383 |
| Income before income tax | | | | | | ₱15,699,473 |
| Provision for income tax (Note 29) | | | | | | (2,976,821) |

*(Forward)*

| | As of and for the year ended December 31, 2023 (As Restated) | | | | | |
|---|---|---|---|---|---|---|
| | Branded Consumer Foods | Animal Nutrition and Health | Commodities | Corporate | Eliminations | Total |
| Net income from continuing operations | | | | | | ₱12,722,652 |
| Net loss from discontinued operations (Note 30) | | | | | | (18,052) |
| | | | | | | ₱12,704,600 |
| **Other Information** | | | | | | |
| Total assets | ₱108,794,436 | ₱7,339,810 | ₱56,795,622 | ₱7,371,832 | ₱– | ₱180,301,700 |
| Total liabilities | ₱25,798,000 | ₱6,493,953 | ₱9,795,198 | ₱19,722,686 | ₱– | ₱61,809,837 |
| Capital expenditures | ₱4,367,603 | ₱30,274 | ₱5,392,496 | ₱424,975 | ₱– | ₱10,215,348 |
| Non-cash expenses other than depreciation and amortization: | | | | | | |
| Impairment losses on: | | | | | | |
| Receivables (Note 9) | (₱9,338) | ₱– | ₱– | ₱– | ₱– | (₱9,338) |
| Property, plant and equipment (Note 12) | (21,061) | (205,487) | – | – | – | (226,548) |
| | (₱30,398) | (₱205,487) | ₱– | ₱– | ₱– | (₱235,886) |

**Includes net foreign exchange gains and other income (losses)*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVTPL, foreign exchange gains and losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debts of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of June 30, 2024, the Group has discontinued its operations in China (see Note 30).

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced (in thousands):

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Domestic | **₱132,001,474** | ₱127,089,963 | ₱125,575,194 |
| Foreign | **36,007,701** | 34,777,281 | 32,176,986 |
| | **₱168,009,175** | ₱161,867,244 | ₱157,752,180 |

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets (in thousands):

| | 2025 | 2024 |
|---|---|---|
| Domestic | **₱62,712,055** | ₱57,474,967 |
| Foreign | **40,261,890** | 35,895,608 |
| | **₱102,973,945** | ₱93,370,575 |

## 7. Cash and Cash Equivalents

This account consists of:

| | 2025 | 2024 |
|---|---|---|
| Cash on hand | **₱58,672,943** | ₱52,124,843 |
| Cash in banks (Note 32) | **8,222,122,939** | 7,391,789,957 |
| Short-term investments (Note 32) | **2,945,812,397** | 4,153,485,076 |
| | **₱11,226,608,279** | ₱11,597,399,876 |

Cash in banks consist of savings and current accounts that earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group and earn interest ranging from 1.00% to 5.50%, 0.01% to 5.30%, and from 0.10% to 7.30% for foreign currency-denominated money market placements for the years ended December 31, 2025, 2024, and 2023, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 3.10% to 4.20%, 3.60% to 4.90%, and 4.00% for the years ended December 31, 2025, 2024, 2023, respectively.

Interest earned on cash and cash equivalents amounted to ₱247.2 million, ₱327.6 million, and ₱259.6 million for the years ended December 31, 2025, 2024, and 2023, respectively (see Notes 26 and 30).

## 8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱294.8 million and ₱1.1 billion as of December 31, 2025 and 2024, respectively. Investments held-for-trading consist of private equity funds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

The Group recognized a market valuation gain on financial assets at FVTPL amounting to ₱43.2 million in 2025, a market valuation loss of ₱3.7 million in 2024, and a market valuation gain of ₱172.3 million in 2023.

In December 2025, the Parent Company disposed of its equity interest in Anscor to JGSHI as part of the consideration for the acquisition of land from JGSHI. The transaction involved 64,605,739 Anscor shares with a fair value of ₱888.5 million (see Note 12).

The Group received dividends from its quoted equity securities amounting to ₱48.5 million, ₱48.5 million and ₱64.6 million for the years ended December 31, 2025, 2024, and 2023, respectively (see Note 26).

Interest earned on financial assets at FVTPL amounted to ₱5.8 million for the year ended December 31, 2023 (see Note 26).

## 9. Receivables

This account consists of:

| | 2025 | 2024 |
|---|---|---|
| Trade receivables (Note 32) | **₱18,143,360,665** | ₱16,497,132,616 |
| Due from related parties (Note 32) | **2,146,878,907** | 2,955,316,604 |
| Non-trade receivables (Notes 32 and 35) | **1,774,762,998** | 697,278,332 |
| Interest receivable | **20,945,962** | 27,224,100 |
| Others | **388,982,482** | 522,343,134 |
| | **22,474,931,014** | 20,699,294,786 |
| Less: allowance for credit losses | **230,538,383** | 246,520,001 |
| | **₱22,244,392,631** | ₱20,452,774,785 |

Non-trade and other receivables are noninterest-bearing and are due and demandable.

Others include advances to officers and employees and claims for insurance.

Allowance for ECLs on Receivables

Changes in allowance for impairment losses on receivables follow:

| | **2025** | | | |
|---|---|---|---|---|
| | **Individual Assessment** | | **Collective Assessment** | |
| | **Trade Receivables** | **Other Receivables** | **Trade Receivables** | **Total** |
| Balances at beginning of period | **₱70,209,695** | **₱157,169,779** | **₱19,140,527** | **₱246,520,001** |
| Provision for credit losses | **13,408,503** | **−** | **−** | **13,408,503** |
| Write-off/others | **(29,390,121)** | **−** | **−** | **(29,390,121)** |
| Balances at end of period | **₱54,228,077** | **₱157,169,779** | **₱19,140,527** | **₱230,538,383** |

| | 2024 | | | |
|---|---|---|---|---|
| | Individual Assessment | | Collective Assessment | |
| | Trade Receivables | Other Receivables | Trade Receivables | Total |
| Balances at beginning of the period | ₱59,958,672 | ₱157,169,779 | ₱19,140,527 | ₱236,268,978 |
| Provision for credit losses | 11,395,431 | − | − | 11,395,431 |
| Write-off/others | (1,144,408) | − | − | (1,144,408) |
| Balances at end of the period | ₱70,209,695 | ₱157,169,779 | ₱19,140,527 | ₱246,520,001 |

Allowance for ECLs on other receivables includes credit losses on nontrade receivables, advances to officers and employees and other receivables. Allowance for ECLs on advances to officers and employees amounted to ₱19.6 million as of December 31, 2025 and 2024. Allowance for credit losses on nontrade and other receivables amounted to ₱137.6 million as of December 31, 2025 and 2024.

## 10. Inventories

This account consists of inventories as follows:

| | **2025** | 2024 |
|---|---|---|
| At cost: | | |
| Raw materials | **₱16,317,354,974** | ₱17,562,443,164 |
| Finished goods | **11,630,245,861** | 11,973,079,296 |
| Goods in-process | **2,096,790,743** | 2,482,239,551 |
| | **30,044,391,578** | 32,017,762,011 |
| At NRV: | | |
| Spare parts and supplies | **5,669,696,932** | 6,070,648,748 |
| Containers and packaging materials | **2,172,401,931** | 1,936,682,237 |
| | **7,842,098,863** | 8,007,330,985 |
| | **₱37,886,490,441** | ₱40,025,092,996 |

The total cost of inventories stated at NRV is at ₱8.1 billion and ₱8.2 billion as at December 31, 2025 and 2024, respectively.

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱6.4 billion and ₱8.0 billion as of December 31, 2025 and 2024, respectively, certain inventories which approximate the trust receipts payable have been released to the Group under trust receipt agreements with the banks. The Group is accountable to these banks for the trusteed merchandise. Interest expense from trust receipts payable amounted to ₱391.3 million, ₱541.5 million and ₱677.4 million for the years ended December 31, 2025, 2024, and 2023, respectively (see Note 27). Accrued interest payable on the Group's trust receipts liabilities amounted to ₱15.2 million and ₱14.7 million as of December 31, 2025 and 2024, respectively (see Note 18).

Inventory obsolescence included in 'Cost of sales' amounted to ₱1.4 billion, ₱1.1 billion, and ₱1.2 billion for the years ended December 31, 2025, 2024, and 2023, respectively.

The Group recognized decline in value of inventories amounting to ₱291.4 million and ₱102.8 million for the years ended December 31, 2025 and 2024, respectively.

During the year, the Group recognized a write-off of inventories in transit amounting to ₱385.4 million, relating to finished goods, packaging materials, and raw materials. The write-off resulted from management's assessment that the recoverability of these inventories was no longer probable, considering the relevant facts and circumstances surrounding their non-realization. The write-off was recorded under 'Other income (losses) - net' in the consolidated statement of profit or loss.

## 11. Advances to Suppliers and Other Current Assets

Advances to Suppliers

Advances to suppliers are generally applied to purchase of inventories and availment of services within the next financial year.

Other Current Assets

This account consists of:

| | **2025** | 2024 |
|---|---|---|
| Input value-added tax (VAT) | **₱1,557,918,180** | ₱1,523,302,168 |
| Prepaid taxes | **610,164,359** | 589,246,557 |
| Prepaid insurance | **241,032,156** | 190,735,415 |
| Prepaid advertising | **102,281,112** | 2,487,933 |

*(Forward)*

| | 2025 | 2024 |
|---|---|---|
| Prepaid rent | **₱49,616,832** | ₱72,598,173 |
| Others | **967,133,083** | 833,440,296 |
| | **₱3,528,145,722** | ₱3,211,810,542 |

Prepaid rent pertains to short-term leases of the Group that are paid in advance. Prepaid rent, taxes, and insurance are normally utilized within the next financial year.

Othe
rs include prepayments of advertising, office supplies, deferred charges and excess tax credits.

## 12. Property, Plant and Equipment

The rollforward of this account follows:

| | As of and for the year ended December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Land | Land Improvements | Buildings and Improvements | Machinery and Equipment | Sub-total |
| **Cost** | | | | | |
| Balances at beginning of year | ₱8,267,706,677 | ₱2,317,174,513 | ₱20,724,127,407 | ₱80,820,709,506 | ₱112,129,718,103 |
| Additions | 1,831,052,076 | 62,593,517 | 1,055,863,789 | 2,767,835,982 | 5,717,345,364 |
| Disposals and others | – | (9,013,439) | (6,034,897) | (227,467,625) | (242,515,961) |
| Reclassifications | – | 15,169,643 | 449,264,000 | 5,837,831,822 | 6,302,265,465 |
| Cumulative translation adjustment | 40,955,729 | 150,321,843 | 420,693,232 | 1,260,773,733 | 1,872,744,537 |
| Balances at end of year | 10,139,714,482 | 2,536,246,077 | 22,643,913,531 | 90,459,683,418 | 125,779,557,508 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | – | 928,352,924 | 11,567,091,453 | 55,064,612,484 | 67,560,056,861 |
| Depreciation and amortization (Note 24) | – | 80,424,545 | 1,007,750,333 | 3,866,808,369 | 4,954,983,247 |
| Disposals and others | – | (7,734,000) | (6,054,731) | (198,331,345) | (212,120,076) |
| Reclassifications | – | – | (19,245,793) | (32,636,231) | (51,882,024) |
| Provision for impairment losses | – | – | – | 430,903,015 | 430,903,015 |
| Cumulative translation adjustment | – | 4,114,357 | 236,308,228 | 888,751,886 | 1,129,174,471 |
| Balances at end of year | – | 1,005,157,826 | 12,785,849,490 | 60,020,108,178 | 73,811,115,494 |
| **Net Book Value** | ₱10,139,714,482 | ₱1,531,088,251 | ₱9,858,064,041 | ₱30,439,575,240 | ₱51,968,442,014 |

| | As of and for the year ended December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | **Transportation Equipment** | **Furniture, Fixtures and Equipment** | **Construction In-progress** | **Equipment In-transit** | **Total** |
| **Cost** | | | | | |
| Balances at beginning of year | **₱3,361,271,881** | **₱5,269,982,783** | **₱18,956,913,043** | **₱627,646,160** | **₱140,345,531,970** |
| Additions | **211,941,858** | **555,893,576** | **4,462,228,047** | **47,260,090** | **10,994,668,935** |
| Disposals and others | **(270,581,713)** | **(32,266,744)** | **(13,241,996)** | **(446,176,664)** | **(1,004,783,078)** |
| Reclassifications | **5,735,368** | **92,583,344** | **(6,415,419,331)** | **14,835,154** | **–** |
| Cumulative translation adjustment | **15,836,328** | **193,308,104** | **13,079,314** | **(708,003)** | **2,094,260,280** |
| Balances at end of the year | **3,324,203,722** | **6,079,501,063** | **17,003,559,077** | **242,856,737** | **152,429,678,107** |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | **2,783,231,099** | **4,595,906,754** | **–** | **–** | **74,939,194,714** |
| Depreciation and amortization (Note 24) | **159,642,166** | **355,212,575** | **–** | **–** | **5,469,837,988** |
| Disposals and others | **(78,095,292)** | **(27,568,107)** | **–** | **–** | **(317,783,475)** |
| Reclassifications | **–** | **51,882,024** | **–** | **–** | **–** |
| Provision for impairment losses | **–** | **78,058** | **–** | **–** | **430,981,073** |
| Cumulative translation adjustment | **9,005,211** | **164,062,427** | **–** | **–** | **1,302,242,109** |
| Balances at end of year | **2,873,783,184** | **5,139,573,731** | **–** | **–** | **81,824,472,409** |
| **Net Book Value** | **₱450,420,538** | **₱939,927,332** | **₱17,003,559,077** | **₱242,856,737** | **₱70,605,205,698** |

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Land | Land Improvements | Buildings and Improvements | Machinery and Equipment | Sub-total |
| **Cost** | | | | | |
| Balances at beginning of year | ₱8,276,381,969 | ₱2,428,060,069 | ₱20,885,475,567 | ₱85,304,054,913 | ₱116,893,972,518 |
| Additions | 15,142,580 | 32,258,497 | 875,900,959 | 3,687,100,341 | 4,610,402,377 |
| Disposals and others | (41,604,277) | (223,241,472) | (2,234,452,237) | (10,675,271,199) | (13,174,569,185) |
| Reclassifications | – | 28,384,849 | 1,022,307,829 | 3,559,647,665 | 4,610,340,343 |
| Cumulative translation adjustment | 17,786,405 | 51,712,570 | 174,895,289 | (1,054,822,214) | (810,427,950) |
| Balances at end of year | 8,267,706,677 | 2,317,174,513 | 20,724,127,407 | 80,820,709,506 | 112,129,718,103 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | – | 1,071,769,466 | 11,912,580,087 | 64,382,209,853 | 77,366,559,406 |
| Depreciation and amortization (Note 24) | – | 77,778,030 | 961,817,185 | 3,022,181,322 | 4,061,776,537 |
| Disposals and others | – | (220,678,787) | (2,182,703,012) | (10,573,070,431) | (12,976,452,230) |
| Reclassifications | – | – | 567,014,995 | (603,176,361) | (36,161,366) |
| Provision for impairment losses | – | – | 202,372,845 | 160,847,175 | 363,220,020 |
| Cumulative translation adjustment | – | (515,785) | 106,009,353 | (1,324,379,074) | (1,218,885,506) |
| Balances at end of year | – | 928,352,924 | 11,567,091,453 | 55,064,612,484 | 67,560,056,861 |
| **Net Book Value** | ₱8,267,706,677 | ₱1,388,821,589 | ₱9,157,035,954 | ₱25,756,097,022 | ₱44,569,661,242 |

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Transportation Equipment | Furniture, Fixtures and Equipment | Construction In-progress | Equipment In-transit | Total |
| **Cost** | | | | | |
| Balances at beginning of year | ₱3,296,701,317 | ₱6,000,324,942 | ₱21,113,424,864 | ₱687,657,811 | ₱147,992,081,452 |
| Additions | 187,002,519 | 323,429,017 | 2,337,102,092 | 346,875,961 | 7,804,811,966 |
| Disposals and others | (159,320,135) | (1,163,513,050) | (19,561,607) | – | (14,516,963,977) |
| Reclassifications | 62,271,395 | 107,206,029 | (4,395,529,868) | (407,241,601) | (22,953,702) |
| Cumulative translation adjustment | (25,383,215) | 2,535,845 | (78,522,438) | 353,989 | (911,443,769) |
| Balances at end of the year | 3,361,271,881 | 5,269,982,783 | 18,956,913,043 | 627,646,160 | 140,345,531,970 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | 2,808,829,120 | 5,406,232,384 | – | – | 85,581,620,910 |
| Depreciation and amortization (Note 24) | 158,462,308 | 310,804,109 | – | – | 4,531,042,954 |
| Disposals and others | (158,099,231) | (1,162,106,010) | – | – | (14,296,657,471) |
| Reclassifications | – | 38,047,665 | – | – | 1,886,299 |
| Provision for impairment losses | 1,864,920 | 5,543,758 | – | – | 370,628,698 |
| Cumulative translation adjustment | (27,826,018) | (2,615,152) | – | – | (1,249,326,676) |
| Balances at end of year | 2,783,231,099 | 4,595,906,754 | – | – | 74,939,194,714 |
| **Net Book Value** | ₱578,040,782 | ₱674,076,029 | ₱18,956,913,043 | ₱627,646,160 | ₱65,406,337,256 |

The Group recognized gain on sale/disposal of property, plant and equipment amounting to ₱179.3 million, ₱196.1 million and ₱18.4 million as of December 31, 2025, 2024, and 2023, respectively. In 2024, the Group recognized loss amounting to ₱148.6 million from writing down certain property, plant and equipment. Both gain on sale/disposal and loss from write-down are recognized under 'Other income (losses) - net' in the consolidated statements of income.

On December 4, 2025, the Parent Company acquired land from its Ultimate Parent Company amounting to ₱1.7 billion. The Parent Company transferred its 'Financial assets at FVPL' to the Ultimate Parent Company amounting to ₱888.5 million as part of the consideration together with its advances to the Ultimate Parent Company amounting to ₱583.2 million. The remaining balance as of December 31, 2025 amounting to ₱255.5 million was settled in cash by the Parent Company in 2025.

As of December 31, 2025 and 2024, the gross amount of fully depreciated property, plant and equipment which are still in use by the Group amounted to ₱44.3 billion and ₱38.1 billion, respectively.

Borrowing Costs

For the years ended December 31, 2025, 2024, and 2023, no borrowing costs have been incurred related to property, plant and equipment under construction.

Depreciation
The breakdown of consolidated depreciation of property, plant and equipment follows:

| | **December 31, 2025** | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Cost of sales (Notes 21 and 24) | **₱4,940,724,587** | ₱4,033,945,738 | ₱5,364,096,188 |
| Selling and distribution costs (Notes 22 and 24) | **305,631,088** | 260,068,529 | 254,914,658 |
| General and administrative expenses (Notes 23 and 24) | **223,482,313** | 218,215,459 | 260,008,536 |
| Discontinued operations (Note 30) | – | 18,813,228 | 41,767,708 |
| | **₱5,469,837,988** | ₱4,531,042,954 | ₱5,920,787,090 |

Impairment Losses
The Group recognized impairment losses on property, plant and equipment amounting to ₱431.0 million, ₱370.6 million and ₱226.5 million in 2025, 2024, and 2023, respectively. The impairment losses pertain to (a) property and equipment in non-operational plants; (b) office space leasehold improvements and furniture and fixtures; and (c) discontinued production lines and hog farms.

Collateral
As of December 31, 2025 and 2024, the Group has no property and equipment that are pledged as collateral.

## 13. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

| | **2025** | 2024 |
|---|---|---|
| Current portion | **₱272,541,865** | ₱174,320,301 |
| Noncurrent portion | **188,748,927** | 99,478,226 |
| | **₱461,290,792** | ₱273,798,527 |

These biological assets consist of:

| | 2025 | 2024 |
|---|---|---|
| Swine livestock: | | |
| Commercial | **₱234,767,672** | ₱128,819,405 |
| Breeder | **97,238,385** | 34,481,578 |
| Poultry livestock: | | |
| Commercial | **37,774,193** | 45,500,896 |
| Breeder | **91,510,542** | 64,996,648 |
| | **₱461,290,792** | ₱273,798,527 |

The rollforward analysis of this account follows:

| | 2025 | 2024 |
|---|---|---|
| Balances at beginning of year | **₱273,798,527** | ₱271,933,727 |
| Additions | **740,197,614** | 471,479,496 |
| Disposals | **(558,894,067)** | (478,590,885) |
| Gain arising from changes in fair value less estimated costs to sell | **6,188,718** | 8,976,189 |
| Balances at end of year | **₱461,290,792** | ₱273,798,527 |

The Group has 33,371 and 22,101 heads of swine livestock and 506,831 and 460,702 heads of poultry livestock as of December 31, 2025 and 2024, respectively.

## 14. **Goodwill and Intangible Assets**

The movement of the goodwill is as follows:

| | **2025** | 2024 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of year | **₱20,019,714,455** | ₱18,745,475,682 |
| Translation adjustment | **2,281,098,034** | 1,274,238,773 |
| Balance at end of year | **22,300,812,489** | 20,019,714,455 |
| **Accumulated Impairment Losses** | | |
| Balance at beginning and end of year | **265,719,291** | 265,719,291 |
| **Net Book Value** | **₱22,035,093,198** | ₱19,753,995,164 |

The composition of the Group's goodwill is as follows:

| | **2025** | 2024 |
|---|---|---|
| Acquisition of Munchy's Group in December 2021 | **₱21,246,847,974** | ₱18,965,749,940 |
| The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000 | **775,835,598** | 775,835,598 |
| Acquisition of Balayan Sugar Mill in February 2016 | **12,409,626** | 12,409,626 |
| | **₱22,035,093,198** | ₱19,753,995,164 |

The composition and movements of intangible assets follow:

| | As of and for the year ended December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | **Trademarks/ Brands** | **Product Formulation** | **Software Costs** | **Trade Secrets** | **Total** |
| **Cost** | | | | | |
| Balances at beginning of period | **₱3,250,567,435** | **₱425,000,000** | **₱779,821,760** | **₱1,392,996,167** | **₱5,848,385,362** |
| Additions | **615,756** | **–** | **71,694,266** | **–** | **72,310,022** |
| Translation adjustments | **360,528,904** | **–** | **8,514** | **167,469,658** | **528,007,076** |
| | **3,611,712,095** | **425,000,000** | **851,524,540** | **1,560,465,825** | **6,448,702,460** |
| **Accumulated Amortization and Impairment Losses** | | | | | |
| Balances at beginning of period | **201,864,928** | **–** | **245,269,845** | **–** | **447,134,773** |
| Amortization during the period (Note 24) | **200,808** | **–** | **98,287,114** | **–** | **98,487,922** |
| Translation adjustments | **19,904** | **–** | **(45,479)** | **–** | **(25,575)** |
| | **202,085,640** | **–** | **343,511,480** | **–** | **545,597,120** |
| **Net Book Value at End of Year** | **₱3,409,626,455** | **₱425,000,000** | **₱508,013,060** | **₱1,560,465,825** | **₱5,903,105,340** |

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Trademarks/ Brands | Product Formulation | Software Costs | Trade Secrets | Total |
| Cost | | | | | |
| Balances at beginning of period | ₱3,046,999,348 | ₱425,000,000 | ₱756,776,193 | ₱1,299,204,604 | ₱5,527,980,145 |
| Additions | 2,290,636 | – | – | – | 2,290,636 |
| Reclassifications | – | – | 22,953,701 | – | 22,953,701 |
| Translation adjustments | 201,277,451 | – | 91,866 | 93,791,563 | 295,160,880 |
| | 3,250,567,435 | 425,000,000 | 779,821,760 | 1,392,996,167 | 5,848,385,362 |
| Accumulated Amortization and Impairment Losses | | | | | |
| Balances at beginning of period | 201,775,310 | – | 139,228,619 | – | 341,003,929 |
| Amortization during the period (Note 24) | 66,894 | – | 107,865,696 | – | 107,932,590 |
| Reclassifications | – | – | (1,886,301) | – | (1,886,301) |
| Translation adjustments | 22,724 | – | 61,831 | – | 84,555 |
| | 201,864,928 | – | 245,269,845 | – | 447,134,773 |
| Net Book Value at End of Year | ₱3,048,702,507 | ₱425,000,000 | ₱534,551,915 | ₱1,392,996,167 | ₱5,401,250,589 |

Trademarks, brands and trade secrets were recognized as a result of acquisition of Munchys' Group in 2021. There were also trademarks and product formulation from the acquisition of General Milling Corporation in 2008.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2025 and 2024. In 2025 and 2024, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value in use calculations used cash flow projections from financial budgets approved by management covering a five-year period.

*Growth rate estimates* - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.11% and 2.00% to 4.62% as of
December 31, 2025 and 2024, respectively.

*Discount rates* - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. The discount rates applied to cash flow projections range from 6.90% to 10.60% and 8.40% to 12.43% for the years ended December 31, 2025 and 2024, respectively.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the Group's acquisitions to materially exceed their recoverable amounts.

## 15. Investments in Joint Ventures

The rollforward analysis of this account follows:

| | **2025** | 2024 |
|---|---|---|
| **Acquisition Cost** | | |
| Balances at beginning of year | **₱1,909,262,362** | ₱1,739,262,362 |
| Additional investments | **100,000,000** | 170,000,000 |
| Balances at end of year | **2,009,262,362** | 1,909,262,362 |
| **Accumulated Equity in Net Losses** | | |
| Balances at beginning of year | **(1,778,493,178)** | (1,638,421,778) |
| Equity in net losses of joint ventures | **(133,250,279)** | (140,071,400) |
| Balances at end of year | **(1,911,743,457)** | (1,778,493,178) |
| **Cumulative Translation Adjustments** | **5,688,570** | 1,767,076 |
| **Net Book Value at End of Year** | **₱103,207,475** | ₱132,536,260 |

*Vitasoy-URC, Inc.*
On October 4, 2016, the Parent Company entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form Vitasoy - URC (VURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 46.1 million common shares for a total cost of ₱461.0 million, which includes, ₱80.9 million cash and receivables amounting to ₱380.1 million converted to equity.

On April 28, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75.0 million which has been fully paid in cash.

On March 18, 2024, the SEC approved the Parent Company's additional subscription to the capital stock of VURCI consisting of 17.0 million common shares for a total cost of ₱170.0 million, which has been fully paid in cash.

On July 21, 2025, the Parent Company made additional subscriptions to the capital stock of VURCI consisting of 10.0 million common shares for a total cost of ₱100.0 million, which has been fully paid in cash.

*Danone Universal Robina Beverages, Inc.*
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "B'lue" brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 5.0 million common shares for a total cost of ₱100.0 million.

On October 23, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 8.8 million common shares for a total cost of ₱175.0 million which has been fully paid in cash.

*Calbee-URC Malaysia*
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savory snack products.

As of December 31, 2025 and 2024, the Parent Company has the following percentage of ownership of shares in its joint ventures and its related equity in the net assets as summarized below:

| | Place of Business | Percentage of Ownership |
|---|---|---|
| VURCI | Philippines | 50.00 |
| DURBI | -do- | 50.00 |
| CURM | Malaysia | 50.00 |

Summarized financial information in respect of the Group's joint ventures as of December 31, 2025 and 2024 are presented below (in thousands).

| | VURCI | | DURBI | | CURM | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| Revenue | **₱268,551** | ₱435,644 | **₱374,972** | ₱494,140 | **₱366,236** | ₱358,018 |
| Costs and expenses | **545,225** | 425,474 | **367,937** | 486,442 | **359,883** | 353,794 |
| Net income (loss) | **(276,674)** | (10,170) | **7,035** | 7,698 | **6,353** | 4,224 |
| Current assets | **814,999** | 1,022,578 | **299,692** | 332,641 | **205,873** | 174,244 |
| Noncurrent assets | **359,343** | 399,212 | **3,572** | 4,298 | **55,295** | 45,703 |
| Current liabilities | **1,131,723** | 1,203,375 | **382,118** | 420,596 | **51,956** | 44,877 |
| Noncurrent liabilities | **13,333** | 12,164 | **1,603** | 2,551 | **6,983** | 5,716 |
| Equity | **₱29,286** | ₱206,251 | **(₱80,457)** | (₱86,208) | **₱202,229** | ₱169,354 |
| Group share in equity | **₱12,413** | ₱50,632 | **₱–** | ₱– | **₱90,795** | ₱81,904 |
| Carrying amount of investment | **₱12,413** | ₱50,632 | **₱–** | ₱– | **₱90,795** | ₱81,904 |

The summarized financial information presented above represents amounts shown in the joint ventures' financial statements prepared in accordance with PFRS Accounting Standards.

The joint venture companies are private companies and there are no quoted prices available for their shares.

No dividends were declared by and received from the joint ventures for the years ended December 31, 2025 and 2024.

As of December 31, 2025 and 2024, there were no agreements entered into by the joint ventures that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Group. In addition, the Group has no share on commitments and contingencies of its joint ventures.

16. **Advances to Suppliers and Other Noncurrent Assets**

Advances to Suppliers
Advances to suppliers are generally applied to purchase of fixed assets.

Other Noncurrent Assets
This account consists of:

| | **2025** | 2024 |
|---|---|---|
| Deposits | **₱858,446,727** | ₱1,002,772,014 |
| Financial assets at FVOCI | **203,000,000** | 160,950,000 |
| Deferred input VAT | **79,169,035** | 342,423,773 |
| Investment properties | **1,200,172** | 1,452,839 |
| Others | **39,730,564** | 160,696,077 |
| | **₱1,181,546,498** | ₱1,668,294,703 |

Deposits
The Group's deposits pertain to the installation of power and water meters, returnable containers and security deposits for operating leases of plants, warehouses and office buildings. The security deposits are recoverable from the lessors at the end of the lease terms, which range from 2 to 30 years.

Financial Assets at FVOCI
As of December 31, 2025 and 2024, financial assets at FVOCI consists of equity securities with the following movements:

| | **2025** | 2024 |
|---|---|---|
| Balance at beginning of year | **₱160,950,000** | ₱120,600,000 |
| Changes in fair value during the year (Note 20) | **42,050,000** | 40,350,000 |
| Balance at end of year | **₱203,000,000** | ₱160,950,000 |

Fair value changes of financial assets at FVOCI are presented as components of 'Other comprehensive income' in Equity.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Investment Properties
The rollforward analysis of investment properties follows:

| | **2025** | 2024 |
|---|---|---|
| **Cost** | | |
| Balances at beginning and end of year | **₱6,588,020** | ₱6,588,020 |
| **Accumulated depreciation** | | |
| Balances at beginning of year | **5,135,181** | 4,882,514 |
| Depreciation (Note 24) | **252,667** | 252,667 |
| Balances at end of year | **5,387,848** | 5,135,181 |
| **Net book value at end of year** | **₱1,200,172** | ₱1,452,839 |

Investment properties consist of buildings and building improvements which are leased out to related and third parties (see Notes 32 and 34).

Total rental income earned from investment properties included under ‘Other income (losses) - net’ in the consolidated statements of income amounted to ₱11.8 million, ₱11.2 million, and ₱10.8 million for years ended December 31, 2025, 2024, and 2023, respectively.

Direct operating expenses (included under ‘General and administrative expenses’ in the consolidated statements of income) arising from investment properties amounted to ₱0.4 million for the years ended December 31, 2025, 2024, and 2023.

As of December 31, 2025 and 2024, the Group has no investment properties that are pledged as collateral.

Others
Others include deposits for future subscriptions and deferred charges.

## 17. Short-term Debts

This account consists of:

| | 2025 | 2024 |
|---|---|---|
| Peso-denominated loan - unsecured with interest ranging from 4.60% to 4.85% and 5.75% for the years ended December 31, 2025 and 2024, respectively | **₱14,800,000,000** | ₱10,000,000,000 |
| Thai Baht-denominated loans - unsecured with interest ranging from 1.78% to 1.95% and from 2.78% to 2.95% for the years ended December 31, 2025 and 2024, respectively | **1,590,059,319** | 1,434,379,523 |
| Malaysian Ringgit-denominated loans - unsecured with interest of 3.68% and interest ranging from 3.87% to 4.13% for the years ended December 31, 2025 and 2024, respectively | **651,934,180** | 1,228,542,972 |
| | **₱17,041,993,499** | ₱12,662,922,495 |

Accrued interest payable on the Group's short-term debts amounted to ₱36.5 million and ₱43.2 million as of December 31, 2025 and 2024, respectively (see Note 18). Interest expense from the short-term debts amounted to ₱790.3 million, ₱894.3 million and ₱744.4 million for the years ended December 31, 2025, 2024, and 2023, respectively (see Note 27).

18. **Accounts Payable and Other Accrued Liabilities**

This account consists of:

| | 2025 | 2024 |
|---|---|---|
| Trade payables (Note 32) | **₱15,497,172,662** | ₱17,404,852,980 |
| Accrued expenses | **9,538,108,793** | 11,253,227,627 |
| Customers' deposits | **1,366,453,896** | 1,600,496,013 |
| Due to related parties (Note 32) | **907,137,271** | 614,004,861 |
| VAT payable | **428,802,632** | 491,095,775 |
| Withholding tax payable | **282,373,229** | 191,530,458 |
| Advances from stockholders (Note 32) | **204,164,694** | 268,338,689 |
| Others | **192,568,411** | 70,460,369 |
| | **₱28,416,781,588** | ₱31,894,006,772 |

Trade payables are noninterest-bearing and are normally settled on 30-120 day terms. Trade payables mainly arise from purchases of inventories which include raw materials and indirect materials
(i.e., packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

The accrued expenses account consists of:

| | 2025 | 2024 |
|---|---|---|
| Advertising and promotions | **₱5,184,058,359** | ₱6,461,508,062 |
| Personnel costs | **1,513,724,891** | 1,642,583,941 |
| Freight and handling costs | **874,465,034** | 804,171,624 |
| Contracted services | **600,886,874** | 618,021,858 |

*(Forward)*

| | 2025 | 2024 |
|---|---|---|
| Rent | **429,819,914** | 307,978,606 |
| Utilities | **277,785,116** | 318,090,300 |
| Professional and legal fees | **158,966,585** | 215,786,868 |
| Interest (Notes 10 and 17) | **51,730,856** | 57,839,833 |
| Others | **446,671,164** | 827,246,535 |
| | **₱9,538,108,793** | ₱11,253,227,627 |

Accrued professional and legal fees include fees or services rendered by third party consultants to review the Group's new business and channel entry opportunities within the food and beverage space to drive additional growth. The related expense recognized under 'Other income (losses) - net' in the 2025, 2024 and 2023 consolidated statements of income amounted to ₱196.5 million, ₱18.8 million and ₱57.9 million, respectively.

Others include accruals for taxes and licenses, commission, royalties, and other benefits.

Supplier Finance Arrangements

The Group participates in supplier finance arrangements with the bank, whereby suppliers may opt to receive early payment of approved invoices. Any fees related to early settlement are borne by the suppliers. The arrangements do not alter the Group's standard commercial terms, and the related obligations continue to be recognized as trade payables within accounts payable and other accrued liabilities, measured at amortized cost and derecognized upon settlement with the financial institution.

Payments to banks are presented as operating cash outflows. Management has assessed that these arrangements do not result in significant liquidity risk and monitors them as part of the Group's overall liquidity risk management in accordance with PAS 7 and PFRS 7.

The following tables provide an overview of the carrying amount of the liabilities part of a supplier financing arrangement and the range of payment due dates:

| | 2025 | 2024 |
|---|---|---|
| Paid by the bank | **₱3,394,066,121** | ₱2,031,215,402 |
| Outstanding payable to the bank | **967,299,926** | 414,242,466 |

| | 2025 | 2024 |
|---|---|---|
| Liabilities that are part of an arrangement | **30 to 120 days** | 30 to 90 days |
| Comparable liabilities that are not part of an arrangement | **30 to 120 days** | 30 to 90 days |

## 19. **Equity**

The details of the Parent Company's common stock as of December 31 follow:

| | **2025** | 2024 |
|---|---|---|
| Authorized shares | **2,998,000,000** | 2,998,000,000 |
| Par value per share | **₱1.00** | ₱1.00 |
| Issued shares: | | |
| Balance at beginning and end of year | **2,230,160,190** | 2,230,160,190 |
| Outstanding shares | **2,137,787,088** | 2,149,196,818 |

The paid-up capital of the Parent Company consists of the following as of December 31, 2025 and 2024:

| | |
|---|---|
| Common stock | ₱2,230,160,190 |
| Additional paid-in capital | 21,191,974,542 |
| Total paid-up capital | ₱23,422,134,732 |

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a financial debt-to-equity ratio which is total financial debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's financial debt-to-equity ratio:

| | | 2025 | 2024 |
|---|---|---|---|
| (a) | Short-term debts (Note 17) | **₱17,041,993,499** | ₱12,662,922,495 |
| | Trust receipts payable (Note 10) | **6,416,657,812** | 7,951,200,072 |
| | | **₱23,458,651,311** | ₱20,614,122,567 |
| (b) | Equity | **₱125,384,276,452** | ₱121,239,861,694 |
| (c) | Financial debt-to-equity ratio (a/b) | **0.19:1** | 0.17:1 |

The Group's policy is to not exceed a financial debt-to-equity ratio of 2:1. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares
The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of December 31, 2025 and 2024.

Retained Earnings
*Accumulated equity in net earnings of the subsidiaries*
A portion of the Group's retained earnings corresponding to the undistributed net earnings of the subsidiaries and joint ventures amounting to ₱85.2 billion and ₱83.8 billion as of December 31, 2025 and 2024, respectively, is not available for dividend declaration. This becomes available for dividend declaration upon dividend distribution by the investees.

*Dividends*
Details of the Group's dividend declarations follow:

Parent Company

| Year | Date of declaration | Dividend per share | Total dividends | Date of record | Date of payment |
|---|---|---|---|---|---|
| **2025** | **August 7, 2025** | **₱2.20** | **₱4.7 billion** | **September 5, 2025** | **October 1, 2025** |
| **2025** | **March 14, 2025** | **₱2.00** | **₱4.3 billion** | **April 11, 2025** | **May 9, 2025** |
| 2024 | August 2, 2024 | ₱1.90 | ₱4.1 billion | August 30, 2024 | September 25, 2024 |
| 2024 | March 14, 2024 | ₱1.90 | ₱4.1 billion | April 12, 2024 | May 9, 2024 |
| 2023 | August 4, 2023 | ₱2.12 | ₱4.6 billion | September 1, 2023 | September 27, 2023 |
| 2023 | March 6, 2023 | ₱1.50 | ₱3.3 billion | March 31, 2023 | April 28, 2023 |

NURC

| Year | Date of declaration | Dividend per share | Total dividends | Date of record | Date of payment |
|---|---|---|---|---|---|
| **2025** | **May 20, 2025** | **₱7.22** | **₱1,364.0 million** | **May 30, 2025** | **September 30, 2025** |
| 2024 | June 5, 2024 | ₱1.06 | ₱200.0 million | December 31, 2023 | September 30, 2024 |
| 2023 | July 20, 2023 | ₱5.53 | ₱1,045.0 million | December 31, 2022 | September 29, 2023 |

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Treasury Shares
The Parent Company has outstanding treasury shares of 92.4 million shares (₱7.3 billion) and 81.0 million shares (₱6.5 billion) as of December 31, 2025 and 2024, respectively, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Equity Reserve
In August 2012, the Parent Company acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represented the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group charged equity reserve from the acquisition amounting to about ₱5.6 billion presented under 'Equity reserve' in the consolidated statements of financial position.

In December 2014, URC entered into a share purchase agreement with Nissin Foods Asia Ltd. (NFA) to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under ‘Equity reserve’ in the consolidated statements of financial position.

In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group recorded equity reserve from the acquisition amounting to about ₱13.2 million presented under ‘Equity reserve’ in the consolidated statements of financial position.

In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non-controlling interest for ₱0.4 million (MYR 36,000). The acquisition of additional shares resulted to an increase of the equity interest of URC from 91.5% to 95.6%. The Group charged equity reserve from the acquisition amounting to about ₱15.7 million presented under ‘Equity reserve’ in the consolidated statements of financial position.

In June 2025, Shanghai Peggy acquired additional 10.0% equity interest in Guangzhou Peggy Foods Co., Ltd. for ₱45.1 million (RMB 5,739,280). The acquisition of additional shares resulted to an increase of the equity interest of URC from 90.0% to 100.0%. The Group charged equity reserve from the acquisition amounting to about ₱175.7 million presented under ‘Equity reserve’ in the consolidated statements of financial position.

Non-controlling Interest
The equity interest held by non-controlling interest in NURC, a subsidiary with material non-controlling interest, is 49.0% as of December 31, 2025 and 2024.

The summarized financial information (before inter-company eliminations) of NURC, a subsidiary with material non-controlling interest follows (in thousands):

| | **2025** | 2024 |
|---|---|---|
| Current assets | **₱3,722,379** | ₱4,892,427 |
| Noncurrent assets | **2,811,867** | 2,115,319 |
| Current liabilities | **3,510,631** | 3,950,515 |
| Noncurrent liabilities | **209,129** | 90,248 |
| Revenue | **9,835,442** | 11,706,119 |
| Costs and expenses | **8,218,898** | 9,938,251 |
| Net income | **1,207,615** | 1,363,759 |

The accumulated non-controlling interest of material non-controlling interest as of December 31, 2025 and 2024 amounted to ₱1.4 billion.

The profit allocated to total non-controlling interest for the years ended December 31, 2025, 2024, and 2023, amounted to ₱607.1 million, ₱692.1 million, and ₱613.3 million, respectively.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code:

| Date of offering | Type of offering | No. of shares offered | Par value | Offer price | Authorized number of shares | Issued and outstanding shares |
|---|---|---|---|---|---|---|
| February 17, 1994 | Registration of authorized capital stock | – | ₱1.00 | ₱– | 1,998,000,000 common shares<br>2,000,000 preferred shares | – |
| February 23, 1994 | Initial public offering | | | | | |
| | Subscribed and fully paid common shares | 929,890,908 | 1.00 | 1.00 | – | 929,890,908 |
| | New common shares | 309,963,636 | 1.00 | 21.06 | – | 309,963,636 |
| July 21, 1995 | 20.00% stock dividend | 247,970,907 | – | – | – | 247,970,907 |
| October 15, 2001 | 10.00% stock dividend | 148,782,542 | – | – | – | 148,782,542 |
| June 20, 2003 | Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)] | 49,871,556 | – | – | – | 49,871,556 |
| December 16, 2005 | Increase in authorized capital stock (payment by way of 15.00% stock dividend) | – | – | – | 1,000,000,000 common shares | 252,971,932 |
| February 7, 2006 | New share offering for common shares: | | | | | |
| | a. Primary shares | 282,400,000 | ₱1.00 | ₱17.00 | – | 282,400,000 |
| | b. Secondary shares | 352,382,600 | | | | |
| | c. Over-allotment shares | 95,217,400 | | | | |
| November 14, 2007 to October 20, 2008 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (75,104,200) |

*(Forward)*

| Date of offering | Type of offering | No. of shares offered | Par value | Offer price | Authorized number of shares | Issued and outstanding shares |
|---|---|---|---|---|---|---|
| April 21, 2009 | Issuance of shares to JGSHI | – | – | – | – | 5,787,452 |
| December 8, 2009 to January 27, 2011 | Acquisition of Parent Company's shares under the share buy-back Program | – | – | – | – | (91,032,800) |
| June 14, 2012 | Sale of treasury shares | – | – | – | – | 120,000,000 |
| September 30, 2016 | Sale of treasury shares | – | – | – | – | 22,659,935 |
| April 24, 2018 | Issuance of shares to stockholders | – | – | – | – | 2,521,257 |
| April 24, 2018 | Re-purchase of shares issued to stockholders | – | – | – | – | (2,521,257) |
| November 8, 2021 to December 13, 2021 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (3,178,490) |
| January 17, 2022 to August 22, 2022 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (22,475,760) |
| August 16, 2023 to December 22, 2023 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (1,084,650) |
| January 11, 2024 to December 12, 2024 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (28,226,150) |
| January 7, 2025 to September 30, 2025 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (11,409,730) |
| | | | | | | 2,137,787,088 |

The table below provides information regarding the number of stockholders of the Parent Company:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Common shares | **981** | 986 | 995 |

## 20. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follow:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments* | | | |
| Balance at beginning of year | **₱5,103,466,825** | ₱4,101,683,755 | ₱5,290,601,426 |
| Adjustments | **3,377,874,381** | 1,001,783,070 | (1,187,909,063) |
| Acquisition of additional interest in a subsidiary | **–** | – | (1,008,608) |
| Balance at end of year | **8,481,341,206** | 5,103,466,825 | 4,101,683,755 |
| *Item not to be reclassified to profit or loss in subsequent periods*: | | | |
| Net unrealized gain on financial assets at FVOCI | | | |
| Balance at beginning of year | **139,860,000** | 99,510,000 | 84,360,000 |
| Change in fair value during the year (Note 16) | **42,050,000** | 40,350,000 | 15,150,000 |
| Balance at end of year | **181,910,000** | 139,860,000 | 99,510,000 |
| Remeasurement losses on defined benefit plans, gross of tax: | | | |
| Balance at beginning of year | **(160,837,272)** | (665,072,020) | (54,989,150) |
| Remeasurement gain (loss) on defined benefit plans during the year (Note 28) | **443,992,345** | 504,234,748 | (610,082,870) |
| Balance at end of year | **283,155,073** | (160,837,272) | (665,072,020) |
| Income tax effect | **(70,789,481)** | 40,208,605 | 166,267,291 |
| Balance at end of year | **212,365,592** | (120,628,667) | (498,804,729) |
| | **394,275,592** | 19,231,333 | (399,294,729) |
| | **₱8,875,616,798** | ₱5,122,698,158 | ₱3,702,389,026 |

**All movements in cumulative translation adjustments arise from translation of foreign operations. No foreign operations were disposed of in 2025, 2024, and 2023.*

The movement of other comprehensive income attributable to non-controlling interests follow:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments | **₱68,806,267** | ₱35,263,720 | (₱27,669,021) |
| *Item not to be reclassified to profit or loss in subsequent periods*: | | | |
| Remeasurement loss (gain) on defined benefit plans (Note 28) | **2,541,006** | (2,133,026) | (2,832,217) |
| Income tax effect | **(635,251)** | 533,257 | 708,053 |
| | **1,905,755** | (1,599,769) | (2,124,164) |
| | **₱70,712,022** | ₱33,663,951 | (₱29,793,185) |

## 21. Sale of Goods and Services/Cost of Sales

Sale of goods and services include revenue from tolling services amounting to ₱2.7 billion, ₱1.6 billion, and ₱3.9 billion for the years ended December 31, 2025, 2024, and 2023, respectively.

Cost of sales account consists of:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Raw and packaging materials used | **₱89,553,523,456** | ₱82,344,236,761 | ₱93,999,719,731 |
| Direct labor | **6,052,820,604** | 5,486,625,949 | 5,101,956,265 |
| Overhead costs | **27,268,069,494** | 24,608,910,061 | 25,058,309,767 |
| Total manufacturing costs | **122,874,413,554** | 112,439,772,771 | 124,159,985,763 |
| Movement in goods in-process | **388,818,220** | (76,070,989) | 190,513,917 |
| Cost of goods manufactured | **123,263,231,774** | 112,363,701,782 | 124,350,499,680 |
| Movement in finished goods | **436,701,632** | 5,474,234,702 | (9,340,037,823) |
| | **₱123,699,933,406** | ₱117,837,936,484 | ₱115,010,461,857 |

Overhead costs are broken down as follows:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Utilities | **₱10,370,607,151** | ₱9,559,773,180 | ₱9,346,187,009 |
| Depreciation and amortization (Note 24) | **5,078,385,082** | 4,180,537,786 | 5,530,763,815 |
| Repairs and maintenance | **3,782,799,832** | 3,730,908,354 | 3,537,965,837 |
| Personnel expenses (Note 25) | **3,711,677,108** | 3,496,289,718 | 3,186,094,018 |
| Security and other contracted services | **1,132,926,922** | 1,029,964,090 | 1,093,492,053 |
| Handling and delivery charges | **371,519,757** | 208,966,359 | 207,245,379 |
| Rental expense (Note 34) | **237,565,336** | 254,347,804 | 317,811,163 |
| Insurance | **184,937,915** | 185,159,059 | 147,926,491 |
| Research and development | **76,909,632** | 70,563,479 | 35,526,237 |
| Others | **2,320,740,759** | 1,892,400,232 | 1,655,297,765 |
| | **₱27,268,069,494** | ₱24,608,910,061 | ₱25,058,309,767 |

Others include excise taxes amounting to ₱1.7 billion, ₱1.5 billion, and ₱1.5 billion for the years ended December 31, 2025, 2024, and 2023, respectively.

## 22. Selling and Distribution Costs

This account consists of:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Freight and other selling expenses | **₱10,555,171,558** | ₱9,327,391,164 | ₱9,150,693,387 |
| Advertising and promotions | **8,430,020,637** | 8,929,813,192 | 7,862,297,695 |
| Personnel expenses (Note 25) | **2,566,470,859** | 2,358,363,763 | 2,054,325,448 |
| Depreciation and amortization (Note 24) | **455,994,057** | 373,057,014 | 406,561,310 |
| Rental expense (Note 34) | **394,245,113** | 368,919,215 | 288,696,457 |
| Repairs and maintenance | **181,050,317** | 207,347,473 | 166,565,240 |
| Others | **226,609,247** | 188,704,912 | 238,137,553 |
| | **₱22,809,561,788** | ₱21,753,596,733 | ₱20,167,277,090 |

Others include research and development, communication, travel and transportation, rent and concessionaire's fee.

## 23. General and Administrative Expenses

This account consists of:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Personnel expenses (Note 25) | **₱2,882,369,939** | ₱2,869,781,371 | ₱2,880,557,367 |
| Security and contractual services | **545,776,575** | 553,796,275 | 369,193,709 |
| Subscriptions, IT cost and others | **516,086,328** | 550,349,737 | 652,836,426 |
| Depreciation and amortization (Note 24) | **423,308,958** | 415,111,992 | 424,001,934 |
| Miscellaneous expenses | **276,778,336** | 371,367,907 | 79,220,543 |
| Taxes, licenses and fees | **209,153,704** | 235,473,471 | 199,806,593 |
| Professional and legal fees | **121,277,579** | 142,194,605 | 173,522,796 |
| Travel and transportation | **98,478,169** | 105,898,933 | 101,636,990 |
| Communication | **49,131,959** | 89,436,897 | 68,150,153 |
| Rental expense (Note 34) | **40,118,048** | 45,704,098 | 16,112,259 |
| Stationery and office supplies | **23,492,075** | 21,854,911 | 19,197,405 |
| Utilities | **21,992,506** | 38,539,035 | 20,012,281 |
| Others | **161,972,012** | 184,162,852 | 181,580,702 |
| | **₱5,369,936,188** | ₱5,623,672,084 | ₱5,185,829,158 |

Others include insurance, bank charges, and representation and entertainment related to general and administrative functions.

## 24. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Cost of sales (Notes 12, 21 and 34) | **₱5,078,385,082** | ₱4,180,537,786 | ₱5,530,763,815 |
| Selling and distribution costs (Notes 12, 22 and 34) | **455,994,057** | 373,057,014 | 406,561,310 |
| General and administrative expenses (Notes 12, 16, 23 and 34) | **423,308,958** | 415,111,992 | 424,001,934 |
| Discontinued operations (Notes 12, 14 and 30) | **485,204** | 18,813,228 | 41,767,708 |
| | **₱5,958,173,301** | ₱4,987,520,020 | ₱6,403,094,767 |

The breakdown of consolidated depreciation and amortization per asset class follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Property, plant and equipment (Note 12) | **₱5,469,837,988** | ₱4,531,042,954 | ₱5,920,787,090 |
| Right-of-use assets (Note 34) | **295,353,584** | 229,456,235 | 262,434,497 |
| Intangible assets (Note 14) | **98,487,922** | 107,932,590 | 81,861,329 |
| Biological assets | **94,241,140** | 118,835,574 | 137,759,184 |
| Investment properties (Note 16) | **252,667** | 252,667 | 252,667 |
| | **₱5,958,173,301** | ₱4,987,520,020 | ₱6,403,094,767 |

## 25. Personnel Expenses

This account consists of:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Salaries and wages | **₱6,563,737,741** | ₱6,138,350,638 | ₱5,652,580,726 |
| Other employee benefits | **2,301,800,882** | 2,283,420,026 | 2,237,616,532 |
| Pension expense (Note 28) | **294,979,283** | 302,664,188 | 230,779,575 |
| | **₱9,160,517,906** | ₱8,724,434,852 | ₱8,120,976,833 |

The breakdown of personnel expenses follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Cost of sales (Note 21) | **₱3,711,677,108** | ₱3,496,289,718 | ₱3,186,094,018 |
| Selling and distribution costs (Note 22) | **2,566,470,859** | 2,358,363,763 | 2,054,325,448 |
| General and administrative expenses (Note 23) | **2,882,369,939** | 2,869,781,371 | 2,880,557,367 |
| | **₱9,160,517,906** | ₱8,724,434,852 | ₱8,120,976,833 |

Personnel expenses exclude ‘Salaries and Wages’ for direct labor amounting to ₱6.1 billion, ₱5.5 billion and ₱5.1 billion in 2025, 2024, and 2023, respectively, recorded under ‘Cost of Sales’.

## 26. Finance Revenue

This account consists of:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Bank interest income (Notes 7 and 30) | **₱241,580,195** | ₱315,910,082 | ₱240,795,929 |
| Dividend income (Note 8) | **48,454,304** | 48,454,304 | 64,605,739 |
| Interest income from financial assets at FVTPL | **–** | – | 5,798,206 |
| | **₱290,034,499** | ₱364,364,386 | ₱311,199,874 |

## 27. Finance Costs

This account consists of finance costs arising from:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Short-term debts (Note 17) | **₱790,255,535** | ₱894,256,129 | ₱744,405,338 |
| Trust receipts (Note 10) | **391,349,397** | 541,536,262 | 677,369,640 |
| Interest expense on lease liabilities (Note 34) | **132,927,634** | 108,558,210 | 117,107,665 |
| Net interest on net pension liability (Note 28) | **77,674,295** | 86,278,460 | 41,940,792 |
| Others | **93,646,341** | 83,784,273 | 78,076,421 |
| | **₱1,485,853,202** | ₱1,714,413,334 | ₱1,658,899,856 |

## 28. Pension Costs

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with BPI Asset Management and Trust Corporation (BPI AMTC) as Trustee, following the merger of Robinsons Bank Corporation (previous Trustee) and Bank of the Philippine Islands effective January 1, 2024. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Ultimate Parent Company are represented in the Executive Retirement Committee. BPI AMTC manages the funds based on the mandate as defined in the trust agreement.

Under the existing regulatory framework, RA 7641, *the Philippine Retirement Pay Law*, 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 law. The law does not require minimum funding of the plan. The Parent Company and all of its subsidiaries meet the minimum retirement benefit under RA 7641.

As of December 31, 2025 and 2024, the Group recognized net pension liability amounting to ₱1.1 billion and ₱1.2 billion, respectively.

Changes in net defined benefit liability of funded funds and fair value of plan assets of the Group are as follows:

| | 2025 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Net benefit cost in consolidated statements of income | | | | Remeasurements in other comprehensive income (Note 20) | | | | | | |
| | January1, 2025 | Current service cost (Note 25) | Finance cost (Note 27) | Subtotal | Benefits paid | Return on plan assets (excluding amount included in net interest cost) | Actuarial changes arising from changes in experience adjustments | Actuarial changes arising from demographic assumptions | Actuarial changes arising from changes in financial assumptions | Subtotal | Contributions | December 31, 2025 |
| Present value of defined benefit obligation | ₱3,313,588,791 | ₱294,979,283 | ₱202,128,916 | ₱497,108,199 | (₱187,779,367) | ₱– | ₱37,628,440 | (₱29,784,453) | (₱208,717,870) | (₱200,873,883) | ₱– | ₱3,422,043,740 |
| Fair value of plan assets | (2,121,375,717) | – | (124,454,621) | (124,454,621) | 187,779,367 | (245,659,469) | – | – | – | (245,659,469) | (25,507,295) | (2,329,217,735) |
| | ₱1,192,213,074 | ₱294,979,283 | ₱77,674,295 | ₱372,653,578 | ₱– | (₱245,659,469) | ₱37,628,440 | (₱29,784,453) | (₱208,717,870) | (₱446,533,352) | (₱25,507,295) | ₱1,092,826,005 |

| | 2024 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Net benefit cost in consolidated statements of income | | | | Remeasurements in other comprehensive income (Note 20) | | | | | | |
| | January1, 2024 | Current service cost (Note 25) | Finance cost (Note 27) | Subtotal | Benefits paid | Return on plan assets (excluding amount included in net interest cost) | Actuarial changes arising from changes in experience adjustments | Actuarial changes arising from demographic assumptions | Actuarial changes arising from changes in financial assumptions | Subtotal | Contributions | December 31, 2024 |
| Present value of defined benefit obligation | ₱3,346,821,570 | ₱302,664,188 | ₱204,498,892 | ₱507,163,080 | (₱213,191,322) | ₱– | (₱280,114,348) | ₱11,291,859 | (₱58,382,048) | (₱327,204,537) | ₱– | ₱3,313,588,791 |
| Fair value of plan assets | (2,041,449,422) | – | (118,220,432) | (118,220,432) | 213,191,322 | (174,897,185) | – | – | – | (174,897,185) | – | (2,121,375,717) |
| | ₱1,305,372,148 | ₱302,664,188 | ₱86,278,460 | ₱388,942,648 | ₱– | (₱174,897,185) | (₱280,114,348) | ₱11,291,859 | (₱58,382,048) | (₱502,101,722) | ₱– | ₱1,192,213,074 |

The fair values of net plan assets of the Group by class as at the end of the reporting period are as follows:

| | **2025** | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents (Note 32) | **₱30,076,933** | ₱158,135,725 |
| Financial assets at FVOCI | – | 860,807 |
| Financial assets at FVTPL | **910,977,262** | 506,905,872 |
| Held to collect | – | 971,202 |
| Unit Investment Trust Fund (UITF) | **1,668,197,903** | 1,631,740,212 |
| Interest receivable | **3,076,840** | 2,307,386 |
| Prepaid tax | – | 595 |
| Land | **143,201,000** | 143,201,000 |
| | **2,755,529,938** | 2,444,122,799 |
| **Liabilities** | | |
| Accounts payable, accrued trust and management fees | **6,897,263** | 1,294,246 |
| Due to Universal Robina Corporation | **419,414,940** | 321,452,836 |
| | **₱2,329,217,735** | ₱2,121,375,717 |

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

| Parent Company | NURC |
|---|---|

| | **December 31, 2025** | December 31, 2024 | **December 31, 2025** | December 31, 2024 |
|---|---|---|---|---|
| Discount rate | **6.39%** | 6.10% | **6.44%** | 6.10% |
| Salary increase | **5.10%** | 5.50% | **5.10%** | 5.50% |

| | Parent Company | | NURC | |
|---|---|---|---|---|
| | **January 1, 2025** | January 1, 2024 | **January 1, 2025** | January 1, 2024 |
| Discount rate | **6.10%** | 6.11% | **6.10%** | 6.12% |
| Salary increase | **5.50%** | 5.70% | **5.50%** | 5.70% |

The overall expected rate of return on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

| | | Parent Company | | NURC | |
|---|---|---|---|---|---|
| | Increase (Decrease) | **2025** | 2024 | **2025** | 2024 |
| Discount rate | 1.00% | **(₱259,987,725)** | (₱273,895,927) | **(₱7,049,091)** | (₱6,858,334) |
| | (1.00%) | **299,634,233** | 318,258,156 | **8,200,670** | 7,985,965 |
| Salary increase | 1.00% | **₱300,514,555** | ₱316,968,568 | **₱8,229,053** | ₱7,953,576 |
| | (1.00%) | **(265,313,340)** | (277,786,702) | **(7,195,906)** | (6,955,666) |

The Group expects to contribute ₱287.0 million in the pension fund in 2026.

Shown below is the maturity analysis of the Group's expected (undiscounted) benefit payments:

| | **2025** | 2024 |
|---|---|---|
| Less than one year | **₱394,707,343** | ₱221,693,894 |
| More than one year to five years | **1,338,217,199** | 1,221,844,519 |
| More than five years to 10 years | **2,245,357,597** | 2,289,442,798 |
| More than 10 years to 15 years | **2,742,766,914** | 2,664,148,592 |
| More than 15 years to 20 years | **3,034,840,909** | 3,314,485,726 |
| More than 20 years | **6,008,391,843** | 8,050,642,611 |

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

| | **2025** | 2024 |
|---|---|---|
| | (Years) | |
| Parent Company | **8** | 9 |
| NURC | **9** | 8 |

29. **Income Taxes**

Provision for income tax consists of:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Current | **₱3,197,945,789** | ₱3,685,863,955 | ₱3,252,575,152 |
| Deferred | **(566,867,634)** | (627,901,697) | (275,753,927) |
| | **₱2,631,078,155** | ₱3,057,962,258 | ₱2,976,821,225 |

Components of the Group's net deferred tax assets and liabilities follow:

| | Net deferred tax assets | | Net deferred tax liabilities | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Deferred tax assets on: | | | | |
| Pension liabilities | **₱262,149,537** | ₱285,147,252 | **₱–** | ₱– |
| Accrued expenses | **241,142,011** | 321,856,813 | **343,694,803** | 262,193,248 |
| Lease liabilities | **712,142,707** | 591,096,328 | **12,237,670** | 6,014,149 |
| Impairment losses on trade receivables and property and equipment | **295,980,936** | 188,655,479 | **1,824,276** | 7,606,947 |
| Inventory write-downs | **118,133,889** | 120,618,391 | **–** | – |
| NOLCO | **210,640,391** | 259,655,988 | **178,092,902** | 219,750,329 |
| Net unrealized foreign exchange loss | **60,247,890** | – | **–** | – |
| Others | **14,426,710** | 12,505,349 | **–** | – |
| | **1,914,864,071** | 1,779,535,600 | **535,849,651** | 495,564,673 |
| Deferred tax liabilities on: | | | | |
| ROU assets | **559,908,068** | 456,918,201 | **11,162,599** | 25,332,521 |
| Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks | **5,449,363** | 3,902,183 | **–** | – |
| Accelerated depreciation | **–** | – | **458,828,939** | 277,627,343 |
| Intangibles | **–** | – | **1,179,316,373** | 1,052,702,989 |
| Undistributed income of subsidiaries | **–** | – | **418,152,314** | 869,472,418 |
| Accrued revenue | **22,391,817** | 2,601,020 | **–** | – |
| Net unrealized foreign exchange gain | **–** | 27,819,499 | **–** | 30,664,562 |
| Others | **–** | – | **153,975,299** | 147,250,335 |
| | **587,749,248** | 491,240,903 | **2,221,435,524** | 2,403,050,168 |
| Net deferred tax assets (liabilities) | **₱1,327,114,823** | ₱1,288,294,697 | **(₱1,685,585,873)** | (₱1,907,485,495) |

As of December 31, 2025 and 2024, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱57.6 million and ₱319.1 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The unrecognized deferred tax assets consist mainly of unutilized losses.

The balance of NOLCO with its corresponding year of expiry are as follows:

Indonesia

| Year Incurred | Amount | Used | Expired | Balance | Expiry Year |
|---|---|---|---|---|---|
| 2020 | ₱321,938,091 | ₱29,326,323 | ₱292,611,768 | ₱– | 2025 |
| 2021 | 68,779,193 | – | – | 68,779,193 | 2026 |
| 2022 | 640,007,524 | – | – | 640,007,524 | 2027 |
| 2024 | 350,202,707 | – | – | 350,202,707 | 2029 |
| | ₱1,380,927,515 | ₱29,326,323 | ₱292,611,768 | ₱1,058,989,424 | |

Hong Kong

| Year Incurred | Amount | Used | Expired | Balance | Expiry Year |
|---|---|---|---|---|---|
| 2021 | ₱13,234,436 | ₱– | ₱– | ₱13,234,436 | No expiration |
| 2022 | 23,206,875 | – | – | 23,206,875 | No expiration |
| 2023 | 22,194,117 | – | – | 22,194,117 | No expiration |
| 2024 | 16,041,547 | – | – | 16,041,547 | No expiration |
| | ₱74,676,975 | ₱– | ₱– | ₱74,676,975 | |

Reconciliation between the Group's statutory income tax rate and the effective income tax rate for continuing operations follows:

| | **December 31, 2025** | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Statutory income tax rate | **25.00%** | 25.00% | 25.00% |
| Increase (decrease) in tax rate resulting from: | | | |
| Net income of subsidiaries with different tax rate | **(4.04)** | (4.00) | (4.51) |
| Income subject to lower tax rate | **(1.72)** | (0.90) | (1.20) |
| Equity in net loss of a joint venture | **0.25** | 0.23 | 0.46 |
| Change in value of financial assets at FVTPL | **(0.01)** | (0.21) | (0.27) |
| Income exempt from tax | **(0.04)** | (0.06) | (0.01) |
| Interest income subjected to final tax | **(0.11)** | (0.19) | (0.09) |
| Nondeductible interest expense | **0.28** | 0.04 | 0.14 |
| Others | **(0.08)** | (0.58) | (0.56) |
| Effective income tax rate | **19.53%** | 19.33% | 18.96% |

Under Philippine tax laws, the Group is subject to income taxes, as well as other taxes. Other taxes paid consist principally of documentary stamp taxes, real estate taxes and municipal taxes.

Entertainment, Amusement and Recreation (EAR) Expenses
Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in the consolidated statements of income) amounting to ₱59.7 million, ₱69.3 million, and ₱75.4 million for the years ended December 31, 2025, 2024, and 2023, respectively.

MCIT
An MCIT on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years.

## 30. Discontinued Operations

*Cessation of China businesses*
In June 2024, several China entities ceased operations and abandoned their business activities.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income.

The assets and liabilities of these entities as of December 31, 2025 remained in the consolidated statements of financial position. Management has assessed the carrying amounts of the assets and liabilities of the discontinued operations. An impairment loss on property, plant and equipment of ₱316.9 million has been recognized under 'Net income or loss after tax from discontinued operations' in the consolidated statements of income in 2024.

The results of operations of China in the consolidated statements of income are presented below:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Sale of goods and services | **₱–** | ₱227,019,552 | ₱614,528,835 |
| Cost of sales | – | 116,446,593 | 348,693,872 |
| Gross profit | – | 110,572,959 | 265,834,963 |
| Selling and distribution costs | – | 72,417,519 | 174,684,757 |
| General and administrative expenses | **54,218,708** | 98,229,411 | 127,534,369 |
| Operating loss | **(54,218,708)** | (60,073,971) | (36,384,163) |
| Impairment loss | – | (316,867,584) | – |
| Finance revenue | **5,614,328** | 11,643,528 | 18,838,452 |
| Net foreign exchange gain | **39,025,852** | 3,708,501 | 2,737,379 |
| Other income (losses) - net | **(25,076,079)** | (42,922,374) | 103,257 |
| Loss before income tax | **(34,654,607)** | (404,511,900) | (14,705,075) |
| Provision for income tax | – | 1,037,237 | 3,346,544 |
| Net loss after tax from discontinued operations | **(₱34,654,607)** | (₱405,549,137) | (₱18,051,619) |
| | | | |
| Loss per share | **(₱0.02)** | (₱0.19) | (₱0.01) |

The related cash flows arising from China business activities for the year ended December 31, 2025 follow:

| | |
|---|---|
| Net cash used in operating activities | (₱65,740,423) |
| Net cash provided by investing activities | – |
| Net cash used in financing activities | (282,185,596) |
| Cash flows used in discontinued operations | (₱347,926,019) |

## 31. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Net income attributable to equity holders of the parent | **₱10,195,893,565** | ₱11,661,557,770 | ₱12,091,292,370 |
| Weighted average number of common shares | **2,139,372,136** | 2,165,236,219 | 2,178,351,440 |
| Basic/dilutive EPS | **₱4.77** | ₱5.39 | ₱5.55 |

The weighted average number of common shares excludes the treasury shares.  There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares for the years ended December 31, 2025, 2024, and 2023.

## 32. Related Party Transactions

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, leases and, management and administrative service agreements.  Transactions with related parties are generally settled in cash.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. Details of related party transactions are as follows:

| | | | | | December 31, 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| **Related Party** | **Category/ Transaction** | **Amount/ Volume** | **Cash and Cash Equivalents** (Note 7) | **Lease Liability** (Note 34) | **Trade Receivable (Payable) - net** (Notes 9 and 18) | **Non-trade Receivable (Payable) - net** (Notes 9 and 18) | **Terms** | **Conditions** |
| **Ultimate Parent Company** | Rental expense | **₱106,423,400** | **₱–** | **₱–** | **₱–** | **₱–** | On demand; non-interest bearing | Unsecured; no impairment |
| | Management services | **468,351,232** | – | – | **(33,231,440)** | **(10,901,498)** | On demand; non-interest bearing | Unsecured; no impairment |
| | Purchase of land | **1,670,119,500** | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| **Entities under common control** | | | | | | | | |
| Due from related parties | Management services | **190,300,918** | – | – | **109,597,796** | **525,494,143** | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | **22,878,994** | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Sale of goods | **288,965,290** | – | – | **63,360,827** | **24,476,092** | On demand; non-interest bearing | Unsecured; no impairment |
| | Others | – | – | – | **6,389,922** | **2,115,923,469** | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | **323,703,171** | – | **41,704,606** | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Purchases | **2,515,312,772** | – | – | **(182,180,607)** | **(101,078,418)** | On demand; non-interest bearing | Unsecured; no impairment |
| | Contracted services | – | – | – | – | **(6,565,109)** | On demand; non-interest bearing | Unsecured; no impairment |
| | Others | – | – | – | **(5,282,084)** | **(616,208,766)** | On demand; non-interest bearing | Unsecured; no impairment |
| **Joint Venture** | | | | | | | | |
| Due from related parties | Sale of goods | **209,094,892** | – | – | **1,259,565,325** | **65,453,169** | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Purchases | **836,382,529** | – | – | **146,970,907** | **(756,851,446)** | On demand; non-interest bearing | Unsecured; no impairment |

| | | December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Related Party | Category/ Transaction | Amount/ Volume | Cash and Cash Equivalents (Note 7) | Lease Liability (Note 34) | Trade Receivable (Payable) - net (Notes 9 and 18) | Non-trade Receivable (Payable) - net (Notes 9 and 18) | Terms | Conditions |
| Ultimate Parent Company | Rental expense | ₱152,739,772 | ₱– | ₱198,677,387 | ₱– | ₱– | On demand | Unsecured |
| | Management services | 155,255,929 | – | – | (33,232,622) | 655,756,573 | On demand | Unsecured |
| Entities under common control | | | | | | | | |
| Due from related parties | Management services | 1,762,494,807 | – | – | 129,761,054 | 1,651,494,847 | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 43,449,148 | – | – | 10,652,229 | 327,421,264 | On demand; non-interest bearing | Unsecured; no impairment |
| | Advances | – | – | – | – | 227,500,854 | On demand; non-interest bearing | Unsecured; no impairment |
| | Sale of goods | – | – | – | 358,115 | – | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | 300,961,157 | – | 158,933,212 | – | (41,860,845) | On demand | Unsecured |
| | Purchases | 3,670,668,639 | – | – | (345,109,440) | (104,965,070) | On demand | Unsecured |
| | Contracted services | 232,496,767 | – | – | – | (24,200) | On demand | Unsecured |
| Joint Venture | | | | | | | | |
| Due from related parties | Sale of goods | 202,606,082 | – | – | – | – | | |
| | Management services | 553,087,880 | – | – | 1,231,205,388 | 63,068,804 | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 23,546,567 | – | – | – | – | | |
| Due to related parties | Purchases | 1,300,941,067 | – | – | (100,000,000) | (437,438,599) | 1 to 30 days; non-interest bearing | Unsecured |

| Related Party | Category/ Transaction | Amount/ Volume | Cash and Cash Equivalents (Note 7) | Lease Liability (Note 34) | Trade Receivable (Payable) - net (Notes 9 and 18) | Non-trade Receivable (Payable) - net (Notes 9 and 18) | Terms | Conditions |
|---|---|---|---|---|---|---|---|---|
| | | December 31, 2023 | | | | | | |
| Ultimate Parent Company | Rental expense | ₱117,630,799 | ₱– | (₱550,008,074) | ₱– | ₱34,814,238 | On demand | Unsecured |
| | Management services | 69,608,176 | – | – | (57,173,992) | 66,885,524 | On demand | Unsecured |
| | Advances | 37,992,715 | – | – | 1,739,838 | 587,506,134 | On demand | Unsecured |
| Entities under common control | | | | | | | | |
| Due from related parties | Sale of goods | 802,753,828 | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Management services | 133,025,261 | – | – | 146,099,493 | 1,055,986,365 | On demand; non-interest bearing | Unsecured; no impairment |
| | Advances | 2,024,488 | – | – | – | 247,587,622 | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | 216,423,873 | – | (1,270,034,354) | – | – | On demand | Unsecured |
| | Purchases | 3,661,596 | – | – | (282,743,497) | (695,471,094) | On demand | Unsecured |
| | Electricity and utilities | 66,056,006 | – | – | – | – | On demand | Unsecured |
| | Contracted services | 160,432,958 | – | – | – | – | On demand | Unsecured |
| Cash and cash equivalents | Cash in bank | (975,852,652) | 2,295,984,877 | – | – | – | Interest-bearing at prevailing market rate; due and demandable | Unsecured; no impairment |
| | Short-term investments | (156,725,733) | 660,669,978 | – | – | – | Interest-bearing at prevailing market rate; due from 30 to 32 days; with interest of 3.4% | Unsecured; no impairment |
| | Interest income | 31,678,608 | – | – | – | – | Due from 30 to 70 days | Unsecured |
| Joint Venture | | | | | | | | |
| Due from related parties | Sale of goods | 9,018,919 | – | – | 1,312,153,118 | 197,495,837 | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 11,658,711 | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Purchases | 109,699,142 | – | – | – | (506,874,778) | 1 to 30 days; non-interest bearing | Unsecured |

As of December 31, 2025 and 2024, the Group has advances from stockholders amounting to ₱204.2 million and ₱268.3 million, respectively (see Note 18). These advances are non-interest bearing and payable on demand.

*Transactions with the retirement plan*
The Parent Company entered into an agreement to lease the land of the retirement plan for a period of one (1) year, renewable annually. Rentals incurred amounted to ₱25.3 million for the years ended December 31, 2025, 2024, and 2023. Terms are unsecured, noninterest-bearing and payable on demand.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Short-term employee benefits | **₱248,751,679** | ₱226,961,724 | ₱196,586,183 |
| Post-employment benefits | **172,830,121** | 192,738,441 | 143,395,882 |
| | **₱421,581,800** | ₱419,700,165 | ₱339,982,065 |

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

*Approval Requirements and Limits on the Amount and Extent of Related Party Transactions*
Material related party transactions (MRPT) refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

## 33. Registration with the BOI

Certain operations of the Parent Company are registered with the BOI as preferred pioneer and non-pioneer activities. As a registered enterprise, the Parent Company is subject to some requirements and is entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant under Certificate of Registration No. 2014-163.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years reckoned from the state at which the RE Plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from date of commissioning or testing, whichever is earlier, as certified by Department of Energy (DOE); (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the DOE certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Liquefied Carbon Dioxide (LCO2)
On May 16, 2023, the Parent Company was registered with the BOI as a new domestic producer of LCO2 under Certificate of Registration No. 2023-083.

Under the general terms and conditions of the registration, the Parent Company is eligible to the grant of the following incentives under Tier I of R.A. No. 11534: (a) Income Tax Holiday (ITH) for six (6) years from October 2023 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of twelve (12) years.

Distillery

*Producer of bioethanol (anhydrous) under RA 9513*

On September 30, 2020, the Parent Company took over the operations of the Distillery from Roxol Bioenergy Corporation (RBC) after executing a Deed of Sale on the purchase of RBC's land and assets. The La Carlota Distillery operations was registered with the BOI on October 24, 2008 as new producer of bioethanol (anhydrous) and potable (hydrous) ethanol under E.O. 226 with Certificate of Registration Number 2008-095.

Per BOI letter dated October 22, 2014, the BOI registration as new producer of bioethanol (anhydrous) was transferred from E.O. 226 to R.A. 9513 (Renewable Energy Act of 2008) subject to new terms and conditions.

On February 24, 2021, the Certificate of Accreditation No. DOE-COA-2021-BE003A and Certificate of Registration No. RE-B2013-11-077A were both awarded by the Department of Energy (DOE) to the Parent Company. In addition, on March 24, 2021, the DOE issued a letter of endorsement to the BIR in relation to the Parent Company's application of 10% Corporate Tax Rate for income generated from the Distillery operations.

Under the new terms of the registration under RA 9513, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for seven (7) years reckoned from the date of actual commercial operations, as certified by the DOE; (b) duty-free importation of RE machinery, equipment and materials including control and communication equipment, within the first
ten (10) years from the issuance of BOI certificate of registration or until October 23, 2018; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery; (e) the NOLCO during the first three years from the start of commercial operation shall be carried over as deduction from the gross income as defined in the NIRC for the next seven consecutive taxable years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of power generated by the enterprise as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) the enterprise may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge

of power needed to service missionary areas, chargeable against the universal charge for missionary electrification; (j) tax credit equivalent to 100.0% of the value of VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

*Renewable energy developer of biomass resources*
On August 28, 2013, Bais Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol) under Certificate of Registration No. 2013-175.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the BOI certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

<u>URC Flour</u>
URC Flour Sariaya was registered with the BOI on July 7, 2023 under Certificate of Registration No. 2023-134, as a new producer of wheat flour (flour milling except cassava flour milling).

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for six (6) years. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project (URC Flour Milling Plant located in Sariaya, Quezon); (b) enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, spare parts and accessories for a maximum of eleven (11) years.

No commercial operations in Sariaya for calendar year 2025. Actual operations started in January 1, 2026.

URC Agro-Industrial Group (AIG)
URC AIG Cebu was registered with the BOI on May 6, 2024 under Certificate of Registration No. 2024-191, as a new producer of pet food products.

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for five (5) years. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project (URC Cebu Extruder Project/Producer of Pet Food Products Brgy. Paknaan, Mandaue City, Cebu); (b) enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, spare parts and accessories for a maximum of twelve (12) years.

Commercial operations have not yet been started as of calendar year 2025 since the entity is still waiting for the issuance of Environmental Compliance Certificate from the Department of Environment and Natural Resources which is a requirement from the BOI.

## 34. Commitments and Contingencies

Milling Contracts
Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

<u>Sugar under Custody but Not Owned</u>
As of December 31, 2025 and 2024, the Group has in its custody sugar owned by several quedan holders amounting to ₱2.0 billion (905,328 Lkg) and ₱1.8 billion (714,905 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

<u>Leases</u>
The Group's leases mostly pertain to land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures. Leases of land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures generally have terms ranging from two (2) to thirty (30) years.

*Right-of-use Assets*
Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2025 and 2024:

| | As of and for the year ended December 31, 2025 | | | |
|---|---|---|---|---|
| | **Land and Land improvements** | **Buildings and Improvements** | **Furniture and Fixtures** | **Total** |
| **Cost** | | | | |
| Balance at beginning of year | **₱207,044,647** | **₱2,123,185,285** | **₱–** | **₱2,330,229,932** |
| Additions | **164,118,541** | **1,451,514,761** | **–** | **1,615,633,302** |
| Derecognition | **–** | **(240,396,566)** | **–** | **(240,396,566)** |
| Reclassifications | **81,148,187** | **(81,148,187)** | **–** | **–** |
| Cumulative translation adjustment | **3,247,104** | **4,179,894** | **–** | **7,426,998** |
| Balance at end of year | **455,558,479** | **3,257,335,187** | **–** | **3,712,893,666** |
| **Accumulated Depreciation** | | | | |
| Balance at beginning of year | **116,248,742** | **1,144,348,330** | **–** | **1,260,597,072** |
| Depreciation (Note 24) | **20,872,598** | **274,480,986** | **–** | **295,353,584** |
| Derecognition | **–** | **(240,396,563)** | **–** | **(240,396,563)** |
| Reclassifications | **80,332,069** | **(80,332,069)** | **–** | **–** |
| Cumulative translation adjustment | **3,232,972** | **2,754,467** | **–** | **5,987,439** |
| Balance at end of year | **220,686,381** | **1,100,855,151** | **–** | **1,321,541,532** |
| **Net Book Value at End of Year** | **₱234,872,098** | **₱2,156,480,036** | **₱–** | **₱2,391,352,134** |

| | As of and for the year ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Land and Land improvements | Buildings and Improvements | Furniture and Fixtures | Total |
| **Cost** | | | | |
| Balance at beginning of year | ₱206,116,327 | ₱2,125,835,005 | ₱5,857,066 | ₱2,337,808,398 |
| Additions | – | 48,927,535 | – | 48,927,535 |
| Derecognition | – | (60,772,341) | – | (60,772,341) |
| Other adjustments | 928,320 | 9,195,086 | (5,857,066) | 4,266,340 |
| Balance at end of year | 207,044,647 | 2,123,185,285 | – | 2,330,229,932 |
| **Accumulated Depreciation** | | | | |
| Balance at beginning of year | 98,408,166 | 935,723,695 | 1,010,482 | 1,035,142,343 |
| Depreciation (Note 24) | 19,636,202 | 209,820,033 | – | 229,456,235 |
| Derecognition | – | (60,334,726) | – | (60,334,726) |
| Other adjustments | (1,795,626) | 59,139,328 | (1,010,482) | 56,333,220 |
| Balance at end of year | 116,248,742 | 1,144,348,330 | – | 1,260,597,072 |
| **Net Book Value at End of Year** | ₱90,795,905 | ₱978,836,955 | ₱– | ₱1,069,632,860 |

*Lease Liabilities*

The rollforward analysis of the Group's lease liabilities as at December 31, 2025 and 2024 follow:

| | **2025** | 2024 |
|---|---|---|
| As at January 1 | **₱1,298,285,815** | ₱1,442,568,136 |
| Additions | **1,615,633,302** | 48,737,308 |
| Accretion from continued operations (Note 27) | **132,927,634** | 108,558,210 |
| Payments | **(362,009,485)** | (305,417,456) |
| Other adjustments | **2,666,740** | 3,839,617 |
| As at December 31 | **₱2,687,504,006** | ₱1,298,285,815 |

Derecognitions arose from lease terminations during the period.

The maturity analysis of lease liabilities is disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2025, 2024, and 2023 consolidated statements of comprehensive income in relation to the Group's leases:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| **Cost of Sales** | | | |
| Cost of services - depreciation of ROU assets (Note 21) | **₱43,419,355** | ₱27,756,474 | ₱28,908,442 |
| Rent expense - short term leases | **237,565,336** | 254,347,804 | 317,811,163 |
| | **280,984,691** | 282,104,278 | 346,719,605 |
| **Operating Expenses** | | | |
| Selling and distribution costs: | | | |
| Depreciation of ROU assets (Note 22) | **150,362,969** | 112,988,485 | 151,646,652 |
| Rent expense - short term leases | **394,245,113** | 368,919,215 | 288,696,457 |
| General and administrative expenses: | | | |
| Depreciation of ROU assets (Note 23) | **101,571,260** | 88,711,276 | 81,879,403 |
| Rent expense - short term leases | **40,118,048** | 45,704,098 | 16,112,259 |
| | **686,297,390** | 616,323,074 | 538,334,771 |
| **Finance Cost and Other Charges - Accretion of Lease Liabilities** (Note 27) | **₱132,927,634** | ₱108,558,210 | ₱117,107,665 |
| **Rent Income** | **₱19,348,615** | ₱11,592,271 | ₱2,905,749 |

Operating Lease Commitments - Group as a Lessor

The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱56.4 million, ₱53.8 million, and ₱50.2 million for the years ended December 31, 2025, 2024, and 2023, respectively.

Operating Lease Commitments - Group as a Lessee

The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to twenty years from the date of the contracts and are renewable under certain terms and conditions.

Future minimum rentals payable under noncancellable operating leases follow:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Within one year | **₱389,377,742** | ₱224,145,951 | ₱422,884,568 |
| After one year but not more than five years | **1,555,319,483** | 576,761,897 | 637,741,087 |
| More than five years | **1,910,388,400** | 1,385,970,586 | 1,511,435,564 |
| | **₱3,855,085,625** | ₱2,186,878,434 | ₱2,572,061,219 |

Others

The Group has various contingent liabilities arising in the ordinary conduct of business which are under either pending decision by the courts, arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

## 35. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities are as follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| Cumulative translation adjustment (Note 20) | **₱3,377,874,381** | ₱1,001,783,070 | (₱1,188,917,671) |
| Acquisition of property, plant and equipment on account (Note 12) | **4,611,306,940** | 1,828,238,519 | 1,761,130,808 |

The table below provides for the changes in liabilities arising from financing activities:

Short-term Debts

| | January 1 | Availment | Settlement | CTA/Others | December 31 |
|---|---|---|---|---|---|
| **2025** | **₱12,662,922,495** | **₱13,100,000,000** | **(₱8,971,250,222)** | **₱250,321,226** | **₱17,041,993,499** |
| 2024 | ₱16,516,814,596 | ₱15,649,569,036 | (₱19,600,000,000) | ₱96,538,863 | ₱12,662,922,495 |

Lease Liabilities

| | January 1 | Addition | Payment | Interest Expense | CTA/Others | December 31 |
|---|---|---|---|---|---|---|
| **2025** | **₱1,298,285,815** | **₱1,615,633,302** | **(₱362,009,485)** | **₱132,927,634** | **₱2,666,740** | **₱2,687,504,006** |
| 2024 | ₱1,442,568,136 | ₱48,737,308 | (₱305,417,456) | ₱108,558,210 | ₱3,839,617 | ₱1,298,285,815 |

## 36. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the Audit Committee and the BOD on April 15, 2026.

## 37. Events after Reporting Date

Disposition of Shares of NURC

On March 13, 2026, the BOD of the Parent Company approved a strategic transaction involving its investment in NURC, the joint venture between URC and NFA. Under the approved transaction, URC will sell 21% of its equity interest in NURC to NFA.

Established in 1994, NURC manufactures and sells instant noodles in the Philippines and is a key player in the local market. Prior to the transaction, URC held 51% of NURC and NFA held 49%. Following completion, NFA will hold 70% and become the majority shareholder, while URC will retain 30%.

URC and NFA are refining their partnership to further accelerate NURC’s development. In recognition of NFA’s global strengths in product innovation and brand building in the noodles category, NFA will assume an enhanced leadership role in these areas. URC will continue as the local operating partner in the Philippines, remaining deeply involved in day to day operations and contributing its market knowledge, strong route to market capabilities, and execution excellence to sustain and enhance NURC’s competitive position.

The final consideration price will be determined by December 2026 and will be paid upon satisfaction of the agreed conditions precedent. Consummation of the transaction is subject to securing prior approval from the Philippine Competition Commission and customary closing procedural requirements. Transaction completion is expected on January 7, 2027.

Upon completion of the transaction, URC will lose control over NURC and retain a 30% equity interest. Consistent with PFRS 10, *Consolidated Financial Statements*, the Group will derecognize the assets, liabilities, and non-controlling interests related to NURC and recognize the retained interest at fair value, with any resulting gain or loss recognized in profit or loss in the period of transaction completion. Thereafter, the retained investment is expected to be accounted for as an associate under the equity method in accordance with PAS 28, *Investments in Associates and Joint Ventures*. The final financial impact, including the gain or loss on disposal, will be determined upon transaction completion once the final consideration and fair value measurements have been established.

<u>Dividend Declaration</u>

On March 13, 2026, the BOD of the Parent Company approved the declaration of regular cash dividend of ₱2.10 per share (₱4.5 billion) to stockholders of record as at April 10, 2026. The cash dividend is expected to be paid on May 7, 2026.

On April 13, 2026, the BOD of NURC approved the declaration of a cash dividend in the amount of ₱450.0 million to stockholders of record as at May 30, 2026. The cash dividend is expected to be paid on September 30, 2026.


Universal Robina

# Clarity & Courage

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