P W 0 0 0 0 0 8 3 4

ROXAS AND COMPANY, INC.
(FORMERLY CADP GROUP
CORPORATION)

(Company's Full Name)

7TH FLOOR CG BUILDING
101 AGUIRRE STREET LEGASPI
VILLAGE MAKATI CITY

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

ATTY. MELCHOR J. MANALO

8810-8901

SEC Form 20-IS
Definitive Information Statement 2023

Form Type

December 31
Month *Day*
Fiscal Year

May *last Wednesday*
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

Total Amount of Borrowings

3,287

Total No. of Stockholders

Domestic

Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

Roxas & Company, Inc.

June 05, 2023

Markets and Securities Regulations Department
Securities and Exchange Commission
17th Floor, SEC Headquarters
7909 Makati Avenue, Barangay Bel-Air
Makati City

Attention : **Vicente Graciano P. Felizmenio, Jr.**
Director

Re : **Comments on RCI's Preliminary Information Statement**

Gentlemen:

We write in response to your comments on Roxas and Company Inc.'s Preliminary Information Statement[1] which we submitted on 23 May 2023. We have addressed your comments in the attached Definitive Information Statement and summarize the revisions made as follows:

Item / Section	Comments from SEC	Corrective Action
Market Price Information	Update high and low price information for the 1st quarter of 2023 and latest price information as of the latest practicable trading date,	Please refer to the revised Market Information attached as Annex "F".
Profiles of the Board of Directors and Corporate Officers	Disclose the age of all directors and officers	Please refer to the revised Item 5.c of the Definitive Information Sheet ("DIS") which includes the required details.
Compensation of Directors	In a table format disclose the total amount of compensation receive by each named director in board meetings and committee meeting attended.	Please refer to the revised Item 6.a of the DIS which includes the required details.

[1] Hereafter, "PIS."

7th Floor Cacho Gonzales Building
101 Aguirre Street, Legaspi Village
1229 Makati City
Tel No.: (02) 8810-8901
www.roxascompany.com.ph

Item / Section	Comments from SEC	Corrective Action
Market Price Information	Update high and low price information for the 1st quarter of 2023 and latest price information as of the latest practicable trading date,	Please refer to the revised Market Information attached as Annex "F".

We trust that the foregoing adequately addresses your comments. Should you have any questions, please do not hesitate to contact us.

Very truly yours,

ROXAS AND COMPANY, INC.
by:

Melchor J. Manalo
Compliance Officer / Assistant Corporate Secretary

SEC Reg. No. PW-00000834

ROXAS AND COMPANY, INC.
(formerly, “CADP Group Corporation”)
7/F CG Building, 101 Aguirre St.
Legaspi Village, Makati City 1229

8810-8901
Telephone Number

31 December 2022
Calendar Year

Notice of Annual Meeting of Stockholders

- and -

SEC FORM 20 - IS
Information Statement
Pursuant to Rule 20 of the
Securities Regulation Code

ROXAS AND COMPANY, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders of ROXAS AND COMPANY, INC. (formerly, "CADP Group Corporation") will be held by video conference/online or conducted virtually on **28 June 2023 at 10:00 in the morning**. The live webcast of the meeting shall be accessible through the following link, and shall be subject to validation procedures:

Join Zoom Meeting
https://zoom.us/j/96003056843?pwd=alhVcm9NVEkwRVlPclVkWlhteGh5dz09
Meeting ID: 960 0305 6843
Passcode: 229619

The agenda of the Meeting are as follows:

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 June 2022
3. Presentation of the Annual Report to Stockholders
4. Ratification of all Acts and Proceedings of the Board of Directors and Management
5. Election of the Board Directors
6. Election of External Auditors
7. Other Matters
8. Adjournment

Only stockholders of record at the close of business on 08 June 2023 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders. Registration for the meeting shall start at 9:00 in the morning.

There will be no physical meeting. Stockholders may participate in the meeting by remote communication or by voting through the Chairman of the meeting as proxy. Pre-registration to attend the virtual meeting is required. Only stockholders who pre-registered will be given access to the virtual meeting.

IF YOU CANNOT ATTEND THE MEETING, PLEASE EXECUTE AND RETURN THE ATTACHED PROXY FORM TO THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY C/O 7F CACHO-GONZALES BUILDING, 101 AGUIRRE STREET, LEGASPI VILLAGE, 1229 MAKATI CITY OR BY ELECTRONIC MAIL TO ask@roxascompany.com.ph (with the subject of the email having the following format: PROXY2022_[name of shareholder]) **ON OR BEFORE close of business on 16 June 2023**.

Validation of proxies is set on 16 June 2023 at the Office of the Corporate Secretary.

Stockholders may vote in absentia in accordance with the procedure posted in the website of the Company – www.roxascompany.com.ph.

Shareholders who intend to attend by remote communication shall inform the Company by email to ask@roxascompany.com.ph on or before 09 June 2021.

By Order of the Board of Directors.

MELCHOR J. MANALO
Assistant Corporate Secretary

____
Number of Shares Represented

P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of Roxas and Company, Inc. (formerly, “CADP Group Corporation” and referred to as the “Company”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, do hereby name, constitute and appoint ______________________________, or in his absence, the Chairman of the Meeting, as my continuing proxy, with right of substitution and revocation, to represent me and vote all shares registered in my name in the books of the Company or owned by me, at the Annual Meeting of Stockholders to be held on 28 June 2023, and any adjournment/s thereof, upon the following:

ITEM IN THE AGENDA	YES	NO	ABSTAIN
1. Certification of Quorum			
2. Approval of the Minutes of the Annual Meeting held on 29 June 2022			
3. Approval of the Annual Report and the Audited Financial Statements			
4. Ratification of all acts and proceedings of the Board of Directors and Management			
5. Election of the Board of Directors			
a. Gerardo C. Ablaza Jr. (independent director)			
b. Edgar P. Arcos			
c. Corazon de la Paz-Bernardo (independent director)			
d. Francisco Jose R. Elizalde			
e. Santiago R. Elizalde			
f. Aurelio R. Montinola III (independent director)			
g. Pedro O. Roxas			
6. Election of External Auditors – SGV &Co.			
7. Other Matters			

as fully to all intents and purposes as I might do if present and acting in person, with this proxy being suspended in every instance where I personally attend and formally register my presence at the meeting. This proxy revokes any and all proxies which I may have previously executed in favor of a person or persons other than that named above. This proxy shall remain in full force and effect until specifically revoked by me through notice in writing lodged with the Corporate Secretary of the Company before the scheduled time of the meeting.

IN WITNESS WHEREOF, I have hereto set my hand this ___ day of _________ 2023 in _________________.

____
Signature Over Printed Name

____
Address of Stockholder

(N.B. If this Proxy is issued by a corporation, it shall be in the form of a board resolution certified by the Corporate Secretary or, in lieu thereof, please attach the Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute this Proxy.)

{For proxies to be submitted by electronic mail, please indicate the following as subject of the email:

PROXY2023_name of shareholder

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20 - IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   ______ Preliminary Information Statement
   __X__ Definitive Information Statement

2. Name of Registrant as specified in its charter : **ROXAS AND COMPANY, INC. (formerly, "CADP GROUP CORPORATION")**

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

4. SEC Identification Number : PW-00000834

5. BIR Tax Identification Code : 000-269-435

6. Address of Principal Office : 7/F CG Building, 101 Aguirre St. Legaspi Village, Makati City 1229

7. Registrant's telephone number including area code : (632) 8810-8901 to 06

8. Date, time and place of meeting of security holders: 28 June 2023 at 10:00 a.m.

   To be held by video conference through the following link:

   Join Zoom Meeting
   https://zoom.us/j/96003056843?pwd=alhVcm9NVEkwRVlPclVkWlhteGh5dz09
   Meeting ID: 960 0305 6843
   Passcode: 229619

9. Approximate date on which the Information Statement is first to be sent or given to security holders : 06 June 2023

10. Securities registered pursuant to Sections 8 and 12 of the Code as of 31 December 2022:

Title of Each Class	Number of Shares of Stock Outstanding And Amount of Debt Outstanding
Common	2,238,565,159
Preferred	500,000,000[1]
Debt	PhP3,673,409,009

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

    Yes __√__ No _____

[1] At present, only 200,000,000 preferred shares remain outstanding as the Corporation redeemed 300,000,000 preferred shares on 24 March 2021, as approved by the Board of Directors on 12 March 2021.

If so, disclose name of the Exchange : Philippine Stock Exchange

ROXAS AND COMPANY, INC.
(formerly, "CADP GROUP CORPORATION")

INFORMATION STATEMENT

A. GENERAL INFORMATION

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	:	28 June 2023
Time	:	10:00 a.m.
Place	:	To be held by video conference through the following link:

Join Zoom Meeting
https://zoom.us/j/96003056843?pwd=alhVcm9NVEkwRVlPclVkWlhteGh5dz09
Meeting ID: 960 0305 6843
Passcode: 229619

Address of Principal Office of the Registrant	:	7/F CG Building, 101 Aguirre St. Legaspi Village, Makati City 1229, M.M.
Approximate date on which the Information Statement is first to be sent or given to security holders	:	06 June 2023

Item 2. DISSENTER'S RIGHT OF APPRAISAL

A dissenting stockholder shall have the right of appraisal in the instances authorized under Section 81 of the Corporation Code, to be exercised in accordance with the procedure set out in Section 82 of the same Code.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

The incumbent directors or officers of the Company, since the beginning of the last calendar year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

None of the incumbent directors informed the Company in writing that he/she intends to oppose any action to be taken during the annual meeting of shareholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

a) The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,238,565,159 common shares.

b) The record date for the purpose of determining the stockholders entitled to vote is 08 June 2023.

c) Holders of common shares are entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code provides that every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

   For all other matters to be acted upon, each common share is entitled to one (1) vote.

d) Security ownership of certain record and beneficial owners and management.

   (1) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of 31 March 2023:

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[2]
Common	SPCI Holdings, Inc. 4F New Solid Bldg. 357 Sen Gil Puyat Ave. Makati City Authorized Representative: Francisco R. Elizalde	SPCI Holdings, Inc.[3]	Philippine National	710,350,473 (direct & indirect)	31.73%
Common	Pedro O. Roxas 7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Chairman of the Board	Pedro O. Roxas/ Pesan Holdings, Inc.	Filipino/ Philippine National	554,857,372 (direct & indirect)	24.79%
Common	PCD Nominee Corporation (Non-Filipino)	PCD Nominee Corporation	Other Alien	276,941,839	12.37%

[2] The percentage of shareholdings was arrived at by dividing the number of shares owned, directly and indirectly, by the shareholders over 2,230,193,502 common shares, which is the total outstanding shares as of 31 March 2022.

[3] Messrs. Francisco Jose R. Elizalde and Santiago R. Elizalde, directors of the Company, each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). Collectively, the Board of Directors of SPCI consisting of its 6 shareholders has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

Common	PCD Nominee Corporation (Filipino)	PCD Nominee Corporation	Philippine National	215,709,836	9.64%
Common	CISCO Holdings, Inc. Unit 1701, The Peak Tower 107 Levite St., Salcedo Village, Makati City Authorized Representative: Francisco R. Elizalde	Francisco R. Elizalde	Philippine National	112,500,000	5.03%
Common	CRE Holdings, Inc. Unit 1701, The Peak Tower 107 Levite St., Salcedo Village, Makati City Authorized Representative: Francisco R. Elizalde	Carlos R. Elizalde	Philippine National	112,500,000	5.03%
Common	IÑIGO Holdings, Inc. Unit 1701, The Peak Tower 107 Levite St., Salcedo Village, Makati City Authorized Representative: Francisco R. Elizalde	Iñigo R. Elizalde	Philippine National	112,500,000	5.03%
Common	SRE Holdings, Inc.[4] Unit 1701, The Peak Tower 107 Levite St., Salcedo Village, Makati City Authorized Representative: Santiago R. Elizalde	Santiago R. Elizalde	Philippine National	112,500,000	5.03%
TOTAL				**2,207,859,520**	**98.63%**
Preferred[5]	Amalgamated Investment Bancorporation	Amalgamated Investment Bancorporation	Philippine National	200,000,000[6]	100.00%

Except as stated above and in the related footnotes, the Board of Directors and the Management of the Company have no knowledge of any person who, as of 31 March 2023, was directly or

[4] SRE Holdings, Inc., INIGO Holdings, Inc., CRE Holdings, Inc. and CISCO Holdings, Inc. are the personal holding companies of the respective beneficial owners indicated above, who, in turn, are the stockholders of SPCI Holdings, Inc.
[5] Preferred Shares are non-voting shares as per Article VIII of the Amended Articles of Incorporation of RCI approved by the SEC on 05 December 2018.
[6] RCI redeemed 300,000,000 preferred shares on 24 March 2021 which was approved by the Board of Directors on 12 March 2021.

indirectly the beneficial owner of, or who has voting power or investment power with respect to, shares comprising more than five percent (5%) of the Company's outstanding stock.

(2) Security Ownership of Management as of 31 March 2022.

The following table sets forth the number of shares, listed and not listed, owned of record and/or beneficially owned by the directors, independent directors, the Chief Executive Officer and the key officers of the Company, and the percentage of shareholdings of each as of 31 March 2023:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature Of Ownership*	*Percent of Class*
Common	*Pedro O. Roxas* *Chairman*	*Filipino*	*554,723,985* *(direct & indirect)*	*24.79%*
Common	*Francisco Jose R. Elizalde*[7] *Director*	*Filipino*	*1,978,765* *(direct & indirect)*	*0.09%*
Common	*Santiago R. Elizalde* *Director*	*Filipino*	*1,212,170* *(direct & indirect)*	*0.05%*
Common	*Corazon S. Dela Paz-Bernardo* *Independent Director*	*Filipino*	*599,583* *(direct & indirect)*	*0.02%*
Common	*Gerardo C. Ablaza, Jr.* *Independent Director*	*Filipino*	*159,667* *(direct & indirect)*	*0.01%*
Common	*Edgar P. Arcos* *Director*	*Filipino*	*138,807* *(direct & indirect)*	*0.01%*
Common	*Aurelio Montinola III* *Independent Director*	*Filipino*	*392,687* *(direct & indirect)*	*0.02%*
Common	*Peter D. A. Barot* *Corporate Secretary*	*Filipino*	*0*	*0.00%*
Common	*Melchor J. Manalo* *Assistant Corporate Secretary*	*Filipino*	*0*	*0.00%*
Common	*Directors and Officers As a Group*		*59,205,664*	*24.98%*

(3) Voting Trust Holders of 5% or More.

[7] See footnote no. 3.

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

e) Change in Control

There has been no change in control since the beginning of the last calendar year. The Company is also not aware of the existence of any change in control agreements.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

a) Nominees for election to the Board

The following have been nominated for election to the Board of Directors for the Calendar Year 2023 until the next Annual Meeting of the Shareholders:

Pedro O. Roxas
Francisco Jose R. Elizalde
Edgar P. Arcos
Santiago R. Elizalde
Corazon S. de la Paz-Bernardo (Independent Director)
Aurelio R. Montinola III (Independent Director)
Gerardo C. Ablaza, Jr. (Independent Director)

Of the nominees, Mr. Aurelio R. Montinola III and Mr. Gerardo C. Ablaza, Jr., and Ms. Corazon S. de la Paz-Bernardo, as at 2023, are eligible for re-election as independent directors of the Company in accordance with Rule 38.1 of the Implementing Rules and Regulations of the revised Securities Regulation Code. On the other hand, Ms. de la Paz-Bernardo's nomination and extension of term as an independent director has been justified, based on meritorious grounds, by the Board of Directors of the Company, and under the Rules and Regulations of the Securities Regulation Code.

In extending her term as an independent director, the Board considered Ms. de la Paz-Bernardo's financial and management profile as well as her considerable knowledge in the industry and Company history. The Board firmly believes that Ms. de la Paz's expertise will ensure the continuity and success of the undergoing transition and turnover program towards the Company's recovery.

In general, they are not officers or employees of the Company or any of its subsidiaries and are free from any business or relationships with the Company or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors. Each of them has submitted a Certificate of Qualification as an Independent Director to the Securities and Exchange Commission. Their respective Certifications of Independence are attached hereto as Annex "A" and series.

Mr. Pedro O. Roxas nominated Ms. Corazon S. de la Paz-Bernardo, Mr. Aurelio R. Montinola III and Mr. Gerardo C. Ablaza, Jr. as Independent Directors. To the knowledge of the Company, Mr. Pedro O. Roxas is not related to any of the nominees.

b) The following is the procedure for nomination and election of directors:

Article II of the Amended By-Laws of the Company provides:

"Section 2. Qualifications and Disqualifications of Directors. – Any stockholder having at least one thousand (1,000) shares registered in his or her name may be nominated and/or elected as a Director of the Corporation; Provided that any stockholder who possesses any of the disqualifications enumerated in the Manual on Corporate Governance which was approved and adopted by the Board of Directors of the Corporation on 26 September 2002, including any amendments thereto, shall be disqualified from being elected as a Director of the Corporation.

Section 3. Nominations for Directors. – In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any shareholder entitled to vote for the election of Directors if that shareholder complies with all the provisions of this article.

3.1 Nominations shall be received by the Chairman of the Board (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), at least 15 working days prior to any meeting of the shareholders called for the election of Directors.

3.2 Each nomination under Section 3.1, shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the corporation.

3.3 The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director under these By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded."

On the other hand, the Revised Manual on Corporate Governance of the Company provides:

"3.7. Board Committees

The Board shall maintain the following committees to assist it in good corporate governance:

x x x

3.7.2. **Nomination, Election and Governance Committee.**

The Nomination, Election and Governance Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

3.7.2.1. It shall review and evaluate the qualifications of, and shortlist, all persons nominated to the Board and other appointments that require Board approval.

3.7.2.2. It shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

3.7.2.3. It shall consider the following guidelines in the determination of the capability of a director to serve as such:

i. The nature of the business of the corporation of which he is a director;
ii. Age of the director;
iii. Number of directorships/active memberships and officers in other corporations or organizations; and
iv. Possible conflict of interest.

Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently in general.

The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve diligently shall not be compromised.

3.7.2.4. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

c.7.2.9. Review and monitor the training and continuous professional development of directors and senior management;

3.7.2.6. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

3.7.2.7. Develop, review and monitor the code of conduct or compliance manual applicable to the directors and employees of the Company;

3.7.2.8. Review the Company's compliance with the Revised Code of Corporate Governance and disclosure requirements in the Corporate Governance Report.

c.7.2.9. The findings and recommendations of the Nomination, Election and Governance Committee shall be submitted to the Board for approval; Provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

xxx

The seven (7) nominees for election to the Board of Directors of the Company have been screened and evaluated by the Nomination, Election and Governance Committee and were determined to possess all the qualifications and none of the disqualifications of a director of the Company in accordance with applicable laws, rules, regulations, the Company's By-Laws and Revised Manual on Corporate Governance.

c) Board of Directors and Corporate Officers

The following are the credentials of the individuals nominated for re-election or election to the Board of Directors:

Pedro O. Roxas, 67 years old, Filipino, is the Chairman of the Board of Directors. Mr. Roxas is the Chairman of the Executive Committee and is a member of the Compensation Committee and Nomination, Election & Governance Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and held the position of President and Chief Executive Officer of the Company until 16 December 2016. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Club Punta Fuego, Inc., Roxaco Land Corporation and Fundacion Santiago. He is an Independent Director of listed companies: Manila Electric Company (Meralco) and Metro Pacific Investments Corporation and of non-listed companies: Brightnote Assets Corporation, CEMEX Holdings, Inc. and MAPFRE Insurance Corporation. Mr. Roxas was educated at Portsmouth Abbey School, USA and at the University of Notre Dame, USA where he obtained his degree in Business Administration.

Edgar P. Arcos, 55 years old, Filipino, is the President and Chief Executive Officer. He was previously Chief Financial Officer, Treasurer, and Risk Management Officer of RCI. He held senior roles in Oil & Gas, Construction, and FMCG entities in the Philippines, Singapore, South Africa, and Ghana. Prior to joining RCI, he was the COO of Jospong Group of Companies (Ghana), VP Finance of Citadel Pacific Ltd., Supply Chain Finance Manager of Coca Cola Bottlers Philippines, Supply and Retail Finance Manager of Shell for East Asia and Africa, Finance Manager of Otis Elevator Company (Philippines), Inc., and FP&A Manager for Otis Asia Pacific. He earned his BS Business Administration and Accounting degree from University of the Philippines, Certificate with Distinction Strategic Business Economics from University of Asia and the Pacific, and is pursuing MS HRMD at the University of Salford.

Corazon S. de la Paz-Bernardo, 82 years old, Filipino, is Honorary President of the Swiss-based International Social Security Association (ISSA), where she served as President from 2004 to 2010. She served as the first woman President of the Social Security System of the Philippines from 2001 to 2008. She is also the first woman partner of Price Waterhouse International and was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) from 1981 to 2001. She was in the World Board of Price Waterhouse World Firm from 1992 to 1995. Mrs. de la Paz-Bernardo was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served as a member of the board of The Philippine Health Insurance Corporation, The Home Development Mutual Fund (PAGIBIG), San Miguel Corp., PLDT, Ayala Land, Ionics Inc., Phinma Energy Inc., Phinma Petroleum & Geothermal Inc. and Philex Mining and was Chairman of NAMFREL for the 2013 elections. She is a member of the boards of directors of Del Monte Philippines, Inc., Republic Glass Holdings, Inc., D&L Industries, Inc., Roxas & Co., Inc. and Phinma Education Holdings Inc. She is an advisor to the board and audit committee of BDO Unibank, Inc. and advisor to the board audit committee of PLDT. She is Vice-Chairman of Jaime V. Ongpin Foundation and Chairman of Jaime V. Ongpin Microfinance Foundation. She is also a life member of the Cornell University Council, a member of the boards of trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, Miriam College, the Philippine Business for Education and MFI Polytechnic Institute, among others. She had served as National President of the Philippine Institute of CPAs, the Management Association of the Philippines, the Financial Executives Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service (TOWNS), the Rizal High School Alumni Association and the Philippine Fulbright Scholars Association. She had been a trustee of the Makati Business Club, the Philippine Business for the Environment, the Philippine Business for Social Progress and Children's Hour. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, The Outstanding Women in the Nation's Service (TOWNS), the Outstanding Professional in Public Accounting by the Professional Regulatory Commission and the Philippine Fulbright Program. A Certified Public Accountant, she graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fulbright grantee and UE CPA topnotcher scholar. She was awarded a Doctor of Humanities degree (Honoris Causa) by the University of the Cordilleras in 2017.

On March 17, 2023, Ms. de la Paz-Bernardo was one of the recipients of the Accountancy Centenary Award of Excellence by the Board of Accountancy (BOA) and other professional accounting organizations. According to the BOA, these were given to the 100 Filipino CPAs who demonstrated unquestionable integrity, contributed immensely to the advancement of the accountancy profession and participated remarkable in national development.

Francisco Jose R. Elizalde, 56 years old, Filipino, was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the President and CEO of Elro Retail Corporation, Vice President/Managing Director of ELRO Corporation. He is Chairman of ASpace Corporation, a Director in SPCI Holdings, Inc., ELRO Land, Inc., Roxaco Land Corporation, Club Punta Fuego, Inc., and Hoppler Corporation. Mr. Elizalde was educated at Portsmouth Abbey School, USA and at the University of Vermont, USA where he obtained a degree as Bachelor of Science.

Aurelio R. Montinola III, 71 years old, Filipino, is Chairman and Trustee of Far Eastern University (FEU) and FEU High School and Vice Chairman and Trustee of the Philippine Business for Education (PBED) Inc. He served as the President and CEO of Bank of the Philippine Islands from 2005 - 2013, and exited with BPI as the only Philippine bank rated Investment Grade by Fitch Ratings. He was twice awarded (2005 and 2009) the Asian Banker Leadership Achievement Award for the Philippines, and served as President of the Bankers Association of the Philippines from 2008 - 2012. Among others, he remains Director of BPI, BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct BanKO, Inc. and BPI/MIS Insurance Corp. and Director of Western Resources Corporation and AIA Philippines Life and General Insurance Company. He is the Chairman of Nicanor Reyes Education Foundation, Inc., East Asia Computer Center Inc. He is also the Chairman and Director of FEU Alabang, Amon Trading Corporation, Armon Realty, Inc. Monti-Rey, Inc., Derrc, Inc, Desrey, Inc. and Seyrel Investment & Realty Corporation. Other affiliations include: Chairman, Roosevelt College, Inc.; Vice Chairman and Director of Mere, Inc.; Chairman, President and Director of Amanda Carina Holdings, Inc.; Trustee, Pres. Manuel A. Roxas Foundation and Anita Magsaysay Ho Foundation; Member of Philippine Trade Foundation, Inc., and Vice President, Management Association of the Philippines where he received the MAP Management Man of the Year Award in 2012. He graduated BS Management Engineering at the Ateneo de Manila in 1973, and MBA at the Harvard Business School in 1977.

Santiago R. Elizalde, 58 years old, Filipino, is the President/CEO of the Company's wholly-owned subsidiary, Roxaco Land Corporation. Mr. Elizalde is the President of Roxaco-Asia Hospitality Corporation and Roxas Foundation, Inc. Mr. Elizalde is the Vice Chairman of Elro Commercial and Industrial Corporation and Club Punta Fuego, Inc., Director of Punta Fuego Village Homeowners Association, Inc., Punta Fuego Village Foundation and Terrazas de Punta Fuego Village Homeowners Association, Inc. He is also the President of CGB Condominium Corporation. Mr. Elizalde was educated at Denison University, Ohio, USA, where he obtained a degree as Bachelor of Arts in Economics.

Gerardo C. Ablaza, Jr., 69 years old, Filipino, was elected as Independent Director of the Company on 16 June 2021. Mr. Ablaza is a Director of a publicly listed company, Manila Water Company. He also holds Directorship with BPI Asset Management and Trust Company, BPI Direct BanKo Microfinance Bank, Advanced Info Services, PLC, Holcim Philippines, Inc., AC Energy and Infrastructure Corporation (formerly AC Enegry, Inc.), AC Infrastructure Holding Corp., iPeople, Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc. He is also a Board of Trustee of Gawad Kalinga Foundation, Inc., Ayala Foundation, Inc. and BPI Foundation, Inc. He is a member of International Water Association, Makati Business Club and Asean Business Club. In 2004, Mr. Ablaza was recognized by CNBC as the Asia Business Leader of the Year, making him the first Filipino CEO to win the award. In the same year, he was awarded by Telecom Asia as the Best Asian Telecom CEO. In 2013, he was recognized for his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries through the Citi Distinguished Alumni Award for Leadership and Ingenuity. He graduated from De La Salle University with a degree in Liberal Arts, major in Mathematics Summa Cum Laude, Department Honors in Mathematics, Jose Rizal Honor Society, Jose Rizal Scholarship, Dean's list. He obtained his MBA in the University of the Philippines, College of Business Administration.

The directors hold office for a term of one (1) year until their successors are elected and qualified. None of the Directors work in or hold positions in the government of the Republic of the Philippines. Certifications attesting to this fact are attached hereto as Annex "A" and series.

Corporate Officers

The following are the credentials of the Corporate Officers of the Company who are up for re-appointment:

Rosswell C. Delos Reyes, 48 years old, Filipino, is the Chief Finance Officer of the Company. He obtained his degree in Accountancy at the University of the East. He finished his MBA and is also a Certified Public Accountant, Certified Management Accountant and a Certified Financial Consultant. He has over 27 years of finance and accounting experience gained from various industries. His expertise includes controllership, advanced financial modelling and analysis, budget management and strategic planning, among others.

Peter D. A. Barot, 61 years old, Filipino, is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

Melchor J. Manalo, 40 years old, Filipino, is the Assistant Corporate Secretary, Compliance Officer, Corporate Information Officer, Investment Relations Officer, and Head of the Legal and Compliance Department of the Company. He is also the Corporate Secretary of Roxaco Land Corporation. Prior to joining the Company, he worked as a Senior Associate Lawyer in the De Guzman San Diego Mejia & Hernandez Law Offices and served as Director and Corporate Secretary for several domestic corporations, including different condominium associations. He has vast experience in real estate developments, estate settlement and management, civil and criminal litigation, labor cases and corporate-in-house matters. He obtained his Bachelor's Degree in Political Science from the University of Makati and thereafter obtained his Bachelor of laws from the Polytechnic University of the Philippines. He became a member of the Philippine Bar in April 2013.

None of the foregoing officers work in or hold positions in the government of the Republic of the Philippines. Copies of Certifications to this effect are attached hereto as Annex "B" series.

d) Significant Employees

While the Company is not highly dependent on the services of an employee who is not an Executive Officer, the Company values its human resources and expects them to do their share in achieving its objectives.

e) Family Relationships

Messrs. Pedro O. Roxas, Santiago R. Elizalde, and Francisco Jose R. Elizalde are related to each other within the fourth degree of consanguinity.

Messrs. Francisco Jose R. Elizalde and Santiago R. Elizalde are brothers.

f) Legal Proceedings

No director, independent director, executive officer or senior officer of the company, during the past five (5) years, has been subject to:

(a) any bankruptcy petition filed by or against any business of which a director/independent director, officer or person nominated for election as director/independent director was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;

(b) any conviction by final judgment in a criminal proceeding, domestic or foreign;

(c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director, officer or persons nominated for election as director/independent director in any type of business, securities, commodities or banking activities; and

(d) any final finding by a domestic or foreign court, the Securities and Exchange Commission or comparable foreign body, or any quasi-judicial or regulatory body, that any director / independent director, officer or any person nominated for election as director / independent director, has violated a securities or commodities law or regulation.

g) Certain Relationships and Related Transactions

There is no transaction or proposed transaction during the last two (2) years to which the Company was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record or beneficial owner or management or any member of the immediate families of the directors.

h) Parent Company

As of 31 December 2022, the Company directly owns 100% of the issued and outstanding shares of Roxaco Land Corporation (RLC), Nasugbu Feeds Corporation, United Ventures Corporation and Roxas Green Energy Corporation, 94.98% of the issued and outstanding shares of Roxas Sigma Agriventures, Inc. and 23.05% of the total issued and outstanding shares of Roxas Holdings. Inc. (RHI).

As of 31 December 2022, RLC owns 100% of the total and outstanding shares of SAMG Memorial Management and Services, Inc. It has interests in Fuego Development Corporation (30%), Fuego Land Corporation (30%), Roxaco-ACM Development Corporation (50%), Club Punta Fuego, Inc. (25%), Roxaco-Asia Hospitality Corporation (51%) and Brightnote Assets Corporation (10%).

RHI, a publicly-listed company, owns 100% of the issued and outstanding shares of Central Azucarera Don Pedro, Inc. (CADPI). It also has interests in San Carlos Bioenergy, Inc. (93.35%) and Roxas Power Corporation (50%).

i) Disagreement with the Company

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the Company on any matter relating to its operations, policies and practices.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

a) Section 7 of Art. 3 of the Amended By-Laws of the Company provides that the members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two percent (2%) of the net income of the Company before tax. Presently, the members of the Board of Directors receive Php50,000 for every regular meeting attended, broken down as follows: Php25,000.00 in cash and shares in such numbers equivalent to the Php25,000 balance. For special meetings of the Board, a director will be given a per diem of Php25,000.00 cash. A director of the Company who attends all meetings receives a total of roughly Php200,000.00 annually. Each of the members of the four committees--(i) Audit and Risk; (ii) Nomination, Election and Governance; (iii) Compensation; and (iv) Related Party Transactions--also receive a per diem of Php20,000.00 per meeting. No warrants and options have been granted to the directors and officers within the past three (3) years. Total compensation given to each director for the year 2022 are as follows:

Directors Compensation

For the year 2022	COMMITTEE MEETING							
DIRECTORS NAME	AUDIT	BOD	EXCOM	NOMELEC	ORGANIZATIONAL	RPT	SPECIAL BOD	Grand Total
MR. AURELIO R. MONTINOLA III	20,000	175,000	160,000	80,000	25,000	20,000	25,000	**505,000**
MR. EDGAR P. ARCOS		75,000						**75,000**
MR. FRANCISCO R. ELIZALDE	80,000	150,000	200,000		25,000		25,000	**480,000**
MR. GERARDO C. ABLAZA JR.		150,000		125,000	25,000		25,000	**325,000**
MR. PEDRO O. ROXAS		175,000	200,000	60,000	25,000		25,000	**485,000**
MR. SANTIAGO R. ELIZALDE		175,000		60,000	25,000		25,000	**285,000**
MS. CORAZON DE LA PAZ BERNARDO	80,000	250,000		80,000	25,000	20,000	25,000	**480,000**
Grand Total	**180,000**	**1,150,001**	**560,000**	**405,000**	**150,000**	**40,000**	**150,000**	**2,635,001**

b) Compensation of Executive Officers

	Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
		FY 2021			
A	Pedro O. Roxas – Executive Chairman		₱ -	₱ -	₱285,000
B	Edgar P. Arcos - President and CEO		₱ -	₱ -	-
C	Earlene R. Turano – Senior Manager – Head of Legal and Compliance		₱ -	₱ -	-
D	CEO and Top Four Executives		₱ 23,927,078	₱ 2,406,863	-
E.	All officers & directors as group unnamed		₱28,956,273	₱2,824,363	₱2,010,000
		FY 2022			
A	Pedro O. Roxas – Executive Chairman		₱ -	₱ -	₱410,000
B	Edgar P. Arcos - President and CEO				
C	Melchor J. Manalo – Senior Manager – Head of Legal and Compliance		₱ -	₱ -	-
D	CEO and Top Four Executives		₱23,927,078	₱2,406,863	

	Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation*
E	All officers & directors as group unnamed		₱28,956,273	₱2,824,363	₱2,225,000

*Director's fees.
The Company discloses remuneration and benefits of its executives on a consolidated basis for security reasons and in order to comply with their right to privacy under the Data Privacy Act of 2021 and the Bill of Rights.

c) Estimated Compensation and Bonus for CY 2023

The estimated compensation and bonus of the directors and present officers of the Company for the calendar year 2022 are as follows:

	Salary	Bonus	Other Annual Compensation
CEO and Top Four Executives	₱24,000,000	₱2,400,000	
All officers & directors as group unnamed	₱29,000,000	₱2,800,000	₱2,200,000

The Company's accounting period has changed already from fiscal year to calendar year beginning 2018.

The Company discloses remuneration and benefits of its executives on a consolidated basis to comply with their right to privacy under the Data Privacy Act of 2021 and the Bill of Rights.

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

SyCip Gorres Velayo and Co. is recommended for election as external auditor for the calendar year 2022. Representatives of the firm are expected to be present at the annual meeting of stockholders on 28 June 2023 and they will have the opportunity to make a statement, if they so desire, and are expected to be available to respond to appropriate questions.

Kristopher S. Catalan, is the lead partner assigned to handle the account of the Company since 01 October 2016. Mr. Catalan and other representatives from SGV and Co. were present at the 2022 Annual Stockholders' Meeting.

Under Rule 68(3)(b)(iv) of the IRR of the revised SRC and SEC Memorandum Circular No. 2, series of 2002, the external auditors of the Company should be rotated every five (5) years or earlier or the handling partner shall be changed.

External Audit Fees and Services

The aggregate fees billed for each of the last two (2) calendar years for professional services rendered by the external auditor are as follows:

		Dec. 31, 2022 (1 year)	Dec. 31, 2021 (1 year)
1.	Audit of registrant's annual financial statements:	₱685,000	₱650,000
2.	Aggregate fees billed for professional services for tax accounting, compliance and other tax services	none	none
3.	All other fees	none	none

<u>Policies and Procedures</u>

The Company's Audit and Risk Committee (ARC) meets with the external auditors at the beginning of every calendar year to discuss the Company's audit plans and programs for the year. After the audit plans and programs are approved, the ARC then determines the reasonableness of the fees proposed by the external auditors for audit and other related services. The ARC also meets to approve the quarterly financial statements of the Company before they are presented to the Board for approval and thereafter submitted to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the Company's compliance with the requirements of SEC Memorandum Circular No. 6, Series of 2009 and the Company's revised Manual on Corporate Governance. The ARC also meets with the external auditors to consider and approve the yearly audited financial statements of the Company before they are submitted for the consideration and approval of the Board of Directors and, thereafter, submitted to the Bureau of Internal Revenue, the SEC and the PSE as part of the Company's compliance with the requirements of the Revised Securities Regulation Code.

Additionally, the ARC is also tasked under its Charter to (a) review the internal audit plan to ensure conformity with the objectives of the Company; (b) organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (c) review the reports of the internal auditors; and (d) establish and identify the reporting line of the internal auditor to enable him to properly perform his duties and responsibilities.

There had been no disagreements with the external auditors on accounting or financial disclosures during the last five (5) years.

Item 8. COMPENSATION PLANS

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action will be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the registrant.

Item 10. MODIFICATION OR EXCHANGE OF SECURITIES

No action will be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

Item 11. FINANCIAL STATEMENTS AND OTHER INFORMATION

The Financial Statements and Other Financial Disclosures are contained in the 2022 Audited Consolidated Financial Statements, and the Interim Consolidated Financial Statements for the period ending 31 March 2023 is attached as **Annex "C"** hereof while the Financial Schedules is attached as **Annex "D",** Management's Discussion and Analysis or Plan of Operations are found in **Annex "E"** and the Market Information as **Annex "F"**. The Sustainability Report for the Calendar Year ended 31 December 2022 is attached as **Annex "G".** The Minutes of Stockholders Meeting held on 29 June 2022 is attached as **Annex "H"** and the Tabulation of Votes of the 29 June 2022 Annual Stockholders' Meeting as **Annex "I".** The Certification of Attendance of the Board of Directors for Year 2022 is attached as **Annex "J"**.

Representatives of the external auditor for the current year and for the most recently completed fiscal year:

i. are expected to be present at the security holders' meeting;

ii. will have the opportunity to make a statement if they desire to do so; and

iii. are expected to be available to respond to appropriate questions.

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action will be taken with respect to any merger, consolidation, acquisition and similar events.

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action will be taken with respect to the acquisition or disposition of property.

Item 14. RESTATEMENT OF ACCOUNTS

No action will be taken with respect to the restatement of any asset, capital, or surplus account of the registrant.

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS

The following reports/minutes of meetings was submitted for ratification/approval by the stockholders in the Annual Stockholders' Meeting scheduled on 28 June 2023:

a) Chairman's Report and the Consolidated Audited Financial Statements for the calendar year ended 31 December 2022;

b) Minutes of the Annual Meeting of Stockholders held on 29 June 2022 attached hereto as Annex "H"

The minutes of meeting of the 29 June 2022 annual meeting of shareholders will be made available to all shareholders on the day of the annual meeting but have also been published in the company website immediately after the annual meeting. Essentially, the minutes of the annual meeting contains the following:

(i) reading and approval of the minutes of the 16 June 2021 annual meeting of shareholders;

(ii) presentation and approval of the Annual Report of Management for the year ended 31 December 2021;

(iii) approval and ratification of all acts and resolution of the Board of Directors since the annual meeting of shareholders on 16 June 2021;

(iv) the elected members of the Board of Directors for calendar year 2022;

c) Acts/Resolutions of the Board of Directors since the 29 June 2022 annual meeting of shareholders, which include the following:

(i) On 29 June 2022, the shareholders of Roxas And Company, Inc., representing 77.35% of its total outstanding capital stock (77.24% represented by proxies and 0.10% attended in person) attended the annual shareholders meeting held today, 29 June 2022. All votes were taken in absentia through the voting portal sent to registered shareholders entitled to vote. Based on the tally of votes, the shareholders present and represented by proxy, unanimously elected the following persons to the Board of Directors of RCI to serve as such until their successors are elected:

Mr. Gerardo C. Ablaza, Jr. (Independent Director)
Mr. Edgar P. Arcos
Ms. Corazon de la Paz-Bernardo (Independent Director)
Mr. Francisco Jose R. Elizalde
Mr. Santiago R. Elizalde
Mr. Aurelio R. Montinola III (Independent Director)
Mr. Pedro O. Roxas

The shareholders also unanimously elected the auditing firm of Sycip Gorres Velayo & Co. (SGV & Co.) as external auditors of RCI for the calendar year 2022.

Further, the shareholders approved the Consolidated Annual Report and consolidated financial statement of RCI for the calendar year ended 31 December 2022. Moreover, the shareholders ratified and approved all the acts and resolutions of the board of directors and of management from June 16, 2021 to present (June 29, 2022). The table below shows how the shareholders voted their shares during the annual meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 16 June 2021	**1,725,553,109** shares	NONE	NONE
Approval of the Annual Report and Financial Statement for the year ending 31 December 2021	**1,725,553,109** shares	NONE	NONE

Ratification of all the acts and resolutions of the Board of Directors and Management from June 16, 2021 up to present.	**1,725,553,109** shares	NONE	NONE
Election of the Board of Directors	**1,725,553,109** shares	NONE	NONE
Election of the external auditors	**1,725,553,109** shares	NONE	NONE

Immediately after the stockholders' meeting, the newly-elected members of the Board of Directors held an organizational meeting where they elected the following officers:

Pedro O. Roxas - Chairman
Edgar P. Arcos - President & CEO
Corazon de la Paz-Bernardo - Lead Independent Director
Atty. Peter D. Barot - Corporate Secretary
Atty. Melchor J. Manalo - Assistant Corporate Secretary
Compliance Officer/
Corporate Information Officer/
Investment Relations Officer

They also elected the following Directors to the (a) Audit & Risk, (b) Compensation, (c) Nomination, Election & Governance Committees, and (d) Related Party Transaction Committee and (e) Executive Committee:

Audit & Risk Committee:

Corazon S. de la Paz-Bernardo - Chairperson (Independent Director)
Aurelio R. Montinola III - Member (Independent Director)
Francisco Jose R. Elizalde - Member

Compensation Committee:

Gerardo C. Ablaza, Jr. - Chairperson (Independent Director)
Corazon S. de la Paz-Bernardo - Member (Independent Director)
Pedro O. Roxas - Member

Nomination, Election & Governance Committee:

Aurelio R. Montinola III - Chairperson (Independent Director)
Pedro O. Roxas - Member
Santiago R. Elizalde - Member
Corazon S. de la Paz-Bernardo - Member (Independent Director)
Gerardo C. Ablaza, Jr. - Member (Independent Director)

Related Party Transaction Committee:

Aurelio R. Montinola III - Chairperson (Independent Director)
Corazon S. de la Paz-Bernardo - Member (Independent Director)
Francisco R. Elizalde - Member

Executive Committee

Pedro O. Roxas	-	Chairperson
Francisco Jose R. Elizalde	-	Member
Aurelio R. Montinola III	-	Member (Independent Director

(ii) Acts/resolutions approved during the 11 August 2022 regular meeting of the Board of Directors:

a. Approval of the Minutes of the Meeting held on 02 May 2022 and Special Board Meeting held on 20 May 2022;
b. Financial Report for the Period Ended 30 June 2022;
c. Approval of the 2nd Quarter Report 17-Q;

(iii) Acts/resolution approved during the 10 November 2022 regular meeting of the Board of Directors:

a. Approval of the Minutes of the Meeting held on 11 August 2022;
b. Approval of the 3rd Quarter Report 17Q;

(iv) Acts/resolution approved during the 09 December 2022 special meeting of the Board of Director:

a. Approval of the 2023 Budget

d) SEC Form 17-A for the CY 2022 attached hereto as Annex "L".

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

No action will be taken with respect to any matter which is not required to be submitted to vote of the security holders.

Item 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action is to be taken with respect to any amendment of the registrant's charter, by-laws or other documents as to which information is not required above.

Item 18. OTHER PROPOSED ACTION

a) Election of the Members of the Board of Directors, including the independent directors, for the ensuing calendar year 2023.

b) Election of External Auditors and Fixing their Remuneration

c) Ratification of all acts of Management and the Board of Directors for the CY 2022 until the annual meeting will likewise be submitted to the security holders for appropriate action. The details of these acts are as follows:

(i) Acts/resolutions approved during the 11 August 2022 regular meeting of the Board of Directors:

a. Approval of the Minutes of the Meeting held on 02 May 2022 and Special Board Meeting held on 20 May 2022;
b. Financial Report for the Period Ended 30 June 2022;

c. Approval of the 2nd Quarter Report 17-Q;

(ii) Acts/resolution approved during the 10 November 2022 regular meeting of the Board of Directors:

a. Approval of the Minutes of the Meeting held on 11 August 2022;
b. Approval of the 3rd Quarter Report 17Q;

(iii) Acts/resolution approved during the 09 December 2022 special meeting of the Board of Director:

a. Approval of the 2023 Budget

(iv) Extension of term of Ms. Corazon de la Paz-Bernardo as an independent director of the Company.

Item 19. VOTING PROCEDURES

(a) The vote required for the:

(1) Approval of the Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting
(2) Approval of the Chairman's and President's Report - majority of the shares represented at the meeting
(3) Approval of the Audited Financial Statements - majority of the shares represented at the meeting
(4) Approval of All Acts and Resolutions of the Board of Directors and Management - majority of the shares represented at the meeting
(5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares
(6) Election of External Auditors - plurality of the shares represented at the meeting

(b) The method by which votes will be counted - Subject to cumulative voting in the election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro as the Company's stock transfer agent, representatives of SyCip Gorres Velayo& Co., and the Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

In compliance with the requirements of Section 49 of the Revised Corporation Code, please be informed of the following:

1. Voting and Vote Tabulation Procedures used in the Previous Meeting - Subject to cumulative voting, each stockholder had one (1) vote for each share of stock entitled to vote and registered in his name at record date. Voting was done through raising of hands and counting of votes was done by representatives of Banco de Oro as the Company's stock transfer agent, representatives of SyCip Gorres Velayo& Co., and the Assistant Corporate Secretary. Pease see Annex "I" hereof.

2. Description of opportunity given to stockholders to ask questions and the record of questions asked and answers given - After each item in the Agenda, the Chairman asked the stockholders if they had any questions and opened the floor for discussion. It is reflected in the Minutes of the annual meeting held on 29 June 2022 that as provided in the procedure published for the conduct

of the virtual meeting, all shareholders were requested to send their queries or comments to the Company's Investor Relations Officer on or before 9:00 a.m. of 15 June 2022. When the Chairman asked the Investor Relations Officer, Atty. Melchor J. Manalo, to read out any questions sent by the shareholders, Atty. Manalo confirmed that he did not receive any questions from shareholders for discussion in the annual meeting. Since there were no questions, the Chairman advised the stockholders that a link to the recorded webcast of the ASM will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted. For any clarifications, shareholders may contact the Investor Relations Officer, Atty. Manalo. However, Atty. Manalo did not receive any questions or clarifications after the ASM in relation to the matters discussed during the ASM.

3. Matters discussed and resolutions reached at the last annual meeting held on 29 June 2022:

   a) On motion made and seconded, the stockholders dispensed with the reading of the minutes of 16 June 2021 unanimously approved and ratified the same.
   b) Upon motion made and seconded, the stockholders approved the Annual Report for the year ended 31 December 2021.
   c) There being no comments or objections on the acts and resolutions adopted by the Board of Directors and Management since the last annual stockholders' meeting held 16 August 2021, as set forth and discussed in the Information Statements on SEC Form 20 IS that was sent to all shareholders of record, upon motion made and seconded, the stockholders' meeting held on 16 August 2021.
   d) The following were unanimously elected as members of the Board of Directors:
      i. MR. GERARDO C. ABLAZA, JR. (Independent)
      ii. MR. EDGAR P. ARCOS
      iii. MS. CORAZON DE LA PAZ-BERNARDO (Independent)
      iv. MR. FRANCISCO JOSE R. ELIZALDE
      v. MR. SANTIAGO R. ELIZALDE
      vi. MR. AURELIO R. MONTINOLA III (Independent)
      vii. MR. PEDRO O. ROXAS
   e) Upon motion made and seconded, the stockholders unanimously approved the election of Sycip Gorres Velayo & Co., as external auditors of the Company for the calendar year 2021.

4. Voting results for each Agenda Item: 100% of the shareholders present or represented by proxy voted in favor of the approval of the Agenda items discussed above. A copy of the tabulation of votes for each Agenda item is attached hereto as **Annex "I".**

5. A list of directors or trustees, officers, stockholders who attended the meeting:

	DIRECTORS
1	Mr. Pedro O. Roxas
2	Mr. Edgar P. Arcos
3	Mr. Francisco R. Elizalde
4	Mr. Santiago R. Elizalde
5	Ms. Corazon de la Paz-Bernardo
6	Mr. Aurelio R. Montinola III

7	Mr. Gerardo C. Ablaza, Jr.
	OFFICERS
1	Atty. Peter D.A. Barot
2	Atty. Melchor J. Manalo
3	Mr. Rosswell Delos Reyes

	NUMBER OF SHARES	PERCENTAGE
Total Number of Shareholders by Proxy and in Person	1,743,838,102	79.04%
Total Issued and Outstanding Shares	2,206,159,973	100.00%

A Certification on the attendance of each Director for meetings held for 2022 is attached hereto as **Annex "J".**

6. Material Information on the current stockholders and their voting rights as of 31 March 2022:

	STOCKHOLDERS	NATIONALITY	TOTAL SHARES	%
1	SPCI Holdings, Inc.	Philippine National	710,350,473	31.85%
2	Pesan Holdings, Inc.	Philippine National	542,266,292	24.31%
3	PCD Nominee Corporation (Non-Filipino)	Other Alien	278,697,373	12.50%
4	PCD Nominee Corporation	Philippine Nationa	206,014,371	9.24%
5	Cisco Holdings, Inc.	Philippine National	112,500,000	5.04%
6	CRE Holdings, Inc.	Philippine National	112,500,000	5.04%
7	IÑIGO Holdings, Inc.	Philippine National	112,500,000	5.04%
8	SRE Holdings, Inc.	Philippine National	112,500,000	5.04%
9	Pedro O. Roxas	Filipino	12,457,693	0.56%
10	Rizal Commercial Banking Corporation	Philippine National	3,048,61	0.14%
11	Antonio Roxas Chua	Filipino	2,379,610	0.11%
12	Francisco R. Elizalde	Filipino	1,978,765	0.09%
13	Santiago R. Elizalde	Filipino	1,777,243	0.09%
14	Mari Carmen R. Elizalde	Filipino	1,361,241	0.06%
15	Carlos Antionio R. Elizalde	Filipino	1,358,517	0.06%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.05%
17	Equitable Securities FAO Inigo Elizalde	Filipino	933,810	0.04%
18	Severo A. Tuazon & Company, Inc.	Filipino	537,000	0.02%
19	Dolores Teus De M. Vara Rey	Filipino	488,020	0.02%
20	Concepcion Teus Vda. De M. De Rey	Filipino	445,650	0.02%
	SUBTOTAL		**2,215,272,619**	**99.33%**
	OTHER STOCKHOLDERS		**14,920,883**	**0.67%**

	GRAND TOTAL		**2,230,193,502**	**100.00%**

7. Appraisals and performance report of the Board and their criteria and procedure for assessment – The accomplished assessment/evaluation forms are attached as Annex "K" and series hereof.

8. Directors' disclosures on self-dealing and related party transactions - There are no self-dealing or related party transactions related to any of the Directors.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY, 7/F CG BULDING, 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229. AT THE DISCRETION OF MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT FURNISHING SUCH EXHIBITS.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.
(formerly, "**CADP GROUP CORPORATION")**

By:

MELCHOR J. MANALO
Assistant Corporate Secretary

05 June 2023

Roxas & Company, Inc.

SUMMARY OF ANNEXES

Annex A- Certification of Independent Directors

Annex B - Certificates of Officers' qualifications

Annex C - 2022 Consolidated Financial Statements and Interim Consolidated Financial Statements for the period ending 31 March 2023

Annex D - Financial Schedule

Annex E - Management's Discussion and Analysis or Plan of Operations

Annex F - Market Information

Annex G - Sustainability Report for the period ending December 2022

Annex H - Minutes of Stockholders' Meeting held on 29 June 2022

Annex I - Tabulation of votes of the 29 June 2022 Annual Stockholders' Meeting

Annex J - Certificate of Attendance of the Board of Directors for the Year 2022

Annex K - Board of Directors’ Evaluation Forms

Annex L - SEC Form 17A for the period ending 31 December 2022

Roxas & Company, Inc.

A N N E X “A”

CERTIFICATION OF INDEPENDENT DIRECTORS

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **CORAZON S. DE LA PAZ-BERNARDO**, Filipino, of legal age and with office address at Unit 24A, Lorraine Tower, The Proscenium, Rockwell Center Makati, Estrella Street, Makati City 1211, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director nominee of **Roxas and Company, Inc.** and have been its Independent Director since year 2013.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
MFI Polytechnic Institute, Inc.	Trustee/Treasurer	1989 To Present
Jaime V. Ongpin Foundation, Inc.	Trustee Vice Chairperson	1991 To Present 2013 To Present
Jaime V. Ongpin Microfinance Foundation	Chairman	2017 To Present
PLDT, Inc.*	Adviser to the Board Audit Committee	2004 To Present
BDO Unibank, Inc.*	Adviser to the Board and Audit Committee	2012 To Present
University of the East	Independent Trustee	2007 To Present
UE Ramon Magsaysay Memorial Medical Center	Independent Trustee	2007 To Present
Republic Glass Holdings Corporation *	Independent Director	2012 To Present
Del Monte Philippines, Inc.	Independent Director	2018 To Present
Phinma Education Holdings Inc.	Independent Director	January 2020 to Present
D&L Industries, Inc.*	Independent Director	2017 To Present
Philippine Business for Education	Trustee	2015 Present

*Publicly listed companies

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Roxas and Company, Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall inform the Corporate Secretary of Roxas and Company, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Signed on this ___ day of MAY 19 2023 2023 in Makati City.

Corazon S. de la Paz-Bernardo
CORAZON S. DE LA PAZ-BERNARDO
Affiant

MAY 19 2023

SUBSCRIBED AND SWORN to before me this ______ day of ____________ 2023 in Makati City Affiant personally appeared before me and exhibited to me her Philippine Passport No. P9344474B issued on March 25, 2022 and valid until March 24, 2032.

Doc. No. 201;
Page No. 42;
Book No. 262;
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 / MAKATI CITY
IBP No. 260609 / 01-03-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **AURELIO R. MONTINOLA III**, Filipino, of legal age and a resident of 29 Pili Avenue, South Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director nominee of **Roxas and Company, Inc.** (formerly CADP Group Corporation) for the calendar year 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Date Assumed
Bank of the Philippine Islands	Director	14 January 2004
BPI Capital Corporation	Director	24 April 2007
BPI Direct BanKO, Inc. A Savings Bank (formerly known as BPI Direct Savings Bank, Inc.)	Director	22 February 2017
BPI Foundation, Inc.	Trustee	2002
Nicanor Reyes Educational Foundation, Inc.	Chairman	07 October 2013
East Asia Computer Center Inc.	Chairman	03 October 2013
FEU High School Inc.	Chairman	22 September 2014
Philippine Business for Education Inc.	Vice-Chairman/Trustee	01 June 2009
Far Eastern University	Chairman/Trustee	24 August 2013
FEU Alabang	Chairman/Director	08 November 2017
Amon Trading Corporation	Chairman/Director	15 May 1996
Armon Realty, Inc.	Chairman/Director	08 December 1993
Monti-Rey Inc.	Chairman/Director	15 May 1996
Derrc, Inc.	Chairman/Director	2001
Desrey, Inc.	Chairman/Director	15 May 1996
Seyrel Investment & Realty Corporation	Chairman/Director	15 May 1996
Mere, Inc.	Vice-Chairman/Director	24 February 2006
Amanda Carina Holdings, Inc.	Chairman/President/ Director	21 February 2011
Makati Business Club	Director/Trustee	June 2010
Management Association of the Philippines	Member	2005
Pres. Manuel A. Roxas Foundation	Trustee	2008
Philippine Trade Foundation, Inc.	Member	01 June 2010
Anita Magsaysay Ho Foundation	Member	17 February 1993
Roosevelt College Inc.	Chairman	12 May 2016
Good Samaritan College	Director	07 December 2022

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Roxas and Company, Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Roxas and Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Signed on this __ day of MAY 19 2023 2023 in Makati City.

AURELIO R. MONTINOLA III
Affiant

SUBSCRIBED AND SWORN TO before me this ____ day of MAY 19 2023 2023, the affiant having exhibited his Philippine Passport No. P7535452B issued on 07 September 2021 and valid until 06 September 2031.

Notary Public

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 / MAKATI CITY
IBP No. 260608 / 01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027036 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No. 201
Page No. 42
Book No. 262
Series of 2023.

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **GERARDO C. ABLAZA, JR.**, Filipino, of legal age and with office address at 154 San Enrique St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director nominee of **Roxas and Company, Inc.** (formerly CADP Group Corporation) for the calendar year 2023 and have been its Independent Director since 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship
Advanced Info Services, PLC (Thailand)	Independent Director
iPeople, Inc.	Director
Ayala Foundation , Inc.	Trustee
Ayala Retirement Fund Holdings, Inc.	Director
Ayala Healthcare Holdings, Inc.	Director
AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.)	Director
AC Infrastructure Holding Corp.	Director
BPI Asset Management and Trust Company (AMTC)	Director
BPI Direct BanKo Microfinance Bank	Director
BPI Foundation, Inc.	Trustee
Gawad Kalinga Foundation, Inc.	Trustee
Holcim Philippines, Inc.	Independent Director
Ayala Corporation	Consultant

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Roxas and Company, Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall inform the Corporate Secretary of Roxas and Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Signed on this __ day of MAY 17 2023 2023 in Makati City.

GERARDO C. ABLAZA, JR.
Affiant

MAY 17 2023

SUBSCRIBED AND SWORN to before me this _____ day of __________ 2023 in Makati City Affiant personally appeared before me and exhibited to me his Philippine Passport No. P5889232A issued on 03 February 2018 and valid until 02 February 2028.

Doc. No. 89;
Page No. 19;
Book No. 262;
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-058 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Roxas & Company, Inc.

A N N E X "A-1"

CERTIFICATES OF DIRECTORS' QUALIFICATIONS

CERTIFICATION

I, **GERARDO C. ABLAZA, JR.**, of legal age, Filipino, and a resident of 154 San Enrique St., Ayala Alabang Village, Muntinlupa City, under oath, hereby depose and state that:

1. I am a nominee for Independent Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 16 June 2021.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this MAY 17 2023 day of May 2023 in Makati City.

GERARDO C. ABLAZA, JR.
Independent Director

SUBSCRIBED AND SWORN TO before me this ______ day of MAY 17 2023 2023, the affiant having exhibited his Philippine Passport No. P58889232A issued on 03 February 2018 and valid until 02 February 2028.

Notary Public

Doc. No. : 86 ;
Page No. : 19 ;
Book No.: 202
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION

I, **CORAZON DE LA PAZ-BERNARDO.**, of legal age, Filipino, and a resident of Unit 24A Lorraine Tower, The Proscenium, Rockwell Center, Makati City, under oath, hereby depose and state that:

1. I am a nominee for Independent Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since year 2013.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this MAY 19 2023 day of May 2023 in Makati City.

CORAZON DE LA PAZ-BERNARDO
Independent Director

SUBSCRIBED AND SWORN TO before me this MAY 19 2023 day of ________ 2022, the affiant having exhibited her Philippine Passport No. P9344474B issued on March 25, 2022 and valid until March 24, 2032.

ATTY. JOHN DOMINGO A. PONCE, JR.
Notary Public
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 / MAKATI CITY
IBP No. 260608 / 01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No.: 202;
Page No.: 42;
Book No.: 262;
Series of 2023.

CERTIFICATION

I, **AURELIO R. MONTINOLA III**, of legal age, Filipino, and a resident of 29 Pili Avenue, South Forbes Park, Makati City under oath, hereby depose and state that:

1. I am a nominee for Independent Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 16 December 2016.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this MAY 19 2023 day of May 2023 in Makati City.

AURELIO R. MONTINOLA III
Independent Director

MAY 19 2023

SUBSCRIBED AND SWORN TO before me this ______ day of __________ 2023, the affiant having exhibited his Philippine Passport No. P7535452B issued on 07 September 2021 and valid until 06 September 2031.

ATTY. JOHN DOMINGO [illegible]
NOTARY PUBLIC
Notary Public
APPOINTMENT No. [illegible] MAKATI CITY
UNTIL December [illegible]
PTR No. 9565652 / [illegible] MAKATI CITY
IBP No. 260608 [illegible]
MCLE COMPLIANCE No. [illegible] 05-28-2019
ROLL NO. 36452 / TIN No. [illegible]-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No.: 203;
Page No.: 42;
Book No.: 262;
Series of 2023.

CERTIFICATION

I, **EDGAR P. ARCOS**, of legal age, Filipino, and a resident of 42 Sampaguita St., Tahanan Village, Parañaque City, under oath, hereby depose and state that:

1. I am a nominee for Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 16 June 2021.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

MAY 24 2023

IN WITNESS WHEREOF, this Certification is signed this ____ day of May 2023 in Makati City.

EDGAR P. ARCOS
Director

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ______ day of __________ 2022, the affiant having exhibited his Philippine Passport No. P7030824A valid until 02 May 2028.

Notary Public

Doc. No. : 354;
Page No. : 72;
Book No.: 2602
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-368 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260603 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION

I, **FRANCISCO JOSE R. ELIZALDE**, of legal age, Filipino, and a resident of 2429 Bougainvilla Place, Dasmariñas Village, Makati City, under oath, hereby depose and state that:

1. I am a nominee for Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 25 June 2009.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

MAY 24 2023

IN WITNESS WHEREOF, this Certification is signed this ____ day of May 2023 in Makati City.

FRANCISCO JOSE R. ELIZALDE
Director

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ______ day of __________ 2022, the affiant having exhibited his Philippine Passport No. P5290491B valid until 02 July 2030.

Notary Public

Doc. No. : 35;
Page No. : 72;
Book No.: 262
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260605 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION

I, **SANTIAGO R. ELIZALDE**, of legal age, Filipino, and a resident of 1666 Dasmariñas Ave., Dasmariñas Village, Makati City, under oath, hereby depose and state that:

1. I am a nominee for Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 12 August 2020.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this MAY 24 2023 day of May 2023 in Makati City.

SANTIAGO R. ELIZALDE
Director

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ______ day of __________ 2023, the affiant having exhibited his Philippine Passport No. P9236209A valid until 18 October 2028.

Notary Public

Doc. No. : 352;
Page No. : 73;
Book No.: 2022
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-968 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9365652 / 01-03-2023 /MAKATI CITY
IBP No. 260808 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION

I, **PEDRO O. ROXAS**, of legal age, Filipino, and a resident of No. 6 Ipil Road, South Forbes, Makati City, under oath, hereby depose and state that:

1. I am a nominee for Director of ROXAS AND COMPANY, INC. (RCI) and have been its director since 2009.

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

MAY 30 2023

IN WITNESS WHEREOF, this Certification is signed this ____ day of May 2023 in Makati City.

PEDRO O. ROXAS
Director

SUBSCRIBED AND SWORN TO before me this MAY 30 2023 day of ________ 2022, the affiant having exhibited his Philippine Passport No. P0388893B valid until 23 June 2029.

Notary Public

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No.: 27;
Page No.: 07;
Book No.: 263;
Series of 2023.

Roxas & Company, Inc.

A N N E X "B"

Officers' Certifications

CERTIFICATION

I, **EDGAR P. ARCOS**, of legal age, Filipino, and a resident of No. 42 Sampaguita Street, Tahanan Village, Parañaque City, under oath, hereby depose and state that:

1. I am the President-Chief Executive Officer of ROXAS AND COMPANY, INC. (RCI).

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

MAY 24 2023

IN WITNESS WHEREOF, this Certification is signed this day of May 2023 in Makati City.

EDGAR P. ARCOS
President-CEO

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ____ day of May 2023, the affiant having exhibited his Philippine Passport No. P7030824A valid until 02 May 2028 at DFA NCR South.

Notary Public

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-[illegible] / MAKATI CITY
[illegible] December 31, 2023
PTR No. [illegible] / 01-03-2023 /MAKATI CITY
IBP No. [illegible] / 01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. [illegible] / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No.: 353;
Page No.: 72;
Book No.: 202;
Series of 2023.

CERTIFICATION

I, **ROSSWELL C. DELOS REYES**, of legal age, Filipino, and a resident of 9216 Dita St., San Antonio Village, Makati City, under oath, hereby depose and state that:

1. I am the Group Chief Financial Officer of ROXAS AND COMPANY, INC. (RCI).

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this 24 day of May 2023 in Makati City. MAY 24 2023

ROSSWELL C. DELOS REYES
Group Chief Financial Officer

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ______ day of May 2022, the affiant having exhibited his identification LTO ID No. N04-05-000742 issued on 01 July 2019 and valid until 06 August 2024.

Notary Public

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260508 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No. : 312;
Page No. : 72;
Book No. : 2002;
Series of 2023.

CERTIFICATION

I, **PETER DONNELY A. BAROT**, of legal age, Filipino, and with address at Picazo Buyco Tan Fider & Santos Law Offices, Penthouse, Liberty Center-icazo Law, 104 H.V. Dela Costa St., Salcedo Village, Makati City, under oath, hereby depose and state that:

1. I am the Corporate Secretary of ROXAS AND COMPANY, INC. (RCI).
2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.
3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this 24th day of May 2023 in Makati City.

PETER DONNELY A. BAROT
Corporate Secretary

MAY 24 2023

SUBSCRIBED AND SWORN TO before me this ______ day of May 2023, the affiant having exhibited his Philippine Passport No. P0746669B valid until 19 February 2029 issued at DFA NCR Northeast.

Notary Public

Doc. No.: 341;
Page No.: 72;
Book No.: 2602;
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-68 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

CERTIFICATION

I, **MELCHOR J. MANALO**, of legal age, Filipino, and a resident of Unit 402 Flores Bldg., Ivorywood, Acacia Estates, Taguig City, under oath, hereby depose and state that:

1. I am the Assistant Corporate Secretary and Compliance Officer of ROXAS AND COMPANY, INC. (RCI).

2. I am not currently connected or employed by any government agency or instrumentality of the Republic of the Philippines.

3. I shall promptly notify the Corporate Secretary of RCI should there be any change on the above-mentioned information within five (5) days therefrom.

IN WITNESS WHEREOF, this Certification is signed this 23rd day of May 2023 in Makati City.

MELCHOR J. MANALO
Assistant Corporate Secretary/
Compliance Officer

MAY 23 2023

SUBSCRIBED AND SWORN TO before me this ______ day of _______ 2023, the affiant having exhibited his identification IBP ID Roll of Attorneys no. 62499 issued in Makati City.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT ... MAKATI CITY
Notary Public
UNTIL December 31, 2023
PTR No. 95650[illegible] MAKATI CITY
IBP No. [illegible] RIZAL
MCLE COMPLIANCE [illegible] 05-28-2019
ROLL NO. [illegible] 102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Doc. No.: 315;
Page No.: 64;
Book No.: 262;
Series of 2023.

Roxas & Company, Inc.

A N N E X "C"

Statement of Management's Responsibility
and
2022 Audited Consolidated Financial Statements

AND

Interim Consolidated Financial Statements for the period ending 31 March 2023

Roxas & Company, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
President and CEO

ROSSWELL C. DELOS REYES
Group CFO

Signed this **2nd day of May, 2023**.

Roxas & Company, Inc.

SUBSCRIBED AND SWORN to before me this MAY 02 2023 in Makati City, affiants exhibiting to me their respective competent ID as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Rosswell C. Delos Reyes	Professional Driver's License No. N04-05-000742	01 July 2019 – 06 August 2024	DOT-LTO

Doc. No. 21
Page No. 06
Book No. 261
Series of 2023

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-06_/ MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

SEC Registration Number

P W - 0 0 0 0 0 8 3 4

Company Name

R O X A S   A N D   C O M P A N Y ,   I N C .   A N D   S U B S I
D I A R I E S

Principal Office (No./Street/Barangay/City/Town) Province)

7 t h   F l o o r ,   C a c h o - G o n z a l e s   B u i l d i n
g ,   1 0 1   A g u i r r e   S t r e e t ,   L e g a s p i   V i
l l a g e ,   M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
SEC Form 17-A	**C R M D**	**Not Applicable**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
rci@roxascompany.com.ph	**(02) 8810-8901 to 06**	**–**

No. of Stockholders	Annual Meeting Month/Day	Calendar Year Month/Day
3,297	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Melchor J. Manalo	**melchor.manalo @roxascompany.com.ph**	**(632) 8751-9537**	**–**

Contact Person's Address

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. As of and for the year ended: **31 December 2022**

2. SEC Identification Number: **PW- 00000834**

3. BIR Tax Identification No. : **000-269-435-000**

4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of
   Incorporation or Organization

6. (SEC Use Only)
   Industry Classification Code

7. **7th Floor Cacho-Gonzales Building, 101 Aguirre Street**
   Legaspi Village, Makati City 1229
   Address of Principal Office

8. **(632) 8810-89-01 to 06**
   Registrant's telephone number, including area code

9. CADP GROUP CORPORATION
   6th Floor Cacho-Gonzales Building, 101 Aguirre Street
   Legaspi Village, Makati City 1229
   Former name and former address.

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

Title of Each Class and Amount of Debt Outstanding	Number of Shares of Stock Outstanding
Authorized Capital Stock	
Common	**P4,375,000,000**
Preferred	**1,000,000,000**
No. of shares subscribed & outstanding:	
Common-Issued	**2,911,885,870**
Common-Outstanding	**2,238,565,158**
Preferred	**200,000,000**

Amount of loans outstanding as of December 31, 2022 **P3,673,409,009**

Of the 2,238,565,158 outstanding shares, 673,320,711 common shares and 200,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

Yes [√] No [ ]

2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [√] No [ ]

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

Yes [√] No []

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

Assuming that the number of stockholdings of non-affiliates as of 31 December 2022 is 2,238,565,158 common shares and assuming further that the market bid price of the shares as of same date is P0.475 then the aggregate market value of the voting stocks held by non-affiliates as of said date is P1.1 Billion.

14. Documents incorporated by reference. (Briefly describe them and identify the part where they are incorporated).

(a) Incorporated by reference in Part III on Financial Information is the Consolidated Financial Statements of Roxas and Company, Inc. and subsidiaries as at and for the year ended 31 December 2022.

PART I – BUSINESS

1. Business Development

Roxas And Company, Inc. ("RCI") is the holding company for a group of companies with interests in (i) the real estate and hotel development, operations, and property management through its subsidiary, Roxaco Land Corporation ("RLC"), (ii) a minority stake in the sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc. ("RHI"), (iii) in coconut processing and exports through its subsidiary, Roxas Sigma Agriventures, Inc. ("RSAI") and in (iv) renewable energy development. In addition to its various business interest, RCI holds approximately 2,494 hectares of investment property landholdings located in Nasugbu, Batangas with significant areas under negotiation for exemption under the Comprehensive Agrarian Reform Program (“CARP”).

In November, 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd., a Hongkong based company but remained its biggest shareholder with 36% equity interest. RCI’s equity interest was diluted to 23% as of December 2019 when it did not exercise its Stock Rights Option in 2016 and in the conversion of RHI’s debt securities into common shares in 2017.

In December 2018, the SEC approved the corporate reorganization of RLC. The reorganization included the merger of RLC and Anya Hotels and Resorts Corporation with RLC as the surviving corporation. As part of the reorganization, RCI increased its equity in RLC by P60 million via conversion of its outstanding advances to common shares. In February 2019, Anya Hospitality Corp. (“AHC”), RLC’s hotel management company was also merged with RLC. After the reorganization was completed, Anya Hotel and Resort Tagaytay and Anya Hospitality Corp operated as business units within RLC. Anya Hotel and Resort Tagaytay opened in 2017 with 80 hotel suites and a hotel core that operates its high-end facilities which include premium restaurants, heated pools, wellness center, a library, function rooms, and lounges.

In December 2013, RLC and Singapore based VH Select Investments (Phil) Pte. Ltd. (VH Select) formed the joint venture company, Roxaco-Vanguard Hotel Corporation (“RVHC”) to build a minimum of five budget hotels under the “Go Hotels” brand through a franchise agreement with Robinsons Land Corporation. By 2017, five (5) Go Hotel sites located in Manila Airport Road, Cubao, Ermita, North EDSA and Timog were completed. In April 2018, VH Select sold its shareholdings to Asia Hospitality Private Capital Ltd., Singapore with RLC still maintaining 51% control of the JV Company. Consequently, the corporate name was changed to Roxaco-Asia Hospitality Corporation (“RAHC”) and was approved by the SEC in October 2018. In December 2019, RAHC signed an agreement to sell its Go Hotel Cubao site for P411 million in order to reduce debt and improve profitability. The property was sold in February 2020.

RLC also has investments in Fuego Development Corporation (“FDC”), Fuego Land Corporation (“FLC”), Club Punta Fuego, Inc. (“CPFI”), Roxaco-ACM Development Corporation (“RADC”), and SAMG Memorial Management and Services, Inc. (“SMMSI”).

RLC manages all its Go Hotel sites, Anya Hotel and Resort Tagaytay, and Club Punta Fuego as well as third party hotels and resorts under various management agreements.

After completing most of its real property projects, RLC in 2016 started the development of Montana Residences, an 8.2 hectare housing project located in Palico, Nasugbu, Batangas.

In May 14, 2015, RCI established Roxas Green Energy Corporation (“RGEC”), a wholly owned subsidiary to venture in renewable power generation. RGEC planned to develop solar power plants using the real properties owned by RCI in Nasugbu, Batangas. However, after completing the initial predevelopment requirements, permits and land preparations, RGEC deferred full development of the project and shifted to look for possible joint venture arrangements with major power firms. The pre-development cost was written down in 2021.

In October 8, 2015, RCI entered into a Shareholders Agreement with Sigma Xynergies Corporation (SXC), a Filipino-owned company and formed Roxas Sigma Agriventures, Inc. (RSAI) for the development of a 300 tons-per-day coconut processing plant in Tupi, South Cotabato. The plant is an advanced processing facility to produce coconut cream/milk, virgin coconut oil, and coconut water concentrate primarily for export. In 2016, RCI initially invested P215.0 Million in RSAI for 81.13% control of the company. RCI infused P21.5 Million additional capital in 2017 and another P200 Million in 2018, increasing its total equity to P436.5 million or 88.81% control of the company. Plant testing and commissioning started on the 3rd quarter of 2017. Commercial operations began in January 2018. By March 2019, RSAI secured all key major international production, food, and safety certifications required in the European, North and South American markets that will enable it to fully market its products.

In December 2018, SEC approved RCI's application to increase its authorized capital from 3.375 Billion to 4.375 Billion shares. The increase in capital stock reflected the creation of 1 Billion preferred shares with a par value of P1.00 per share.

In December 2018, RCI raised P500 million new equity through the issuance of preferred shares with a par value of P1.00 per share. The shares are redeemable after 2 years, with an option to extend by another 2 years. Dividend rate for the 1st years is at 8.5%. Proceeds from the equity raised were used to reduce bank debts and fund the group's operating requirements.

The BOD, in its Special Meeting held on March 12, 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of P1.00 per share. The Articles of Incorporation of the Parent Company provides that the preferred shares are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The BOD has yet to determine the terms of re-issuance of the said preferred shares.

In August 2021 and October 2021, RCI converted its advances to RSAI amounting to P354 million and P53 million, respectively, that increased the equity interest in RSAI from 88.81% to 94.98%.

Distribution Methods of the Products or Services

RLC offers its various properties to potential buyers through its authorized sales agents and brokers.

RAHC through its hotel management, Anya Hospitality Group, uses online digital channels, corporate and government direct selling, enrollment in online and local travel agencies and marketing direct to walk-in customers to generate hotel bookings.

RSAI, as a bulk producer, markets its products by initially positioning itself as a major ingredient supplier to branded manufacturers, international brokers for its products, and food service companies. It will evaluate options for its own brand and toll manufacturing when volumes have been developed and expanded for retail sale.

Competition

For RLC

RLC's real estate projects are located in Nasugbu, Batangas using its land bank to develop commercial,residential and memorial lot projects for the local area market. Anya Resort and Residences project in Tagaytay is its entry into the high-end residential and luxury hotel market outside Batangas.

The local property competitors in the area are Ayala Land, Robinsons Land, SM Investments, and Sta. Lucia Realty and Development, Inc.

For RAHC

All four (4) Go Hotels are classified in the hotel and tourism industry as Economy or Budget Hotels. Major competitors considered in this category are the likes of Red Planet,Hop Inn International chains, Hotel 101, local established chains such as Eurotel and other location – centric hotels with similar price points.

For RSAI

RSAI was established in 2015 to process 300 Metric Tons per day of raw coconuts to produce three major products for export: Coconut Water Concentrate; Virgin Coconut Oil, and Coconut Milk/Cream. Major competitors within the region include Franklin Baker Inc., Peter Paul Philippines, Inc., Century Pacific Agri Ventures., Primex Foods, Inc., Celebes Foods, Inc., and Axelum (Fiesta Foods).

Sources and Availability of Raw Materials and Names of Principal Suppliers

For its hotel operations, RAHC and Anya use accredited third-party service providers for its laundry service requirements, security, and housekeeping.

RSAI's main raw materials of dehusked coconuts, are sourced from farmers, buying stations or consolidators within the area of South Cotabato, Saranggani, North Cotabato, and Lanao del Sur. Packaging materials such as drums and corrugated boxes are purchased locally, while aseptic bags are secured overseas.

Patents, Trademarks and Copyrights

RLC secured registration of its trademark project "Anya Resort and Residences" and has a pending trademark application for its mark "NIYAMA" with the Intellectual Property Office of the Philippines.

RLC also owns the trademarks for all the logos of "Anya" and "Fuego" brands.

For RAHC, the use of "Go Hotels" Trademark/Logo is covered by the terms and conditions of the Franchise Agreement with Robinsons Land Corporation.

Need for Government Approvals of Principal Products or Services

As part of the normal course of business, RLC secures all the necessary permits such as but not limited to development permits from the local government, Certificate of Registration and License to Sell from the Department of Human Settleents and Urban Development (fomerly, Housing and Land Use Regulatory Board) ("DHSUD"), and the Environmental Compliance Certificate from the Department of Environment and Natural Resources.

RSAI secured approval from Food and Drug Administration in order to operate and sell products legally. It has likewise secured various international certifications as required by foreign buyers such as USFDA, Halal, HACCP, Kosher, Organic, GMP, Food Safety System Certification ("FSSC"), and BRC Certification.

RGEC secured a service contract with Department of Energy to have the exclusive right to explore, develop or utilize a particular renewable energy (i.e. solar energy) contract area in Nasugbu, Batangas. It has likewise secured BOI registration to qualify for tax incentives for the project.

Effect of Existing or Probable Governmental Regulations

For RLC

The real estate business is subject to a number of laws including the Civil Code of the Philippines, Presidential Decree Nos. 957 and 1216, the Maceda Law, and certain provisions of the Local Government Code. The industry is primarily regulated by the policies and rules and regulations issued by the DHSUD.

Value Added Tax System

The present value-added tax (VAT) system imposes a 12% VAT on Sale of Real Properties. Section 4.106-3 of Revenue Regulations No. 16-2005 – Sale of real properties held primarily for sale to customers or held for lease in the ordinary course of trade or business of the seller shall be subject to VAT.

For RGEC

RGEC, being in the Renewable Energy (RE) industry, is covered by the *Renewable Energy act of 2008* (Republic Act No.9513) which provides substantial incentives and privileges such as VAT zero-rated sales and income tax holiday for a period of 7 years from the start of commercial operations.

For RSAI

RSAI, being a BOI-registered company, is entitled to import duty exemption of its capital equipment and income tax holiday for six (6) years from the start of commercial operations or January 2018, whichever is earlier. RSAI is also entitled to zero-rated VAT on export sales.

For the Group

The CREATE Law will affect the taxes due from the whole Group for the calendar year 2022. This includes corporate income tax, minimum corporate income tax, and income tax holiday.

Costs and Effects of Compliance with Environmental Laws

RLC secures the required Environmental Compliance Certificates for all of its real property developments.

RGEC, RAHC, and RSAI also secured the required Environmental Compliance Certificates before commencement of commercial operations.

Total Number of Employees and Number of Full-Time Employees

As of 31 December 2022, RCI, the Holding Company has three (3) executives and thirteen (13) employees.

RLC, on the other hand, has two (2) executives and thirty eight (38) employees, including the real estate and Anya Hospitality Group while Anya Resort Hotel Tagaytay has 1 executive and 93 employees.

RAHC has 70 employees. RSAI has 2 executives and 151 employees.

RGEC has no full-time employees yet as it is still at the pre-operating stage.

Property

The Company's investment property landholding located in Nasugbu, Batangas has an approximate land area of more or less 2,494 hectares with total appraised value of P9.285 Billion as of December 2021 and P7.179 Billion as of December 31, 2020. About 2,300 hectares of these properties were covered by the Comprehensive Agrarian Reform Program (CARP) with a significant portion currently under an application for exemption with the Department of Agrarian Reform.

The Company is likewise the registered owner of a 1,030 sqm office condominium unit located at the 7th Floor of Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City. It has a carrying value of P526,872.90 while fair market value is at P79.31 million as of December 31, 2022. The property is currently used as collateral for the long-term loan of its subsidiary, RLC.

<u>Real Estate</u>
As of December 31, 2022, RLC's real estate for sale and development, consisting of real estate properties for sale, raw land and land improvements, amounted to P288.64 Million. Certain properties are also used as collateral to secure the loan obligations of the Company.

<u>RAHC</u>
RAHC's four (4) Go Hotels have a total land area of 4,105.6 sqm located in Parañaque, Malate, North EDSA, and Timog, Quezon City. The four Go Hotels are situated on these sites and have total appraised values P1.851 billion as at December 31, 2022 These properties were used as collateral for the long-term borrowings of the Company.

<u>RSAI</u>
RSAI is the owner of the 21,945 sqm property, plant and equipment with appraised value of P817 million as of November 2022 located in Purok 10, Poblacion, Tupi, South Cotabato wherein the Coconut Processing Plant is situated and used as collateral for the long-term borrowings of the Company.

Legal Proceedings

RCI is a party to various legal proceedings mostly involving the coverage of its properties in Nasugbu, Batangas under the CARP.

Sometime in 1993, the Company filed a case questioning the Department of Agrarian Reform's (DAR) acquisition of its landholdings and asking for the cancellation of the Certificates of Land Ownership Awards (CLOAs) issued by the DAR in favor of the farmer-beneficiaries. On 17 December 1999, the Supreme Court promulgated its Decision in GR No. 127876 nullifying the DAR acquisition proceedings over haciendas Palico, Banilad and Caylaway/Carmen. The High Tribunal ruled that the Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOAs that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Company filed with the DAR an application for CARP exemption of its three Haciendas in Nasugbu based on Presidential Proclamation No. 1520 which declared the entire municipality of Nasugbu as a tourist zone. RCI likewise filed exemption applications for smaller areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that PP No. 1520 did not automatically reclassify the agricultural lands in Nasugbu, Batangas to non-agricultural lands[1]. However, the Court noted that RCI "can only look to the provisions of the Tourism Act and not to PP No. 1520, for possible exemption".

On February 08, 2011, the Supreme Court denied the Company's Second Motion for Reconsideration and affirmed with finality its December 2009 Decision.

Consistent with the 2009 Supreme Court Decision that "Roxas and Co. can only look to the provisions of the Tourism Act, and not to PP 1520, for possible exemption", RCI filed in April 2010 with the Tourism Infrastructure and Enterprise Zone Authority ("TIEZA") an application to declare fourteen (14) Specific Geographic Areas located in the RCI landholdings as Tourism Enterprise Zones ("TEZs"). This application was based on the Tourism Act of 2009.

To date, the said application has not been acted upon, primarily because it took the DOT some time to promulgate the Implementing Rules and Regulations ("IRR"). However, in July 2011, the IRR was published in newspapers of general circulation and the same took effect on 01 August 2011. At present, RCI's application is still pending with the TIEZA.

On 20 September 2011, RCI received from the Supreme Court a Decision dated 05 September 2011[2] affirming the exemption of a 21.1236-hectare property from CARP. The exempt property consists of 27 parcels of land located in Barangay Aga, Nasugbu, Batangas.

There are three[3] other CARP-related cases that are pending with the Provincial Adjudicator (PARAD) of Western Batangas and the Department of Agrarian Reform (DAR).

On 22 October 2012, the DAR published a Notice of Coverage over approximately 2,514.76 hectares of the Company's properties. The Company has filed its Protest with the DAR against this wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage) and the applicable law (RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Company filed a Motion for Reconsideration (MR) with the DAR. On April 15, 2014, the DAR denied the MR of RCI.

---

[1]The 04 December 2009 Decision in SC GRN 149548, 165450, 167453, 179650, 167845 AND 169163 may be accessed at http://sc.judiciary.gov.ph/jurisprudence/2009/december2009/149548.htm.

[2]Agapito Rom, et. al. vs. Roxas and Company, Inc., G.R. No. 169331.

[3] These cases are: (i) DAR Adm. Case No. A-9999-100-97, which is an application for exemption from CARP coverage of a 45.97 hectare property in Brgy. Aga on the ground that the said property has a slope of at least 18%. The DAR granted RCI's application. However, the farmer-beneficiaries filed a Motion for Reconsideration, to which RCI filed an opposition. This case is now final and executory but the DAMBA filed a Petition for Relief from Judgment which is still pending resolution of the Office of the Secretary of DAR; (ii) Petitions for the cancellation of CLOA No. 6646 covering a 21-hectare property. These cases stemmed from a Certificate of Finality issued by DAR exempting the subject property from CARP coverage. The Provincial Adjudicator of Batangas (PARAD) decided in favor of the Company and cancelled the CLOA. The farmers' Motion for Reconsideration was subsequently denied by the PARAD. The cases are now with the Department of Agrarian Reform Adjudication Board (DARAB) in view of the appeal filed by the farmers; and (iii) DAR Case Nos. R-0401-0021 to 0058-2009 stems from a final and executory Supreme Court ruling exempting from CARP coverage a 30.1685-hectare property in Barangay Banilad, Batangas. As such, the Company filed with the PARAD Petitions for cancellation of CLOA 5189 insofar as the exempted area is concerned.

On June 27, 2014, RCI filed a Petition for Certiorari with the Court of Appeals (CA). On 25 October 2017, the CA rendered a Decision on the Petition for Certiorari filed by RCI. In its Decision, the Court of Appeals partially granted RCI's Petition. In particular, the CA nullified and set aside the Order and Resolution dated 16 October 2013 and 15 April 2014, respectively, of the Department of Agrarian Reform. It also nullified the Notice of Coverage published by the DAR on 22 October 2012. The CA further remanded the case back to the DAR for purposes of issuing a new Notice of Coverage after determining specific portions of the haciendas that should be covered by the Agrarian Reform Law. However, the CA did not order the cancellation of the existing CLOAs over the properties of RCI that were issued pursuant to the nullified Notice of Coverage. Thus, RCI filed a partial Motion for Reconsideration of the Decision of the CA on 22 November 2017. In its MR, RCI prayed that: (i) the CA cancel all the CLOAs covering the properties covered by the 1999 Roxas case; (ii) To order the DAR to act on the pending applications for exemption/exclusion/conversion; and (iii) For Respondents to cease and desist from committing any act that involves the coverage of the subject properties pending the final resolution of the applications of RCI with the DAR.

On 05 June 2017, the DAR dismissed the application of RCI for exemption/exclusion of a total of 685 h.a. from CARP coverage. The DAR dismissed the application on purely technical grounds. Thus, RCI filed a Motion for Reconsideration on 14 August 2017. This MR has not been resolved by the DAR to date.

On 29 November 2017, the DAR denied RCI's Motion for Reconsideration of the denial of an application for exemption over a total of 285 h.a. for being agricultural in nature. The DAR found that there was no reversible error that would justify a reconsideration of the denial of exemption. Consequently, RCI filed an Appeal with the Office of the President on 22 January 2018. On May 21, 2022, the Office of the Prsident denied RCI'a appeal explaining that the findings of facts of the Administrative Agencies should be respected. RCI timely filed its Motion for Reconsideration which remains pending as of this date

The DAR approved the conversion application filed by RCI and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors but the MR was denied and the order of conversion was affirmed by the DAR in November 2020. On November 2021, the Office of the President issued an Order denying the appeal filed by the oppositors and affiriming the DAR Decision. A Motion for Reconsideration ("MR") was thereafter filed by the oppositors on December 2021. RCI filed its Comment on the said MR On April 29, 2022 the Office of the President issued a resolution denying the oppositor's MR.

The Company shall account for any legal and financial liabilities arising from the land properties subject to CARP upon the resolution of ownership by the Court.

There are other pending legal cases as of December 31, 2022. None of these contingencies are material and discussed in detail so as not to seriously prejudice the Group's position in the related disputes.

Real Estate

In the ordinary course of its business, RLC is engaged in litigation either as complainant or defendant. RLC believes that these cases do not have any material adverse effect on it.

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders at the last annual meeting.

PART II – SECURITIES OF THE REGISTRANT

Market Price of and Dividends on Common Equity and Related Stockholder Matters

1. Market Information.

The Company has 2,911,885,870 common shares listed and traded in the Philippine Stock Exchange under the trading symbol "RCI". Out of the total common shares listed, 689,831,368 are treasury shares. The Company also had 500,000,000 preferred shares subscribed and fully paid-up, which has since been reduced to 200,000,000 preferred shares because of the redemption made in March 2021. The preferred shares are not listed with the PSE.

(a) High and low share prices for the year ended December 31, 2022.

	High	Low
January 2020 – March 2020	2.29	1.21
April 2020 – June 2020	1.92	1.32
July 2020 – September 2020	1.58	1.10
October 2020– December 2020	1.49	1.16
January 2021 – March 2021	1.35	1.00
April 2021 – June 2021	1.12	1.00
July 2021 – September 2021	1.09	0.72
October 2021– December 2021	0.86	0.62
January 2022 – March 2022	0.78	0.48
April 2022 – June 2022	0.68	0.49
July 2022 – September 2022	0.64	0.51
October 2022– December 2022	0.58	0.45

(b) Holders. There are 3,297 holders of the Company's listed shares as of 31 December 2022. The top twenty (20) holders of the Company's common shares as of said date are:

	STOCKHOLDERS	NATIONALITY	TOTAL SHARES	%
1	SPCI Holdings, Inc.	Philippine National	710,350,473	31.73%
2	Pesan Holdings, Inc.	Philippine National	542,266,292	24.22%
3	PCD Nominee Corporation (Non-Filipino)	Other Alien	276,989,373	12.37%
4	PCD Nominee Corporation	Philippine National	215,709,836	9.64%
5	Cisco Holdings, Inc.	Philippine National	112,500,000	5.03%
6	CRE Holdings, Inc.	Philippine National	112,500,000	5.03%
7	IÑIGO Holdings, Inc.	Philippine National	112,500,000	5.03%

8	SRE Holdings, Inc.	Philippine National	112,500,000	5.03%
9	Pedro O. Roxas	Filipino	12,591,080	0.56%
10	Rizal Commercial Banking Corporation	Philippine National	3,048,161	0.14%
11	Antonio Roxas Chua	Filipino	2,379,610	0.11%
12	Francisco R. Elizalde	Filipino	2,112,152	0.09%
13	Santiago R. Elizalde	Filipino	1,910,630	0.09%
14	Mari Carmen R. Elizalde	Filipino	1,361,241	0.06%
15	Carlos Antonio R. Elizalde	Filipino	1,358,517	0.06%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.05%
17	Equitable Securities FAO Inigo Elizalde	Filipino	933,810	0.04%
18	Severo A. Tuazon & Company, Inc.	Filipino	537,000	0.02%
19	Dolores Teus De M. Vara Rey	Filipino	488,020	0.02%
20	Concepcion Teus Vda. De M. Vara De Reu	Filipino	445,650	0.02%
	SUBTOTAL		**2,223,660,245**	**99.33%**
	OTHER STOCKHOLDERS		14,904,914	0.67%
	GRAND TOTAL		**2,238,565,159**	**100.00%**

2. Dividends.

The ability of the Company to declare and pay dividends on its common shares is generally governed by the pertinent provisions of the Corporation Code of the Philippines, i.e. prohibition on capital impairment and the limitation on the discretion of the Board of Directors, among others. In the recent past, the Company declared and paid dividends as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
29 June 2006	P0.06	14 July 2006	31 July 2006
5 October 2006	0.06	19 October 2006	10 November 2006
21 June 2007	0.06	13 July 2007	31 July 2007
20 September 2007	0.04	15 October 2007	8 November 2007
26 June 2008	0.06	15 July 2008	31 July 2008
2 October 2008	0.06	15 October 2008	30 October 2008
13 December 2013	0.02	06 January 2014	30 January 2014
12 December 2014	0.02	15 January 2015	30 January 2015
18 December 2015	0.01	15 January 2016	05 February 2016

The Company has not declared dividends to common shares in the recent years. However, it did declare dividends to the preferred shares as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
10 May 2019	P0.04	28 May 2019	31 May 2019
10 May 2019	0.02	08 August 2019	13 August 2019
10 May 2019	0.02	06 November 2019	13 November 2019
	0.02	06 February 2020	13 February 2020
	0.02	07 May 2020	13 May 2020
	0.02	06 August 2020	13 August 2020
	0.02	06 November 2020	13 November 2020

12 August 2020	0.02	03 March 2021	Not yet determined
	0.04	03 September 2021	Not yet determined

3. Recent Sales of Securities.

In December 2018, Amalgamated Investments Bancorporation subscribed to Five Hundred Million (500,000,000) preferred shares of stock of the Company for P500,000,000.00. In March 2021, RCI redeemed 300,000,000 preferred shares pursuant to its agreement with AIB, leaving only 200,000,000 preferred shares outstanding.

RCI reissued and sold to the stock market 145,201,026 treasury shares at an average price of P1.42 per share for P206.5 Million for the calendar year 2020. Out of this total, 51,093,000 shares were sold pursuant to the Put Option Agreement with LDA Capital.[4] The proceeds were used for the group's working capital and debt servicing. There were no put options exercised in 2021 and 2022.

In 2021, the Parent Company issued 26,041,161 treasury shares based on the average market rate of P1.00 per share aggregating P26.0 million, resulting to a decrease in additional paid-in capital amounting to P18.0 million, net of transaction costs of P0.3 million.

In 2022, the Company issued 16,510,657 treasury shares based on the average market rate of P0.58 per share aggregating P9.6 million, resulting to a decrease in additional paid-in capital amounting to P18.5 million, net of transaction costs of P0.0 million.

4. Description of Registrant's Securities.

The authorized capital stock of the company is P4,375,000,000 divided into 3,375,000,000 common shares with P1.00 par value a share and 1,000,000,000 preferred shares with par value of P1.00 per share.

Preferred shares are non-voting, redeemable at the option of the Board of Directors, with preference over dividends and are re-issuable.

Shareholders have no pre-emptive rights to any issue of shares, of whatever class by the corporation unless otherwise decided by the Board of Directors for the best interest of the corporation (Art. VIII, CADPGC Amended Articles of Incorporation). There is no provision in its charter or by-laws which would delay, defer or prevent a change in control of the Company.

Calendar Year 2022
Corporate Updates

The RCI Group continues to reset its businesses in 2022 and generate cash amidst volatile international and local macroeconomic conditions. The overall operating performance decreased vs. 2021 due to deferred sale of Anya Phase 3, slower house and lot sales, and RAHC's earlier than expected transition from quarantine to regular guests. Coconut export growth decreased because of the low working capital, and extended repairs to address equipment failures. This was offset favorably by 266 corporate and social events, staycation rebound, and strong dining and wellness offers of Anya Hotel.

Anya Resort Tagaytay (ART) received the 2022 World Luxury Hotel Awards in the following categories: Luxury Resort Restaurant Global Winner, Regional Award for Luxury Hideaway Resort in Southern Asia, and Luxury Sustainable Spa Global Winner. ART registered its highest occupancy in December 2022 and is expanding with additional villas in the existing area as well as opening a new Phase adjacent to the core resort.

RSAI prospects for long term growth in non-dairy alternatives is sustained as demand for soy, oat, and coconut registered double digit CAGR. Nut prices went down to P6.50/kg, the lowest in three years. RSAI adjusted its list price in April 2022, the first since the start of commercial operations and reflects post-Ukraine pricing dynamics.

RLC sold for P237 million its 14.4-hectare raw land and repaid the BPI loan of P73 million. The progress completion for its key projects were 41% for Montana Phase 2 and 3, 23% for Anya Block 12, and 97% for Landing Townhomes 12, improving after limited activity during 2020-2021 pandemic lockdowns.

P1.6 billion major loans were restructured to 7 years term including 2 years grace period for ChinaBank (P186 million), Land Bank (P672 million), and Robinsons Bank (P778 million). Phase 2 discussions with banks and deleveraging will continue in 2023. AUB approved the P100 million credit line for CTS and end-user financing.

Investment properties market value increased from P7 billion in 2021 to P9 billion in 2022.

Results of Operation

Consolidated revenues for the year amounted to P786 million from real estate sales of P289 million, hotel revenues from Go Hotels and Anya Resort of P409 million, and RSAI’s exports of P88 million.

Actual revenues declined 18% against 2021 because of RAHC’s lower occupancy and competitive pricing pressure arising from extended recovery of the budget travel sector, RLC’s delayed sale of raw lands and lower selling prices, and RSAI’s extended shutdown from low working capital and plant reliability challenges.

Gross profit for the year amounted to P274 million or 35% of revenues.

Operating expenses of P704 million versus last year increased due to higher inflation, impairment on the property, plant and equipment of RSAI, and loss on loan modifications.

Equity in net loss of P184 million represents the 23.05% share in the net loss of RHI of P799 million.

Financing cost for the year of P258 million exceeded 2021 due to the higher interest rates on debt to fund working capital and capital assets.

Net other loss of P583 million included the impairment loss in RHI investment, offset by gain from sale of investment property, property management services, and RSAI sale of coconut by-products.

Consolidated net income for the year amounted to P623 million. It included the unrealized fair value gain of Investment Property amounting to P2.1 billion due to the infrastructure push of several conglomerates towards the Group’s landholdings in Nasugbu.

Financial Position

Consolidated total assets amounting to P13,815 million as at December 31, 2022 is 8% higher than P12,766 million as at December 31, 2021.

Comparative debt to equity (D/E) ratio as of December 2022 versus December 2021 decreased from 0.66:1 to 0.60:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at P3.77 as at December 31, 2022.

Consolidated long and short term debts slightly decreased to P3.6 billion due to the repayment of long term loans sourced from the sale of real property.

Total equity amounting to P8,632 million as at December 31, 2022 increased mainly due to the net income for the year.

Other than the matters discussed above, there are no significant elements of income or loss that arose from continuing operations and seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group’s financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company’s liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

	For the Period Ended		
	December 31,	December 31,	December 31,
Performance Indicator	**2022 (One Year)**	**2021 (One Year)**	**2020 (One Year)**
Gross profit	P273.7 million	P436.5 million	P57.1 million
Export sales of coconut products	P88.0 million	P184.9 million	P193.3 million

Hotel occupancy and average daily room rate			
- *Anya Hotel*	60% / P4,354	36% / P5,755	15% / P5,626
- *Go Hotels*	43% / P1,429	55% / P1,572	51% / P1,587
EBITDA	P1,006.7 million	P683.8 million	(P765.2 million)
Return on equity	7.22%	3.08%	(14.95%)

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation's continued growth and to ensure its viability, management intends to push raw land sales and development in Nasugbu, Batangas, footprint expansion and luxury offers in Tagaytay, and to secure new customers and increase export and local sales of coconut exports to maximize plant capacity.

The budget hotels will implement aggressive marketing strategies to offset slower industry recovery and manage pricing pressure from competitors. It will also explore strategic asset plays to optimize brand strength and location advantage.

PART III – MANAGEMENT AND SECURITY HOLDERS

1. Incumbent Directors and Officers of the Issuer

Board of Directors

Pedro O. Roxas, Filipino, is the Chairman of the Board of Directors. Mr. Roxas is the Chairman of the Executive Committee and is a member of the Compensation Committee and Nomination, Election & Governance Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and held the position of President and Chief Executive Officer of the Company until 16 December 2016. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Club Punta Fuego, Inc., Roxaco Land Corporation and Fundacion Santiago. He is an Independent Director of Brightnote Assets Corporation, Meralco, CEMEX Holdings, Inc., OONA (MAPFRE) Insular Insurance Corporation and Metro Pacific Investment Corporation. Mr. Roxas was educated at Portsmouth Abbey School, USA and at the University of

Notre Dame, USA where he obtained his degree in Business Administration. Mr. Roxas is married to Regina Tambunting and they have three (3) children.

Edgar P. Arcos, Filipino, is the President and Chief Executive Officer. He was previously Chief Financial Officer, Treasurer, and Risk Management Officer of RCI. He held senior roles in Oil & Gas, Construction, and FMCG entities in the Philippines, Singapore, South Africa, and Ghana. Prior to joining RCI, he was the COO of Jospong Group of Companies (Ghana), VP Finance of Citadel Pacific Ltd., Supply Chain Finance Manager of Coca Cola Bottlers Philippines, Supply and Retail Finance Manager of Shell for East Asia and Africa, Finance Manager of Otis Elevator Company (Philippines), Inc., and FP&A Manager for Otis Asia Pacific. He earned his BS Business Administration and Accounting degree from University of the Philippines, Certificate with Distinction Strategic Business Economics from University of Asia and the Pacific, and is pursuing MS HRMD at the University of Salford.

Corazon S. de la Paz-Bernardo is Honorary President of the Swiss-based International Social Security Association (ISSA), where she served as President from 2004 to 2010. She served as the first woman President of the Social Security System of the Philippines and Vice-Chairman of the Social Security System Commission from 2001 to 2008. She is also the first woman partner of Price Waterhouse International and was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) from 1981 to 2001. She was in the World Board of Price Waterhouse World Firm from 1992 to 1995. Mrs. de la Paz-Bernardo was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served as a member of the board of The Philippine Health Insurance Corporation, the Home Development Mutual Fund (PAGIBIG), San Miguel Corp., PLDT, Ayala Land, Ionics Inc., Phinma Energy Inc., Phinma Petroleum & Geothermal Inc. and Philex Mining and was Chairman of NAMFREL for the 2013 elections. She is a member of the boards of directors of Del Monte Philippines, Inc., Republic Glass Holdings, Inc., D&L Industries, Inc., Roxas & Co., Inc. and Phinma Education Holdings Inc. She is an advisor to the board and audit committee of BDO Unibank, Inc. and advisor to the board audit committee of PLDT. She is Vice-Chairman of Jaime V. Ongpin Foundation and Chairman of Jaime V. Ongpin Microfinance Foundation. She is also a life member of the Cornell University Council, a member of the boards of trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, the Philippine Business for Education and MFI Polytechnic Institute, among others. She had served as National President of the Philippine Institute of CPAs (PICPA), the Management Association of the Philippines, the Financial Executives Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service (TOWNS), the Rizal High School Alumni Association and the Philippine Fulbright Scholars Association. She had been a trustee of the Makati Business Club, the Philippine Business for the Environment, the Philippine Business for Social Progress and Children's Hour. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, The Outstanding Women in the Nation's Service (TOWNS), the Outstanding Professional in Public Accounting by the Professional Regulatory Commission, and the Philippine Fulbright Program and PICPA's highest award Parangal San Mateo. A Certified Public Accountant, she graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fulbright grantee and UE CPA topnotcher scholar. She was awarded a Doctor of Humanities degree (Honoris Causa) by the University of the Cordilleras in 2017.
On March 17, 2023, Mrs. de la Paz-Bernardo was one of the recipients of the Accountancy Centenary Award of Excellence by the Board of Accountancy (BOA) and other professional accounting organizations. According to the BOA, these were given to the 100 Filipino CPAs who demonstrated unquestionable integrity, contributed immensely to the advancement of the accountancy profession and participated remarkable in national development.

Francisco Jose R. Elizalde, Filipino, was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the President and CEO of Elro Retail Corporation, Vice President/Managing Director of ELRO Corporation. He is Chairman of ASpace Corporation, a Director in SPCI Holdings, Inc., ELRO Land, Inc., Roxaco Land Corporation, Club Punta Fuego, Inc., and Hoppler Corporation. Mr. Elizalde was educated at Portsmouth Abbey School, USA and at the University of Vermont, USA where he obtained a degree as Bachelor of Science.

Aurelio R. Montinola III, Filipino, is Chairman and Trustee of Far Eastern University (FEU) and FEU High School and Vice Chairman and Trustee of the Philippine Business for Education (PBED) Inc. He served as the President and CEO of Bank of the Philippine Islands from 2005 - 2013, and exited with BPI as the only Philippine bank rated Investment Grade by Fitch Ratings. He was twice awarded (2005 and 2009) the Asian Banker Leadership Achievement Award for the Philippines, and served as President of the Bankers Association of the Philippines from 2008 - 2012. Among others, he remains Director of BPI, BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct BanKO, Inc. and BPI/MIS Insurance Corp. and Director of Western Resources Corporation and AIA Philippines Life and general Insurance Company. He is the Chairman of Nicanor Reyes Education Foundation, Inc., East Asia Computer Center Inc. He is also the Chairman and Director of FEU Alabang, Amon Trading Corporation, Armon Realty, Inc. Monti-Rey, Inc., Derrc, Inc, Desrey, Inc. and Seyrel Investment & Realty Corporation. Other affiliations include: Chairman, Roosevelt College, Inc.; Vice Chairman and Director of Mere, Inc.; Chairman, President and Director of Amanda Carina Holdings, Inc.; Trustee, Pres. Manuel A. Roxas Foundation and Anita Magsaysay Ho Foundation; Member of Philippine Trade Foundation, Inc., and Vice President, Management Association of the Philippines where he received the MAP Management Man of the Year Award in 2012. He graduated BS Management Engineering at the Ateneo de Manila in 1973, and MBA at the Harvard Business School in 1977.

Santiago R. Elizalde, Filipino, is the President/CEO of the Company's wholly-owned subsidiary, Roxaco Land Corporation. Mr. Elizalde is likewise the President and Chief Operating Officer of Roxaco-Asia Hospitality Corporation. He also serves as the Chairman of the 24 Hour Vendo Machine Corporation, Vice-Chairman and member of the Executive Committee of ELRO Corporation and Club Punta Fuego, Inc., President of CGB Condominium Corporation, Chairman of Roxas Foundation, Inc., and Director of ELRO Land Corporation, Punta Fuego Village Homeowners Association, Inc., Punta Fuego Village Foundation and Terrazas de Punta Fuego Village Homeowners, Inc. and Fundacion Santiago. Mr. Elizalde obtained his Bachelor of Arts in Economics from Denison University in Ohio, USA.

Gerardo C. Ablaza, Filipino, was elected as Independent Director of company 16 June 2021. Mr. Ablaza is a Director of a publicly listed company, Manila Water Company. He also holds Directorship with BPI Capital, BPI Family Bank, Advanced Info Services, PLC, AC Enegry, AC Energy Phil., Inc, iPeople, Inc., AC Health, Ac Infrastructure and Ayala Foundation. He is also a Board of Trustee of Gawad Kalinga Foundation. He is a member of International Water Association, Makati Business Club and Asean Business Club. In 2004, Mr. Ablaza was recognized by CNBC as the Asia Business Leader of the Year, making him the first Filipino CEO to win the award. In the same year, he was awarded by Telecom Asia as the Best Asian Telecom CEO. In 2013, he was recognized for his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries through the Citi Distinguished Alumni Award for Leadership and Ingenuity. He graduated from De La Salle University with a degree in LiberalArts, major in Mathematics Summa Cum Laude, Department Honors in Mathematics, Jose Rizal Honor Society, Jose Rizal Scholarship, Dean's list. He obtained his MBA in the University of the Philippines, College of Business Administration.

The directors hold office for a term of one (1) year until their successors are elected and qualified.

Corporate Officers

Roswell Delos Reyes, Filipino, is the Chief Finance Officer of the Company. He obtained his degree in Accountancy at the University of the East. He finished his MBA and is also a Certified Public Accountant, Certified Management Accountant, and a Certified Financial Consultant. He has over 27 years of finance and accounting experience gained from various industries. His expertise includes controllership, advanced financial modelling and analysis, budget management and strategic planning, among others.

Peter D. A. Barot, Filipino, is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

Mechor J. Manalo, Filipino, is the Assistant Corporate Secretary, Compliance Officer, Corporate Information Officer, Investment Relations Officer, and Head of the Legal and Compliance Department of the Company. He is also the Corporate Secretary of Roxaco Land Corporation. Prior to joining the Company, he worked as a Senior Associate Lawyer in the De Guzman San Diego Mejia & Hernandez Law Offices and served as Director and Corporate Secretary for several domestic corporations, including different condominium associations. He has vast experience in real estate developments, estate settlement and management, civil and criminal litigation, labor cases and corporate-in-house matters. He obtained his Bachelor's Degree in Political Science from the University of Makati and thereafter obtained his Bachelor of laws from the Polytechnic University of the Philippines. He became a member of the Philippine Bar in April 2013.

Significant Employees

While the Company is not highly dependent on the services of an employee who is not an Executive Officer, the Company values its human resources and expects them to do their share in achieving its objectives.

Family Relationships

Messrs. Pedro O. Roxas, Carlos R. Elizalde, and Francisco Jose R. Elizalde are related to each other within the fourth degree of consanguinity.

Messrs. Santiago R. Elizalde (President of RLC), Francisco Jose R. Elizalde and Carlos R. Elizalde are brothers.

Legal Proceedings

No director, independent director, executive officer or senior officer of the company, during the past five (5) years, has been subject to:

(a) any bankruptcy petition filed by or against any business of which a director/independent director, officer or person nominated for election as director/independent director was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;

(b) any conviction by final judgment in a criminal proceeding, domestic or foreign;

(c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director, officer or persons nominated for election as director/independent director in any type of business, securities, commodities or banking activities; and

(d) any final finding by a domestic or foreign court, the Securities and Exchange Commission or comparable foreign body, or any quasi-judicial or regulatory body, that any director / independent director, officer or any person nominated for election as director / independent director, has violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

As part of the corporate reorganization of the Roxas Group, the Company's stockholders approved the following in 2008: (i) the sale to Roxas Holdings, Inc. (RHI) of sugar-related assets, liabilities and all interests of CADPGC in sugar-related operating subsidiaries and associate; and (ii) the merger of RCI and CADPGC.

Messrs. Pedro O. Roxas and Francisco Jose R. Elizalde, who are incumbent directors of the Company, were also directors of the absorbed company, RCI. They, together with director Carlos R. Elizalde, are members of the Roxas family which owned RCI prior to its merger with CADPGC.

Messrs. Pedro O. Roxas is also a director of RHI. As of 31 December 2022, the Company owns 23.05% of the total issued and outstanding capital of RHI.

The Parent Company settles director's remuneration through cash compensation and issuance of treasury shares for each regular board meeting attended by a director amounting to P25,000 cash and P25,000 worth of treasury shares. As directors of the Parent Company, Messrs. Pedro O. Roxas, Francisco Jose R. Elizalde, and Santiago R. Elizalde were paid directors fees as above-stated.

Parent Company

As of 31 December 2022, the Company directly owns 100% of the issued and outstanding shares of Roxaco Land Corporation (RLC), Nasugbu Feeds Corporation, United Ventures Corporation and Roxas Green Energy Corporation, 94.98% of the issued and outstanding shares of Roxas Sigma Agriventures, Inc. and 23.05% of the total issued and outstanding shares of Roxas Holdings. Inc. (RHI).

As of 31 December 2022, RLC owns 100% of the total and outstanding shares of SAMG Memorial Management and Services, Inc. It has interests in Fuego Development Corporation (30%), Fuego Land Corporation (30%), Roxaco-ACM Development Corporation (50%), Club Punta Fuego, Inc. (25%), Roxaco-Asia Hospitality Corporation (51%) and Brightnote Assets Corporation (10%).

RHI, a publicly-listed company, owns 100% of the issued and outstanding shares of Central Azucarera Don Pedro, Inc. (CADPI). It also has interests in San Carlos Bioenergy, Inc. (93.35%) and Roxas Power Corporation (50%).

Disagreement with the Company

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the Company on any matter relating to its operations, policies and practices.

2. Executive Compensation

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

a) Section 7 of Art. 3 of the Amended By-Laws of the Company provides that the members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two (2%) of the net income of the Company before tax. Presently, the members of the Board of Directors receive P50,000 for every regular meeting attended, broken down as follows: P25,000 in cash and shares in such numbers equivalent to the P25,000 balance. For special meetings of the Board, a director will be given a per diem of P25,000 cash. A director of the Company who attends all meetings receives a total of roughly P200,000 annually. Each of the members of the four committees--(i) Audit and Risk; (ii) Nomination, Election and Governance; (iii) Compensation; and (iv) Related Party Transactions--also receive a per diem of P20,000 per meeting. No warrants and options have been granted to the directors and officers within the past three (3) years.

b) Compensation of Executive Officers

	Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation***
		FY 2022			
A	Pedro O. Roxas – Executive Chairman		P -	P -	P410,000
E	CEO and Top Four Executives		P23,927,078	P2,406,863	
F	All officers & directors as group unnamed		P28,956,273	P2,824,363	P2,225,000

*Director's fees

c) Estimated Compensation and Bonus for CY 2023

The estimated compensation and bonus of the directors and present officers of the Company for calendar year 2023 are as follows:

		Salary	Bonus	Other Annual Compensation
A	Pedro O. Roxas – Executive Chairman	P -	P-	P410,000
D	CEO and Top Four Executives	P24,000,000	P2,400,000	
E	All officers & directors as group unnamed	P29,000,000	P2,800,000	P2,200,000

3. **Security Ownership of Certain Record and Beneficial Owners and Management**

(a) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of December 31, 2022:

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[5]
Common	SPCI Holdings, Inc. 4F New Solid Bldg. 357 Sen Gil Puyat Ave. Makati City	SPCI Holdings, Inc.[6]	Philippine National	710,350,473 (direct & indirect)	31.73%
Common	Pedro O. Roxas 7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Executive Chairman	Pedro O. Roxas/ Pesan Holdings, Inc.	Filipino/ Philippine National	554,857,372 (direct & indirect)	24.79%
Common	PCD Nominee (Non-Filipino)		Other Alien	276,989,373	12.37%
Common	PCD Nominee Corporation (Filipino)		Philippine National	215,709,836	9.64%
Common	CISCO Holdings Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Francisco R. Elizalde	Philippine National	112,500,000	5.03%
Common	CRE Holdings, Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Carlos R. Elizalde	Philippine National	112,500,000	5.03%
Common	IÑIGO Holdings, Inc.	Iñigo R. Elizalde	Philippine National	112,500,000	5.03%
Common	SRE Holdings, Inc.[7]	Santiago R. Elizalde	Philippine National	112,500,000	5.03%
TOTAL				**2,207,907,054**	**98.63%**

[5]The percentages of shareholding were arrived at by dividing the number of shares owned, directly and indirectly, by the shareholders over 2,238,565,159 common shares, the total outstanding shares as of 31 December 2022.

[6]Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde, directors of the Company, and their brothers Inigo Elizalde and Santiago Elizalde, each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). Collectively, the Board of Directors of SPCI has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

[7]SRE Holdings, Inc., INIGO Holdings, Inc., CRE Holdings, Inc., and CISCO Holdings, Inc. are the personal holding companies of the respective indicated beneficial owners, who in turn are the stockholders of SPCI Holdings, Inc.

Except as stated above and in the related footnotes, the Board of Directors and the Management of the Company have no knowledge of any person who, as of 31 December 2022, was directly or indirectly the beneficial owner of, or who has voting power or investment power with respect to, shares comprising more than five percent (5%) of the Company's outstanding common stock.

(b)Security Ownership of Management as of 31 December 2022.

The following table sets forth the number of shares, listed and not listed, owned of record and/or beneficially owned by the directors, independent directors, the Chief Executive Officer and the key officers of the Company, and the percentage of shareholdings of each as of December 31, 2022:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature Of Ownership*	*Percent of Class*
Common	*Pedro O. Roxas* *Executive Chairman*	*Filipino*	554,857,372 (*direct & indirect)*	*24.79%*
Common	*Santiago R. Elizalde*	*Filipino*	*1,212,170* *(direct)* *698,460* *717,688,124* *(indirect)*	*0.05%* *0.03%* *32.06%*
Common	*Francisco Jose R. Elizalde*[8] *Director*	*Filipino*	*1,978,765* *(direct)* *909,139* *717,688,124* *(indirect)*	*0.09%* *0.04%* *32.06%*
Common	*Corazon S. De la Paz-Bernardo* *Independent Director*	*Filipino*	*599,583* *(direct & indirect)*	*0.02%*
Common	*Gerardo C. Ablaza* *Independent Director*	*Filipino*	*159,667* *(indirect)*	*0.01%*
Common	*Edgar P. Arcos* *Director* *President & CEO*	*Filipino*	*138,807* *(indirect)*	*0.01%*
Common	*Aurelio R. Montinola, III* *Independent Director*[9]	*Filipino*	*392,687* *(indirect)*	*0.02%*

[8]Please see footnote no. 10.

[9] Mr. Aurelio Montinola III was appointed as Independent Director on 16 December 2016.

Common	*Peter D. A. Barot* *Corporate Secretary*	*Filipino*	*0*	*0.00%*
Common	*Melchor J. Manalo* *Asst. Corp. Secretary*	*Filipino*	*0*	*0.00%*
Common	*Directors and Officers* *As a Group*		*1,278,364,774*	*57.12%*

(c) Voting Trust Holders of 5% or More.

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

d) Change in Control

There has been no change in control since the beginning of the last fiscal year. The Company is also not aware of the existence of any change in control agreements.

PART IV-CORPORATE GOVERNANCE

The Board approved the Company's Revised Manual on Corporate Governance on 08 December 2009 in conformity with Memorandum Circular No. 6, Series of 2009 issued by the Securities and Exchange Commission (SEC). Since the effectivity of the Company's original Manual on Corporate Governance on 01 January 2003, the Company has complied with the principles contained in the Manual, both the original and the revised, insofar as they may be relevant to the Company's business. The Company likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. The evaluation system consists of determining the Company's compliance with certain best practices, such as the observance of the basic rights of shareholders, equitable treatment of shareholders, recognizing the shareholders' role in corporate governance, timely disclosure and transparency and Board responsibility. Measures are also being undertaken by the Company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Audit & Risk Committee, Compensation Committee, and Governance, Nomination and Election Committee, the election of the required number of independent directors to its Board of Directors, the amendment of Section 2 of Article II of its By-Laws dealing on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual which deal on the qualifications and disqualifications of directors.

On 07 August 2014, upon the directives of the SEC through Memorandum Circular No. 9, Series of 2014, the Board approved the revised Manual on Corporate Governance.

On 12 May 2017, the Board approved the Revised Manual on Corporate Governance. The revisions in the updated Manual included revisions recommended for Publicly Listed Companies as provided in SEC MC No. 19, Series of 2016.

The Company has not deviated from nor violated the provisions of the Manual. The Company undertakes to improve its corporate governance practices as may be required by law or the exigency of the business.

PART V - EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C.

(a) Exhibits

Certified Consolidated Financial Statements as of and for the year ended December 31, 2022.

b) Reports on SEC Form 17-C.

The following were filed in the last 6-month period covered by this report, to wit:

1. On 29 June 2022, the shareholders of Roxas And Company, Inc., representing 77.35% of its total outstanding capital stock (77.24% represented by proxies and 0.10% attended in person) attended the annual shareholders meeting held today, 29 June 2022. All votes were taken in absentia through the voting portal sent to registered shareholders entitled to vote. Based on the tally of votes, the shareholders present and represented by proxy, unanimously elected the following persons to the Board of Directors of RCI to serve as such until their successorsare elected:

   Mr. Gerardo C. Ablaza, Jr. (Independent Director)
   Mr. Edgar P. Arcos
   Ms. Corazon De La Paz-Bernardo (Independent Director)
   Mr. Francisco Jose R. Elizalde
   Mr. Santiago R. Elizalde
   Mr. Aurelio R. Montinola III (Independent Director)
   Mr. Pedro O. Roxas

   The shareholders also unanimously elected the auditing firm of Sycip Gorres Velayo & Co. (SGV & Co.) as external auditors of RCI for the calendar year 2022.

   Further, the shareholders approved the Consolidated Annual Report and consoldated financial statement of RCI for the calendar year ended 31 December 2022. Moreover, the shareholders ratified and approved all the acts and resolutions of the board of directors and of management from June 16, 2021 to present (June 29, 2022). The table below shows how the shareholders voted their shares during the annual meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 16 June 2021	**1,725,553,109** shares	NONE	NONE
Approval of the Annual Report and Financial Statement for the year ending 31 December 2021	**1,725,553,109** shares	NONE	NONE
Ratification of all the acts and resolutions of the Board of Directors and	**1,725,553,109** shares	NONE	NONE

Management from June 16, 2021 up to present.			
Election of the Board of Directors	**1,725,553,109** shares	NONE	NONE
Election of the external auditors	**1,725,553,109** shares	NONE	NONE

Immediately after the stockholders' meeting, the newly-elected members of the Board of Directors held an organizational meeting where they elected the following officers:

Pedro O. Roxas	-	Chairman
Edgar P. Arcos	-	President & CEO
Corazon De La Paz-Bernardo	-	Lead Independent Director
Atty. Peter D. Barot	-	Corporate Secretary
Atty. Melchor J. Manalo	-	Assistant Corporate Secretary Compliance Officer/ Corporate Information Officer/ Investment Relations Officer

They also elected the following Directors to the (a) Audit & Risk, (b) Compensation, (c) Nomination, Election & Governance Committees, and (d) Related Party Transaction Committee and (e) Executive Committee:

<u>Audit & Risk Committee</u>:

Corazon S. De La Paz-Bernardo	-	Chairperson (Independent Director)
Aurelio R. Montinola III	-	Member (Independent Director)
Francisco Jose R. Elizalde	-	Member

<u>Compensation Committee</u>:

Gerardo C. Ablaza, Jr.	-	Chairperson (Independent Director)
Corazon S. De La Paz-Bernardo	-	Member (Independent Director)
Pedro O. Roxas	-	Member

<u>Nomination, Election & Governance Committee</u>:

Aurelio R. Montinola III	-	Chairperson (Independent Director)
Pedro O. Roxas	-	Member
Santiago R. Elizalde	-	Member
Corazon S. Dela Paz-Bernardo	-	Member (Independent Director)
Gerardo C. Ablaza, Jr.	-	Member (Independent Director)

<u>Related Party Transaction Committee:</u>

Aurelio R. Montinola III	-	Chairperson (Independent Director)
Corazon S. De La Paz-Bernardo	-	Member (Independent Director)
Francisco R. Elizalde	-	Member

Executive Committee

Pedro O. Roxas	-	Chairperson
Francisco Jose R. Elizalde	-	Member
Aurelio R. Montinola III	-	Member (Independent Director)

2. On 11 August 2022, the Board of Directors of RCI, in its regular board meeting, approved the RCI's consolidated financial report for the 2nd quarter of CY2022, quarter ended 30 June 2022.

3. On 19 August 2022, the Company informed the PSEi and SEC that RCI's subsidiary Roxaco Land Corporation's Anya Resort Tagaytay (ART) launches expansion projects.

   Anya Resort Tagaytay broke ground on Block 12, the latest addition to its current 80-room luxury hotel in Tagaytay. The sold out eight-unit expansion coincides with the Resort's fifth year anniversary and strongly positions the Roxas and Company Inc. (RCI) subsidiary as a serious player in the premiere staycation space. It supports the strong demand for the hospitality market as shown in the robust take up of investment villas. The selling prices of the units rose to an all-time high post-Covid. Completion is slated by end-2022.

   ART offers rooms, restaurants, spa, as well as meetings and events venues for local and international guests. The hotel has won various accolades and garnered several nominations from prestigious bodies such as the World Hotel Luxury Awards, Agoda, World Travel and Tourism, and the Department of Tourism.

   Roxaco Land Corporation (RLC), RCI subsidiary, has finalized development plans and will be launching the Anya Resort Villas project by Q4 2022. The 28 villas cater to the market interest for high-end second homes outside Metro Manila. Spread over a 1.4-hectare property adjacent to Anya Resort Tagaytay, the fully-furnished units will be competitively priced and will come with a revenue share rental plan option to be managed by Anya Resort. The accessibility to the Resort and future villas improved with the completion of the Cavite-Laguna Expressway (CALAX), cutting travel time from Manila to the property to 1 hour 15 minutes.

4. On 10 November 2022, the Board of Directors of RCI in its regular board meeting, approved the consolidated financial report of the company for the 3rd quarter of CY2022, quarter ended 30 September 2022 and the SEC Form 17-Q.

5. On 09 December 2022, the Board of Directors of RCI in its special board meeting approved the proposed 2023 Budget and Business Plan of the Company, as presented.

6. On 02 February 2023, the Board of Directrors of RCI informed the PSEi and SEC that RCI's subsidiary RLC's launches new projects.

   Roxaco Land Corporation (RLC), a subsidiary of Roxas and Company, Inc. (RCI) ushered 2023 with an aggressive expansion program in its real estate and hospitality units.

   RLC will launch land development projects in the Tagaytay to Nasugbu corridor, buoyed by strong demand and accelerating property prices. The town of Nasugbu, Batangas has been identified by large infrastructure groups as a prime destination and access point into Western Batangas from Metro Manila, attracting locators and home buyers. The planned extension of the CTBEX toll road and the emergence of the CBEX alternative route will substantially reduce travel time from Metro Manila to Nasugbu to just over an hour. Roxaco Land resumed land development and construction of sold units in its low cost and mid-market open lot and housing projects in Nasugbu. These were stalled during the pandemic but are back on track.

In Tagaytay, plans are being finalized to launch the Anya Villa Project, a low density offer that targets the higher end segment of the property market. The success of the Roxaco Land-owned Anya Resort Tagaytay gave rise to a strong brand for boutique residential resort developments that can be replicated throughout the country's many prime tourist destinations.

Roxaco Land is leveraging on the recovery of local travel and tourism, boosting occupancy levels in all of its budget hotels located in Metro Manila. Guests are returning and pushing bookings to near pre-pandemic levels. Roxaco is implementing phased renovations of its hotels as well as targetted marketing programs to strengthen its customer proposition

OTHER MATTERS

The following reports/minutes of meetings will be submitted for ratification/approval by the stockholders in the next Annual Stockholders' Meeting, which is scheduled on the last Wednesday of May:

a) Chairman's Report and the Consolidated Audited Financial Statements for the calendar year ended 31 December 2022.

b) Minutes of the Annual Meeting of Stockholders held on 29 June 2022.

   The minutes of meeting of the 29 June 2022 annual meeting of shareholders will be made available to all shareholders on the day of the annual meeting but have also been published in the company website immediately after the annual meeting. Essentially, the minutes of the annual meeting contains the following:

   (i) reading and approval of the minutes of the 16 June 2021 annual meeting of shareholders;

   (ii) presentation and approval of the Annual Report of Management for the year ended 31 December 2021;

   (iii) approval and ratification of all acts and resolution of the Board of Directors since the annual meeting of shareholders on 16 June 2021;

   (iv) the elected members of the Board of Directors for calendar year 2022;

   (v) the election of external auditor for calendar year 2022.

c) Acts/Resolutions of the Board of Directors since the 29 June 2022 annual meeting of shareholders, which include the following:

   1. Acts/resolutions approved during the 11 August 2022 regular meeting of the Board of Directors:
      a. Approval of the Minutes of the Meeting held on 02 May 2022 and Special Board Meeting held on 20 May 2022;

   b. Financial Report for the Period Ended 30 June 2022;
   c. Approval of the 2nd Quarter Report 17-Q;

2. Acts/resolution approved during the 10 November 2022 regular meeting of the Board of Directors:
   a. Approval of the Minutes of the Meeting held on 11 August 2022;
   b. Approval of the 3rd Quarter Report 17Q;

3. Acts/resolution approved during the 09 December 2022 special meeting of the Board of Director:
   a. Approval of the 2023 Budget.

VOTING PROCEDURES

(a) The vote required for the:

(1) Approval of the Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting
(2) Approval of the Chairman's and President's Report - majority of the shares represented at the meeting
(3) Approval of the Audited Financial Statements - majority of the shares represented at the meeting
(4) Approval of All Acts and Resolutions of the Board of Directors and Management - majority of the shares represented at the meeting
(5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares
(6) Election of External Auditors - plurality of the shares represented at the meeting
(7) Extension of corporate term - at least 2/3 of the outstanding capital stock

(b) The method by which votes will be counted - Subject to cumulative voting in the election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro as the Company's stock transfer agent, representatives of SGV& Co., and the Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY, 7/F CG BULDING, 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.
(formerly **CADP GROUP CORPORATION)**

By:

ATTY. MELCHOR J. MANALO
Assistant Corporate Secretary

Issuer

ROXAS AND COMPANY, INC.

Pursuant to the requirements of Section 17 of Revised Securities Act, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
President and CEO

MELCHOR J. MANALO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 02 2023 in Makati City affiants exhibiting to me their respective competent ID's as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Melchor J. Manalo	IBP ID No. 62499		

Doc. No. 23
Page No. 06
Book No. 261
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-168 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260008 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Roxas & Company, Inc.

ANNEX "A"

AUDIT COMMITTEE REPORT

Audit and Risk Committee Report

02 May 2023

The Board of Directors
Roxas and Company, Inc.!

Further to our compliance with applicable corporate governance laws and rules, we confirm that for the period of 01 January to 31 December 2022:

- The Chairman of the Audit and Risk Committee is an independent director as determined by the Board of Directors;

- We had four (4) regular meetings during the said period;

- We have discussed with RCI's internal audit group and Sycip Gorres Velayo & Co. ("SGV & Co."), RCI's external auditor, the overall scope and plans for their respective audits, and the results of examinations, their evaluations of the internal controls and the overall quality of the financial reporting of Roxas and Company, Inc. and its subsidiaries (the Roxas Group);

- We have reviewed and approved all audit services rendered by SGV & Co. to the Roxas Group, the related fees for such services, and concluded that the fees are not significant to impair their independence;

- We have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standards, and we have received written disclosures and the letter from SGV & Co. as required by the prevailing applicable Independence Standards (Statements as to Independence) and have discussed with SGV & Co. its independence from the Roxas Group and Roxas Group's management;

- In the performance of our oversight responsibilities, we have reviewed and discussed the audited financial statements of the Roxas Group as of and for the year ended 31 December 2022 with the Roxas Group's management, which has the primary responsibility for the financial statements, and with SGV & Co., the Roxas Group's independent auditor, who is responsible for expressing an opinion on the conformity of the Roxas Group's audited financial statements with Philippine Financial Reporting Standards ("PFRS");

- Based on the reviews and discussions referred to above, in reliance on the Roxas Group's management and SGV & Co. and subject to the limitations of our role, we recommended to the Board of Directors and the Board has approved, the inclusion of the Roxas Group's audited financial statements as of and for the year ended 31 December 2022 in the Roxas Group's Annual Report to the Stockholders and to the Philippines Securities and Exchange Commission (SEC) on Form 17-A; and

- Based on a review of SGV & Co.'s performance and qualifications, including consideration of management's recommendation, we approved the appointment of SGV & Co. as the Roxas Group's independent auditor.

CORAZON DE LA PAZ-BERNARDO
Chairperson

FRANCISCO R. ELIZALDE
Member

AURELIO R. MOTINOLA III
Member

Roxas & Company, Inc.

ANNEX "B"

Statement of Management Responsibility for Consolidated Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Retained Earnings Available for Dividend Declaration

Index to Consolidated Financial Statements

Organizational Structure

Roxas & Company, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
President and CEO

ROSSWELL C. DELOS REYES
Group CFO

Signed this **2nd day of May, 2023**.

Roxas & Company, Inc.

SUBSCRIBED AND SWORN to before me this MAY 02 2023 in Makati City, affiants exhibiting to me their respective competent ID as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Rosswell C. Delos Reyes	Professional Driver's License No. N04-05-000742	01 July 2019 – 06 August 2024	DOT-LTO

Doc. No. 21
Page No. 06
Book No. 261
Series of 2023

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-06 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	0	0	0	0	0	8	3	4

COMPANY NAME

ROXAS AND COMPANY, INC. AND
SUBSIDIARIES

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

7th Floor, Cacho-Gonzales
Building, 101 Aguirre Street,
Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
rci@roxascompany.com.ph	(02) 8810-8901 to 06	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Calendar Year (Month / Day)**
3,297	Last Wednesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Melchor J. Manalo	melchor.manalo@roxascompany.com.ph	(632)-8751-9537	N/A

CONTACT PERSON's ADDRESS

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Roxas and Company, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022, and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Group's Real Estate Segment, on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Going Concern Assessment

The Group's consolidated total current liabilities exceeded its consolidated total current assets by ₱1,468.2 million. The Group's ability to generate sufficient operating cash flows and availability of sufficient funding to enable the Group to meet its currently maturing obligations are important considerations in the assessment of the appropriateness of the going concern assumption used in the preparation of the consolidated financial statements and as such, are significant to our audit. This assessment is based on management's expectations of and estimates of future cash flows of the Group. Estimated future cash flows are based on management assumptions, such as growth rate in sales of coconut products and food and beverage revenue, growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio, and sale of certain raw land properties and properties, plant and equipment.

Refer to Note 5 to the consolidated financial statements for the discussion of significant judgment, accounting estimates and assumptions, and Note 1 for the disclosure about the Group's status of operations and management's plans.

Audit Response

We obtained an understanding of management's going concern assessment, taking into consideration the current business environment to corroborate our review of the key assumptions used by management. We evaluated the reasonableness of the key assumptions used, such as growth rate in sales of coconut products and food and beverage revenue and growth in hotel occupancy rate, coconut plant' operating statistics, including plant utilization, manufacturing cost ratio and operating expenses ratio against the Group's historical performance, current industry outlook and other relevant external data.

We also compared the significant assumptions on the Group's planned investing and financing activities against minutes of meetings of Board of Directors, shareholders, and audit committee, and significant agreements entered into by the Group until the date of our auditor's report. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions. We reviewed the management plans and the related financial impact of these plans in the forecasts of future cash flows. We reviewed the adequacy of the relevant disclosures in the consolidated financial statements relating to these management assessment and plans.

Impairment testing of property, plant, and equipment

The Group assesses at the end of its reporting period whether there is any indicator that its property, plant and equipment may be impaired. Management assessed that there are indicators of impairment of the coconut processing plant and the assets related to the budget hotel business, thus, the Group performed an impairment testing. For the year ended December 31, 2022, the Group recognized impairment loss on the coconut processing plant amounting to ₱298.0 million, while there was no impairment loss for the budget hotel business. As of December 31, 2022, the carrying values of the coconut processing plant and the hotel assets amounted to ₱478.2 million and ₱1,785.90 million, respectively.

We considered the impairment testing of property, plant and equipment as a key audit matter because of the materiality of the amounts involved. In addition, management's assessment process requires significant judgment in determining the discount rates and assumptions on cash flows for its coconut processing plant and hotel business. Management used significant assumptions relating to the sales growth rate, plant capacity utilization rate, gross profit ratio, operating expenses ratio, and earnings before interest and taxes over the forecast period for the coconut processing business; and growth rate, occupancy rate, food and beverage revenue, gross profit ratio, operating expenses ratio and salvage value of the cash generating unit for the hotel business.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgment, accounting estimates and assumptions, and Note 12 for the disclosures relating to property, plant, and equipment.

Audit Response

We reviewed the propriety of management's assessment of the presence of indicators of impairment that would require the impairment testing of the property, plant, and equipment. With the involvement of our internal specialist, we evaluated the methodologies and key assumptions used to estimate the discounted cash flows of the cash generating units (CGUs) where these property, plant and equipment belong based on our understanding of the Group's business plans. We compared the assumptions relating to the sales growth rate, plant capacity utilization rate, gross profit ratio, operating expenses ratio, and earnings before interest and taxes over the forecast period for the coconut processing business; and growth rate, occupancy rate, food and beverage revenue, gross profit ratio, operating expenses ratio and salvage value against the historical performance of the CGUs and other relevant external data, as applicable, using different possible scenarios. 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 testing is most sensitive; specifically, those that have the most significant effect in the determination of the recoverable amount of property, plant and equipment.

Accounting for the investment in a significant associate

The Group has a 23.05% ownership interest in Roxas Holdings, Inc. (RHI, an associate) that is accounted for under the equity method. For the year ended December 31, 2022, the Group's share in the net loss and other comprehensive income of RHI amounted to ₱184.24 million and ₱203.78 million, respectively. The Group's share in RHI's net income or loss is significantly affected by RHI's raw sugar business which follows the *quedan* system, where a negotiable instrument called *quedan* evidence ownership of a specified quantity of raw sugar in a warehouse. As such, RHI's physical possession of these raw sugar may not necessarily indicate its ownership as these raw sugar inventories may be covered by a *quedan*. This matter is significant to our audit due to the large volume of transactions covered by the *quedan* system, which in turn impacts RHI's sales and inventories which are material in the determination of the Group's share in RHI's net income or loss. The Group's share in RHI's net income or loss is also significantly affected by RHI's estimation of the provision for certain claims and other penalties imposed by regulatory bodies. The assessment of whether the provision for loss should be recognized and the estimation of potential liability resulting from these assessments require significant judgment by the management of RHI. Meanwhile, the Group's share in RHI's other comprehensive income is significantly affected by the revaluation of land under property, plant and equipment as performed by external appraisers whose calculations involve certain assumptions, such as sales prices of similar properties and adjustments to sales price based on internal and external factors.

PFRSs also requires an impairment testing of the investment in associate where there are indicators of impairment. The Group's management assessed that the investment in RHI may be impaired since RHI has continued to incur net losses. For the year ended December 31, 2022, the Group recognized impairment loss amounting to ₱617.0 million. We have identified this matter as a key audit matter because management's impairment assessment process requires significant judgment in determining the recoverable amount.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgments and estimates and Note 11 for the disclosures relating to investment in RHI.

Audit Response

We obtained the financial information of RHI as at and for the year ended December 31, 2022 and recomputed the Group's share in net loss and other comprehensive income of RHI. We obtained an understanding of RHI's *quedan* system and tested the relevant controls over the relevant information system and manual processes. We observed the inventory count procedures of RHI and performed test counts to establish the physical existence of raw sugar as of count date and reviewed the rollforward procedures to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantity and the *quedan* accountability report to test the quantities that were reported either as RHI's inventory or those which are held in trust for the planters and traders.

We inquired with RHI's legal counsels and management about the status and potential exposures of the significant claims and their basis of assessment of the outcome of the claims. We also inspected relevant correspondences with the regulatory bodies and other parties and reviewed the minutes of meetings of the Board of Directors and Audit Committee. We involved our internal specialist in the evaluation of management's assessment on whether provisions for losses should be recognized and the estimation of such amounts.

We compared the property-related data in the appraisal reports against RHI's records. We reviewed the scope, methodology and the assumptions used by RHI's external appraiser. We evaluated the competence capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against the relevant external information. We also discussed with the external appraiser the nature and magnitude of the adjustment factors. For the review of impairment testing, we involved our internal specialist in evaluating the methodology and the assumptions used. We also discussed with the external appraiser the nature and magnitude of the adjustment factors.

For the review of impairment testing, we involved our internal specialist in evaluating the methodology and the assumptions used. We compared the key assumptions used against the historical performance of the CGUs and other relevant external data. We tested the parameters used in the determination of the discount rate against market data.

Classification of investment properties, and valuation of investment properties and land under property, plant and equipment

The Group has significant parcels of land in Nasugbu, Batangas that are included in the Revised Notice of Coverage issued by the Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Program (CARP). These investment properties are the subject of claims that are currently in the legal courts that may impact the future use and recovery of these assets. As of December 31, 2022, the Group continues to recognize the parcels of land under CARP as part of its investment properties. As of December 31, 2022, these parcels of land have a carrying value of ₱8,490.9 million, representing 94% of the Group's total investment properties. The classification of these parcels of land as part of investment properties is significant to our audit because the assessment requires significant judgment by management based on the status and the ultimate outcome of the legal proceedings. The uncertainty over the ultimate outcome of the legal proceedings is brought about by the inherent differences in the interpretation and application of the relevant regulations, laws, and rulings.

Meanwhile, the Group accounts for its investment properties at fair value and its land under property, plant and equipment at revalued amount. As of December 31, 2022, the fair values of the Group's investment properties, including the parcels of land under CARP, and land properties under property, plant and equipment amounted to ₱9,253.3 million and ₱620.4 million, represent 71.5% of the Group's consolidated total assets. This matter is significant to our audit because the determination of the fair values of investment properties and land properties under property, plant and equipment were performed by external appraisers whose calculations involved certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and discussion of significant judgment and estimates and Notes 12 and 14 for the disclosure about the Group's investment properties and land properties under property, plant and equipment and Note 30 for the disclosures about the related fair values.

For the fair values of the investment properties and land under property, plant and equipment, we evaluated the methodology and the assumptions used by the external appraisers, whose professional qualifications and independence were considered. We reviewed the relevant information supporting the sales prices of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price. We also reviewed the Group's disclosures with respect to these investment properties and land under property, plant, and equipment.

Audit Response

For the parcels of land that are covered by CARP and classified as investment properties, we inspected the titles of the parcels of land and we inquired with the Group's internal and external legal counsels and relevant Group personnel about the status of the legal proceedings. We obtained the legal opinion from external legal counsels about the progress of the legal proceedings, including their assessment on the likely outcome. We also inspected relevant correspondences with the regulatory bodies.

For the fair values of the investment properties and land under property, plant and equipment, we evaluated the methodology and the assumptions used by the external appraisers, whose professional qualifications and independence were considered. We reviewed the documents containing the relevant information supporting the sales prices of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price, including the supporting documents. We also reviewed the Group's disclosures with respect to these investment properties and land under property, plant and equipment.

Other Information

Other information consists of the information included in the SEC Form 17-A for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, after the date of our auditor's report. Management is responsible for the other information.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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, actions taken to eliminate threats or safeguards applied.

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 Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱36,130**	₱63,572
Trade and other receivables (Notes 7 and 20)	**195,101**	162,533
Contract assets - current portion (Note 21)	**96,100**	21,808
Real estate properties for sale and development (Note 8)	**317,921**	394,437
Inventories (Note 9)	**31,199**	77,241
Other current assets (Note 10)	**250,057**	416,032
	926,508	1,135,623
Assets held for sale (Notes 14 and 25)	**634,119**	–
Total Current Assets	**1,560,627**	1,135,623
Noncurrent Assets		
Contract assets - net of current portion (Note 21)	**29,534**	95,778
Investments in associates (Note 11)	**425,336**	1,022,704
Property, plant, and equipment (Note 12):		
At cost	**1,651,371**	2,307,508
At appraised values	**620,411**	871,622
Right-of-use assets (Note 13)	**2,151**	25,393
Investment properties (Note 14)	**9,253,312**	7,178,849
Deferred income tax assets - net (Note 26)	**61,960**	89,784
Other noncurrent assets (Note 10)	**210,363**	38,543
Total Noncurrent Assets	**12,254,438**	11,630,181
TOTAL ASSETS	**₱13,815,065**	₱12,765,804
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17 and 20)	**₱1,185,500**	₱1,013,499
Short-term borrowings (Note 15)	**100,000**	249,816
Current portion of long-term borrowings (Note 16)	**1,190,012**	2,210,413
Contract liabilities (Note 21)	**136,208**	144,563
Current portion of lease liabilities (Note 13)	**2,797**	38,056
	2,614,517	3,656,347
Liabilities directly associated with the assets held for sale (Note 25)	**414,270**	–
Total Current Liabilities	**3,028,787**	3,656,347
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 16)	**2,013,458**	1,206,443
Deferred income tax liabilities - net (Note 26)	**98,060**	109,540
Retirement liabilities (Note 18)	**42,817**	88,433
Lease liabilities - net of current portion (Note 13)	–	2,766
Total Noncurrent Liabilities	**2,154,335**	1,407,182
Total Liabilities	**5,183,122**	5,063,529

(Forward)

	December 31	
	2022	2021
Equity attributable to the equity holders of the Parent Company (Note 19)		
Capital stock	**₱3,111,886**	₱3,111,886
Additional paid-in capital	**1,589,603**	1,608,101
Treasury stock	**(1,144,645)**	(1,172,713)
Other equity reserves	**738,062**	740,954
Retained earnings	**4,173,317**	3,200,551
	8,468,223	7,488,779
Non-controlling interests (Note 11)	**163,720**	213,496
Total Equity	**8,631,943**	7,702,275
TOTAL LIABILITIES AND EQUITY	**₱13,815,065**	₱12,765,804

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, Except Basic/Diluted Loss Per Share Data

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM (Note 21):			
Hotel sales and services	**₱409,475**	₱352,857	₱273,015
Real estate sales	**288,643**	407,730	33,807
Sale of goods	**88,021**	184,923	193,331
	786,139	945,510	500,153
COST OF SALES AND SERVICES			
Cost of goods sold (Note 22)	**(193,193)**	(294,017)	(294,847)
Cost of hotel sales and services (Note 22)	**(214,529)**	(129,774)	(140,537)
Cost of real estate sales (Note 8)	**(104,669)**	(109,353)	(7,648)
	(512,391)	(533,144)	(443,032)
GROSS INCOME	**273,748**	412,366	57,121
OPERATING EXPENSES (Note 22)	**(703,519)**	(508,395)	(488,572)
OTHER INCOME (CHARGES)			
Unrealized fair value gain on investment properties (Note 14)	**2,120,019**	766,480	398,056
Interest expense (Notes 13, 15 and 16)	**(258,422)**	(211,649)	(229,945)
Interest income (Notes 6 and 7)	**12,005**	7,235	12,358
Equity in net loss of associates (Note 11)	**(184,243)**	(183,212)	(938,021)
Others - net (Note 24)	**(582,740)**	34,508	25,753
	1,106,619	413,362	(731,799)
INCOME (LOSS) BEFORE INCOME TAX	**676,848**	317,333	(1,163,250)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**8,070**	5,721	3,402
Deferred	**5,450**	48,169	(52,164)
	13,520	53,890	(48,762)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**663,328**	263,443	(1,114,488)
NET LOSS FROM DISCONTINUED OPERATIONS (Note 25)	**(39,846)**	(25,848)	(35,908)
NET INCOME (LOSS)	**₱623,482**	₱237,595	(₱1,150,396)
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱692,675**	₱292,195	(₱1,080,298)
Non-controlling interests	**(69,193)**	(54,599)	(70,098)
	₱623,482	₱237,596	(₱1,150,396)
BASIC/DILUTED EARNINGS (LOSS) (EPS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Notes 4 and 27)	**₱0.31**	₱0.12	(₱0.51)
BASIC/DILUTED FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**₱0.32**	₱0.13	(₱0.50)

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Amounts in Thousands

	Years Ended December 31		
	2022	2021	2020
NET INCOME (LOSS)	**₱623,482**	₱237,596	(₱1,150,396)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Appraisal increase on land - net of tax (Note 12)	**46,541**	10,941	28,163
Share in appraisal increase on land of an associate, net of tax (Note 11)	**199,617**	42,206	110,912
Share in remeasurement gain (loss) on liability of an associate, net of tax (Note 11)	**4,243**	14,381	(20,631)
Remeasurement gain (loss) on retirement liabilities, net of tax (Note 18)	**46,215**	–	(1,563)
TOTAL OTHER COMPREHENSIVE INCOME	**296,616**	67,528	116,881
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱920,098**	₱305,124	(₱1,033,515)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱969,874**	₱356,080	(₱977,237)
Non-controlling interests	**(49,776)**	(50,956)	(56,278)
	₱920,098	₱305,124	(₱1,033,515)

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

Amounts in Thousands

	Equity Attributable to Equity Holders of the Parent Company (Note 19)									
	Capital Stock			Additional		Other Equity	Retained		Non-controlling	
	Common Stock	Preferred Stock	Total	Paid-in Capital	Treasury Stock	Reserves	Earnings	Total	Interests (Note 11)	Total Equity
Balances as at December 31, 2019	**₱2,911,886**	**₱500,000**	**₱3,411,886**	**₱1,669,061**	**(₱1,463,825)**	**₱597,550**	**₱4,017,126**	**₱8,231,798**	**₱311,074**	**₱8,542,872**
Transfer of revaluation increment on land to retained earnings	–	–	–	–	–	(280,091)	280,091	–	–	–
Balances as at January 1, 2020	**2,911,886**	**500,000**	**3,411,886**	**1,669,061**	**(1,463,825)**	**317,459**	**4,297,217**	**8,231,798**	**311,074**	**8,542,872**
Net loss	–	–	–	–	–	–	(1,080,298)	(1,080,298)	(70,098)	(1,150,396)
Other comprehensive income	–	–	–	–	–	103,061	–	103,061	13,820	116,881
Total comprehensive income (loss)	–	–	–	–	–	103,061	(1,080,298)	(977,237)	(56,278)	(1,033,515)
Issuance of treasury shares	–	–	–	(41,992)	246,842	–	–	204,850	–	204,850
Transfers of appraisal increase in land to retained earnings	–	–	–	–	–	(23,542)	33,549	10,007	9,656	19,663
Cash dividends declared	–	–	–	–	–	–	(41,302)	(41,302)	–	(41,302)
Balances as at December 31, 2020	**2,911,886**	**500,000**	**3,411,886**	**1,627,069**	**(1,216,983)**	**396,978**	**3,209,166**	**7,428,116**	**264,452**	**7,692,568**
Net income	–	–	–	–	–	–	292,195	292,195	(54,599)	237,596
Other comprehensive income	–	–	–	–	–	63,885	–	63,885	3,643	67,528
Total comprehensive income	–	–	–	–	–	63,885	292,195	356,080	(50,956)	305,124
Redemption of preferred shares	–	(300,000)	(300,000)	–	–	–	–	(300,000)	–	(300,000)
Issuance of treasury shares	–	–	–	(18,968)	44,270	–	–	25,302	–	25,302
Cash dividends declared	–	–	–	–	–	–	(20,719)	(20,719)	–	(20,719)
Balances as at December 31, 2021	**2,911,886**	**200,000**	**3,111,886**	**1,608,101**	**(1,172,713)**	**460,863**	**3,480,642**	**7,488,779**	**213,496**	**7,702,275**
Net income	–	–	–	–	–	–	692,675	692,675	(69,193)	623,482
Other comprehensive income	–	–	–	–	–	277,199	–	277,199	19,417	296,616
Total comprehensive income	–	–	–	–	–	277,199	692,675	969,874	(49,776)	920,098
Issuance of treasury shares	–	–	–	(18,498)	28,068	–	–	9,570	–	9,570
Balances as at December 31, 2022	**₱2,911,886**	**₱200,000**	**₱3,111,886**	**₱1,589,603**	**(₱1,144,645)**	**₱738,062**	**₱4,173,317**	**₱8,468,223**	**₱163,720**	**₱8,631,943**

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in Thousands

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	**₱676,848**	₱317,333	(₱1,163,250)
Loss before income tax from discontinued operations (Note 25)	**(39,779)**	(25,715)	(35,663)
Income (loss) before income tax	**637,069**	291,618	(1,198,913)
Adjustments for:			
Changes in fair value of investment properties (Note 14)	**(2,120,019)**	(766,480)	(398,056)
Impairment of investment in associate (Note 11)	**616,985**	–	–
Impairment loss on property, plant and equipment (Note 12)	**298,000**	66,000	40,937
Interest expense (Notes 13, 15 and 16)	**258,442**	211,649	229,945
Depreciation and amortization (Notes 12 and 13)	**111,184**	151,848	153,330
Equity in net loss of associates (Note 11)	**184,243**	183,212	938,021
Gain on sale of investment properties (Note 14)	**(30,080)**	(3,226)	(25,079)
Net movements in retirement benefits (Note 18)	**16,004**	15,842	9,189
Interest income (Notes 6 and 7)	**(12,005)**	(7,235)	(12,358)
Write-off of property, plant and equipment (Note 12)	**–**	–	54,351
Loss on loan modification (Notes 15 and 16)	**–**	–	51,660
Loss on disposal of property, plant and equipment	**–**	–	8,984
Income on rent concessions (Notes 13 and 24)	**–**	–	(23,569)
Operating income (loss) before working capital changes	**(40,177)**	143,228	(171,558)
Decrease (increase) in:			
Trade and other receivables	**(32,568)**	82,940	33,501
Real estate properties for sale and development	**76,516**	107,051	2,404
Inventories	**46,042**	(5,661)	(5,728)
Contract assets	**(16,403)**	(10,408)	22,167
Other current assets	**(13,494)**	(85,325)	(21,993)
Other noncurrent assets	**23,951**	79,154	64,280
Increase in trade and other payables	**130,482**	214,988	90,413
Cash generated from operations	**174,349**	527,154	13,758
Interest received	**12,005**	6,048	12,087
Income taxes, paid including creditable withholding taxes	**(24,369)**	(44,243)	(11,396)
Net cash from operating activities	**161,985**	488,959	14,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment (Note 12)	**(20,280)**	(25,125)	(9,593)
Proceeds from sale of:			
Investment properties (Note 14)	**43,881**	3,848	28,039
Property and equipment	**182**	–	–
Assets held for sale (Note 25)	**–**	–	367,190
Net cash from (used in) investing activities	**23,783**	(21,277)	385,636

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of long-term borrowings (Note 16)	**₱6,737**	₱99,816	₱–
Issuance of treasury shares (Note 19)	**9,570**	25,302	204,850
Redemption of preferred shares (Note 19)	–	(300,000)	–
Availments of short-term borrowings (Note 15)	**–**	–	50,318
Payments of:			
Interest (Note 17)	**(191,492)**	(168,694)	(211,101)
Lease liabilities (Note 13)	**(38,025)**	(50,438)	(16,606)
Long-term borrowings (Note 16)	–	(41,165)	(424,570)
Dividends (Note 19)	–	–	(41,302)
Short-term borrowings (Note 15)	**–**	–	(6,000)
Net cash used in financing activities	**(213,210)**	(435,179)	(444,411)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**(27,442)**	32,503	(44,326)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**63,572**	31,069	75,395
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱36,130**	₱63,572	₱31,069

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Roxas and Company, Inc. (the Parent Company or RCI), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918.

On November 29, 1948, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) with a stock symbol RCI.

The purpose of RCI is to purchase, hold, pledge, transfer, sell or otherwise dispose of or deal in the shares of the capital stock, bonds, debentures, notes or other securities and evidence of indebtedness of any such securities. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others.

The principal and registered office of RCI is located at 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

Status of Operations and Management Plans
The Group's consolidated total current liabilities exceeded its consolidated total current assets by ₱1,468.2 million and ₱2,520.7 million as of December 31, 2022 and 2021, respectively.

The Group continues to reset its businesses in 2022 and generate cash amidst volatile international and local macroeconomic conditions. The overall operating performance in 2022 has declined as compared to 2021 due to the deferred selling of Anya Phase 3, slower house and lot sales, and the earlier transition of RAHC's Go Hotels from accommodating quarantine to regular hotel guests. RSAI's coconut export declined because of low working capital and equipment breakdowns. These were offset by the performance of Roxaco Land Corporation (RLC)'s Anya Hotel in 2022.

Anya Resort Tagaytay (ART) received the 2022 World Luxury Hotel Awards in the following categories: Luxury Resort Restaurant Global Winner, Regional Award for Luxury Hideaway Resort in Southern Asia, and Luxury Sustainable Spa Global Winner. ART registered its highest occupancy in December 2022 and is expanding with additional villas in the existing area as well as opening a new Phase adjacent to the core resort.

RSAI's prospects for long term growth in non-dairy alternatives is sustained since the demand for soy, oat, almond and coconut options has increased during the year. RSAI increased its list price in April 2022, the first since the start of its commercial operations.

The Group's ₱1,637.8 million of loans to certain banks were restructured in 2022. In 2023, the Group intends to continue discussions with other banks to restructure the related loans (see Note 16).

The Group has ongoing negotiations with the sale of certain properties which will generate cash for working capital and liquidity needs of the Group's businesses (see Notes 14 and 25). Moreover, the fair value of the Group's investment properties increased from ₱7,178.9 million to ₱9,253.3 million.

The Group plans to fund growth, care and maintenance, and asset integrity spending from a combination of internally generated funds and external financing. Furthermore, the Group will embark on transactional and functional centralization for speed and efficiency gains.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period then ended December 31, 2022, have been approved and authorized for issue by the Board of Directors (BOD) on May 2, 2023.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land under property, plant and equipment and investment properties that are stated at fair value. The consolidated financial statements are presented in Philippine Peso (**₱**), which is the functional and presentation currency of the Group. All balances and transactions are rounded to the nearest thousands, unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another three (3) years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Future Changes in Accounting Policy* section.

3. Summary of Changes in Accounting Policies and Disclosures

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the consolidated financial statements of the Group.

The Group adopted these amendments beginning January 1, 2022

- Amendments to PFRS 3, *Business Combinations*, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Provisions, Contingent Liabilities, Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*
  - Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full of the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Group opted to avail of the relief as provided by the SEC. The adoption has no significant impact to the Group since the Group has no borrowings for which capitalization of interest may be applicable.

The Group adopted the amendments beginning January 1, 2022. The amendments have no significant impact to the Group.

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

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

  Effective beginning on or after January 1, 2024
- Adoption of the Deferred of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-04*)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018, and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 2020, which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral follows:

		Deferral Period
1.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04 on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02 on determining which uninstalled materials should not be included in calculating the POC.

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach. With this, real estate companies are finally able to fully comply with PFRS 15 and revert to full PFRS financial reporting for the calendar year 2021.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC No. 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement?
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

- Amendments to PFRS 16: *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed.

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

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 Group continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2021 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted. The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2022, consolidated financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting and financial reporting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

<u>Current versus Noncurrent Classification</u>

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and retirement plan assets are classified as noncurrent assets while deferred income tax liabilities and retirement liabilities are classified as noncurrent liabilities.

<u>Basis of Consolidation</u>

The consolidated financial statements of the Group include the financial statements of the Parent Company and the following subsidiaries (all incorporated and domiciled in the Philippines) as of December 31, 2022 and 2021:

	Percentage of Ownership		Noncontrolling Interests		
	2022	2021	**2022**	2021	Description of Business
Roxaco Land Corporation (RLC)*	**100.00**	100.00	**–**	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
SAMG Memorial Management & Services Inc. (SMMSI)	**100.00**	100.00	**–**	–	Funeral and related services
Roxas Sigma Agriventures, Inc. (RSAI)***	**94.98**	94.98	**5.02**	5.02	Manufacturing
Roxas Green Energy Corporation (RGEC)	**100.00**	100.00	**–**	–	Generation and distribution of energy
United Ventures Corporation (UVC)****	**100.00**	100.00	**–**	–	Warehouse leasing

** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
On July 23, 2018, the BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC and RLC with RLC being the surviving corporation.
*** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.*
**** On December 17, 2018, an additional subscription amounting to ₱200.0 million equivalents to 2.0 million shares, equivalent to 41% of the increase in capital stock, have been fully paid by the Parent Company through the conversion of a portion from its advances to RSAI.*
In August 2021 and October 2021, RCI converted its advances to RSAI amounting to PhP354 million and PhP53 million, respectively, that increased the equity interest in RSAI from 88.81% to 94.98%.
*****The application for dissolution is still pending with the SEC and BIR as at December 31, 2022.*

The Parent Company or its subsidiaries controls an investee if, and only if, the following criteria are met:

- 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
- The ability to use its power over the investee to affect its returns

When the Parent Company or its subsidiaries have less than a majority of the voting or similar rights of an investee, the Parent Company or its subsidiaries consider all relevant facts and circumstances in assessing whether they have power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company or its subsidiaries voting rights and potential voting rights

The Parent Company or its subsidiaries reassess whether they control 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 or its subsidiaries obtain control over the subsidiary and ceases when it ceases to have control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date control is lost.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Non-controlling interest represents the interest in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separate from the equity attributable to the parent company.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measure at fair value at each reporting date with changes in fair value recognized in profit or loss.

Common Control Transactions
Where there are business combinations in which all the combining entities within the Group 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 such business combinations under the purchase method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Comparative balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill 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.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investments in associates is included in the carrying amount of the related investments and is not tested for impairment separately.

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.

Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVTOCI), and fair value through profit or loss (FVTPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

The Group has no financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

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

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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.

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 for trade receivables and a vintage analysis for sales contract receivables and contract assets 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 accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk 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 year for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. 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 a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

Initial recognition and measurement of financial liabilities
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.

As of December 31, 2022 and 2021, the Group's financial liabilities include trade and other payables, lease liabilities and short-term and long-term borrowings.

Subsequent measurement - other financial liabilities
This category pertains to financial liabilities that are neither held for trading nor designated as at FVTPL upon the inception of the liability. After the initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized costs using the effective interest method, taking into account the impact of any issue costs and discount or premium. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in consolidated statement of income.

Derecognition of financial assets and liabilities
Financial assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and benefits of the asset, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or entered into a pass through arrangement and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances,

modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of 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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Significant Judgments, Accounting Estimates and Assumptions
- Fair Value Measurement

Real Estate Properties for Sale and Development

Real estate properties for sale and development consists of developed real estate properties for sale, raw land and land improvements. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation.

Developed real estate properties for sale, raw land and land improvements are carried at the lower of aggregate cost and net realizable value (NRV). Costs include costs incurred for development and improvement of the properties and qualifying borrowing costs. NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rate based on the relative size of the property sold.

Repossessed Inventories
Repossessed inventories represent the acquisition costs of real estate properties sold but subsequently reacquired by the Group due to buyer's default on payment of monthly amortization. These are measured at cost at the time of repossession.

Inventories
Inventories are valued at the lower of cost or net realizable value.

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

a. Raw materials - Purchase cost and directly attributable costs determined using the moving average method.
b. Finished Goods and Work in Process - Cost includes raw materials, direct labor, other direct costs, and related manufacturing overhead using the weighted average method.
c. Packaging Materials and Other Supplies - Purchase cost and directly attributable costs determined using the moving average method.

Net realizable value of finished goods 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. Net realizable value of raw materials, packaging materials and other supplies is the current replacement cost.

Investments in Associates
Investments in associates are recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policy decisions of the investee. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associates. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates.

Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The Group determines, at the end of each reporting year, whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Property, Plant and Equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only from such time as the relevant assets are completed and put into intended operational use. Upon completion, these properties are reclassified to the appropriate property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land" under "other equity reserves account" in the consolidated statement of financial position and consolidated statement of changes in equity. Increases in the carrying amount arising on revaluation of land are recognized in the consolidated statement of comprehensive income and credited to other equity reserves in the consolidated statement of changes in equity, net of related deferred tax effect. Any resulting decrease is directly charged against the related revaluation increment on land to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently to ensure that the fair value of land does not differ significantly from it is carrying amount.

The portion of appraisal increase on land, net of related deferred tax effect, realized upon disposal of the property is transferred to unrestricted retained earnings.

Depreciation and amortization on depreciable property, plant and equipment are calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Category	Number of Years
Buildings*	40
Land improvements	10
Building improvements	5
Machinery and equipment	5 to 25
Transportation equipment	3 to 6
Office furniture, fixtures, and equipment	3 to 10

**Including the coconut processing plant*

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Major renovations that qualified for capitalization are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

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

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its retirement or disposal, the cost and accumulated depreciation, amortization, and impairment are derecognized.

Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss in the year it was derecognized.

Investment Properties
Investment properties comprise land that are held either to earn rentals or for capital appreciation or both and that are not occupied by the entities in the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the period of derecognition.

Impairment of Nonfinancial Assets
The carrying amounts of investments in associates, property, plant, and equipment carried at cost, right-of-use assets and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets or cash generating unit's (CGU) fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount on a systematic basis over its remaining useful lives.

Equity
Capital stock
Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Additional paid-in capital
Additional paid-in capital includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Treasury stock
Where any entity of the Group purchases the Parent Company's capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Parent Company's equity holders.

Retained earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments. Appropriated or restricted retained earnings represent portion which is not available for any dividend declaration. Unappropriated or unrestricted retained earnings represent portion which can be declared as dividends to shareholders.

Dividend distribution
Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from equity in the period in which the dividends are approved by the Parent Company's BOD. Dividends that are approved after the reporting year are dealt with as event after the reporting year.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These include revaluation increment on land and remeasurement loss on retirement liability, which are presented as part of "Other equity reserves" account in the consolidated statement of financial position.

Revenue and Cost Recognition
The Group primarily derives its real estate revenue from the sale of developed horizontal and vertical real estate projects. 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 generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer. The Group availed of the deferral of adoption of the specific provisions of PIC Q&As No. 2018-12 as the Group continues to include land and uninstalled materials in the determination of POC.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

In determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. The Group does not adjust the transaction price for the effects of the significant financing component as it availed the relief provided by the Philippine SEC.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost recognition on real estate contracts
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions, estimated probability, including those arising from contract penalty provisions, and final contract settlements, which may result in revisions to estimated costs and gross profit, are recognized in the year in which the changes are determined.

Hotel and resorts revenue
The Group recognizes revenue from hotel operations at a point in time (i.e., when the related service and goods are rendered or served). Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Sale of goods
Sale of goods is recognized at a point in time, i.e., when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Cost of goods sold
Cost from sale of goods is recognized when goods are delivered to and accepted by the customers.

Management fees
Revenue from management services is recognized over time because the customer simultaneously receives the benefits as the Group performs the services. The Group uses the input method to measure the progress, which is a time-based measure that results in a straight-line recognition of revenue. Payment is due within 30 days.

Contract balances
Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Other performance obligations
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 (e.g., warranties, customer loyalty points). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “Real estate costs and expenses” account in profit and loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rent income
Rent income from operating lease is recognized using the straight-line method over the term of the lease.

Interest income
Interest income is recognized on a time proportion basis using the EIR method.

Other income
Other income is recognized when earned.

<u>Expense Recognition</u>
Selling, general and administrative expenses
Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, professional fees and rental and utilities and general office expenses. These costs are expensed when incurred.

<u>Employee Benefits</u>
Short-term employee benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses.

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

Retirement benefits
The Parent Company and RLC have an individual and separate defined benefit retirement plans. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

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 restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting period are discounted to present value.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Capitalization ceases when pre-selling of real estate inventories under construction

commences. Other borrowing costs are recognized as expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Debt arrangement fees relating to the drawn loan amount are amortized using the effective interest method and are presented as reduction in the principal loan balance. Debt arrangement fees relating to the undrawn loans are recorded as deferred charges and are amortized using the straight-line method. Amortization of debt arrangement fees is recognized as interest expense and presented in profit or loss.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 assets representing the right to use the underlying assets.

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

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of noncurrent non-financial assets.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index

or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-Value Assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption, where applicable, to leased assets that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency-denominated Transactions
Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Income Taxes
Current Tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax
Deferred tax is provided on all temporary differences at the end of the reporting year 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, including asset revaluations. Deferred tax liability is not recognized when it 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 or loss nor taxable profit or loss. However, deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Discontinued Operations and Assets Held for Sale

The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

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 are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Additional disclosures are provided in Note 25. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales 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 sales 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 is included as part of "Other current assets" account or "Trade and other payables" account, respectively, in the consolidated statement of financial position.

Earnings (Loss) per Share Attributable to the Equity Holders of the Parent Company
Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Parent Company has no dilutive potential common shares.

Share-based Payments
A certain employee and directors of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense and director's remuneration fee, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment. Reportable operating segments primarily consist of the real estate business, hotel, manufacturing, and other segments, which are not reported separately.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are 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. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 these become reasonably determinable.

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

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Use of going concern assumption
The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the

forecasted revenue and operating cost, profitability and cash flows, and the other potential sources of financing. Key assumptions used in the forecasted cashflows include growth rate in sales of coconut products and food and beverage revenue, growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio, and sale of raw land properties and property, plant and equipment.

Management believes that with the implementation of strategies and action plans discussed in Note 1, the Group will be able to address the events or conditions identified that may cast significant doubt on its ability to continue as a going concern and achieve positive results on their financial performance, financial position and cash flows. Accordingly, the consolidated financial statements have been prepared based on the going concern basis of accounting.

Assessment of control or significant influence over the investee
The Group makes an assessment whether it controls an investee by considering all relevant facts and circumstances which indicate that 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. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee.

As of December 31, 2022 and 2021, the Group still determined that it controls its subsidiaries and has significant influence over its associates (see Note 11).

Revenue recognition method and measure of progress for real estate sales
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. The Group availed of the deferral of adoption of the specific provisions of PIC Q&A 2018-12 specifically on the exclusion of land and uninstalled materials in computing the percentage of completion.

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Determination of operating segments
Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Determination of arrangements containing a lease - yield guarantee to real estate buyers
At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In 2014, the Group entered into a leaseback program agreement with various buyers of Anya Resort Suites. The said buyers will be entitled to a guaranteed

yield along with the usage allowance for the first five years upon full opening of the resort, equivalent to 31% to 37% of the purchase price, inclusive of fixtures, furniture and equipment and VAT, or a variable yield which is computed based on the proportion of the Unit Owners' Group share of gross rental revenue that the size of the unit (in sq. m.) bears to the total size of the units.

The guaranteed funds will be distributed each quarter and will start from the date of full opening and operations of the resort. These yield guarantees qualify as leases under PFRS 16, *Leases,* and are considered as leases of hotel suites (see Note 13). Variable yield guarantees are not considered in the recognition of right-of-use assets and lease liabilities for leases of hotel suites as these are treated as variable lease payments under PFRS 16. Variable yield guarantees are recognized as expense in the period these are incurred.

Determination of lease term of contracts with renewal and termination options - the Group as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether 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 either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for the lease of sales office and herb garden. The Group typically exercises its option to renew for this lease but upon mutual consent of both parties. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Classification of investment properties
Management determines the classification of a property depending on its eventual realization of the asset. The significant portion of the Group's parcels of land have been subjected to the revised Notice of Coverage (NOC) issued by Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Law (CARP).

The Group has determined that they still have the legal title over the land properties under CARP. Since there is still no final decision by the courts that the land properties should be covered by CARP or not, the land properties can still be classified under investment properties (see Note 28).

Determining the classification of assets held for sale and discontinued operations
On December 9, 2022, the BOD announced its decision to sell certain hotel and land properties in 2023. Operations of the said site are classified as assets held for sale. The Board considered the site to meet the criteria to be classified as held for sale at that date for the following reasons:

- it is available for immediate sale and can be sold to the buyer in its current condition.
- the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- a potential buyer has been identified and negotiations as at the reporting date are at an advance stage.
- the Board of Directors approved the plan to sell on December 9, 2022.

As at December 31, 2022, assets held for sale amounted to ₱634.1 million (nil as at December 31, 2021) (see Note 25).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting date that have a significant risk of causing a material adjustment to the carrying amounts of rate assets and liabilities within the next fiscal years are discussed below.

Revenue and cost recognition for real estate sales
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost.

The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended, and actual overhead incurred over the total expected project development cost. Sales of real estate properties amounted to ₱288.6 million, ₱407.7 million and ₱33.8 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 21). Cost of real estate sales amounted to ₱104.7 million, ₱109.4 million and ₱7.6 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 8).

Determination of fair value of the investment properties and land under property, plant and equipment
The Group accounts for its investment properties at fair value and its land properties under property, plant and equipment at revalued amount. The fair value of the investment properties and land under property, plant and equipment were determined by professional qualified independent appraisers. Investment properties are valued using generally acceptable valuation techniques and methods and estimates based on local market conditions. The land properties under property, plant and equipment are carried at revalued amount, which approximates its fair value at the date of the revaluation. The fair value was arrived at using the Sales Comparison Approach for land using gathered available market evidence. This considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the reporting period.

Investment properties, including land properties that are subjected to the CARP with total land area of approximately 2,493.6 hectares are stated at fair value amounting to ₱8,490.9 million and ₱7,178.8 million as at December 31, 2022 and 2021, respectively (see Notes 14 and 28). Land carried at revalued amounts as at December 31, 2022 and 2021 amounted to ₱620.4 million and ₱871.7 million, respectively (see Note 12). The resulting increase in the valuation of these assets is presented under "Appraisal increase on land" in the consolidated statements of comprehensive income and recorded under "Other Equity Reserves" in the consolidated statements of changes in equity.

Estimation of useful lives of property, plant, and equipment
The estimated useful life of each of the Group's 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 estimated useful life 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 in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses (capitalized as inventories and operating expenses) and noncurrent assets.

The carrying value of the depreciable property, plant, and equipment as at December 31, 2022 and 2021 amounted to ₱1,651.4 million and ₱2,307.4 million, respectively (see Note 12).

Estimation of allowance for ECL
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at December 31, 2022 and 2021, the carrying amount of the trade and other receivables (including noncurrent portion of contract assets) amounted to ₱224.6 million and ₱258.3 million, respectively. Allowance for ECL of receivables amounted to ₱53.2 million and ₱34.9 million as at December 31, 2022 and 2021, respectively (see Note 7).

Determination of NRV of real estate properties for sale and development
The NRV of real estate properties for sale and development are based on the most reliable evidence available at the time the estimates of the amount that the real estate properties for sale and development are expected to be realized and/or sold. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting year to the extent that such events confirm conditions at the end of the reporting year. A new assessment of NRV is made in each subsequent period. When the circumstances that previously caused real estate properties for sale and development to be written down below cost no longer exist or when there is clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amount of real estate properties for sale and development amounted to ₱317.9 million and ₱394.4 million as at December 31, 2022 and 2021, respectively. No allowance for impairment losses on real estate properties for sale and development necessary as of December 31, 2022 and 2021 (see Note 8).

Assessment of impairment of nonfinancial assets
The Group assesses at the end of each reporting period whether there is any indicator that the nonfinancial assets listed below may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators) as of December 31 are as follows:

	2022	2021
Investments in associates (Note 11)	**₱425,336**	₱1,022,704
Property, plant, and equipment, excluding land carried at revalued amount (Note 12)	**1,651,371**	2,307,446
Right-of-use assets (Note 13)	**2,151**	25,393

3Investment in an Associate

The fair value of RHI's shares of stock listed in the PSE is lower than its carrying amount as of December 31, 2022 and 2021. In addition, RHI has been incurring net losses in the past three years. Management assessed that these are indicators that the investment may be impaired and evaluated its recoverable amount based on its fair value less cost to sell for 2022 and based on its value in use for 2021.

In 2021, the recoverable amount has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management, a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2021 are as follows:

Discount rate (8.5% in 2022 and 2021) - The pretax discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to RHI's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Sales growth (average of less than 10.0% year-on-year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (4.5% in 2022 - Cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% which is within the long-term average growth rate for sugar industry.

Manufacturing costs ratio (averaging at 87.0% over the forecast period in 2022) - Management based the ratio of production costs over gross income on its historical experience.

Operating expenses ratio (averaging at 6.0% over the forecast period in 2022) - Management based the ratio of operating expenses over gross income on its historical experience.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the investment to exceed its recoverable amount. Based on management's value-in-use calculation, no impairment loss needed to be recognized on the investment as the recoverable amount is higher than the carrying value as at December 31, 2022.

In 2022, the Group determined that the recoverable amount is based on the investment's fair value less cost to sell. The carrying value of the Group's investment in RHI exceeded its recoverable amount as of December 31, 2022, thus recognized an impairment loss in 2022 amounting to ₱617.0 million (see Note 11).

Coconut processing plant
As at December 31, 2022 and 2021, the Group's coconut processing plant with carrying amount of ₱478.2 million and ₱786.2 million, respectively, remained underutilized. Management assessed this as an indicator of impairment and evaluated the recoverable amount of the property, plant and equipment based on its value-in-use (see Note 12).

In assessing whether there is any indication that an asset may be impaired, the Group considers external and internal sources of information. In 2022 and 2021, with the current sales level, there is downtime in production and the production plant is not fully utilized. Consequently, the Group estimated the recoverable amount of the cash-generating unit (CGU) relating to RSAI. The CGU is composed of working capital and property and equipment used in the operations of RSAI.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2022 and 2021 are as follows:

Discount rate (13% and 11.9% in 2022 and 2021, respectively) - The pretax discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the coconut processing plant's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate in sales (average of 12% year on year) - The growth rate applied is based on the impact of estimated future utilization rate. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT) over the forecast period.

Plant capacity utilization rate (average of 66% year on year) - The utilization rate applied is based on the assumption that the Group is operating in its target capacity.

Gross profit ratio (averaging at 26% and 17% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of gross profit over revenue on its normal capacity.

Operating expenses ratio (averaging at 27% and 10% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of operating expenses over revenue on its historical experience.

EBIT over the forecast period - EBIT forecast after 2027 until the CGU's end of useful life is highly dependent on the forecasted terminal value at 2027.

Management recognizes that future aggressive sales and marketing strategies of the major competitors can have a significant impact on growth rate assumptions.

Based on management's assessment after considering the impact associated with instances of plant breakdown, the recoverable amount of the CGU is lower than the carrying value, thus, an impairment loss amounting to ₱298.0 million and ₱66.0 million in 2022 and 2021, respectively, was recognized in 2022 on the property, plant and equipment used in the coconut production business of the Group. The carrying amount of the CGU's assets amounted to ₱478.2 million and ₱786.2 million as of December 31, 2022 and 2021, respectively (see Note 12).

Anya Resorts Tagaytay
In 2022, the Group noted that there were no indicators of impairment identified for assets related to Anya Resorts Tagaytay (ART Assets), thus no impairment testing was performed. In 2021, management determined that there were indicators of impairment, thus the Group estimated the recoverable amount of the ART Assets.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2021 are as follows:

Discount rate (10.75% in 2021) - The discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to ART's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate (average of 7.5% year on year in 2021) - The growth rate applied is based on the impact of estimated future occupancy rate of ART. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT).

Occupancy rate (averaging at 63.1% over the forecast period in 2021, respectively) - The occupancy rate applied is based on the assumption that ART is operating in its target capacity.

Food and beverage revenue (averaging at 44.6% of total revenue over the forecast period in 2021) - Food and beverage revenue is computed based on the assumption that ART's food and beverage outlets are operating in its target capacity.

Gross profit ratio (averaging at 66.5% over the forecast period in 2021) - Management based the ratio of gross profit over revenue on its historical experience.

Operating expenses ratio (averaging at 24.3% over the forecast period in 2021) - Management based the ratio of operating expenses over revenue on its historical experience.

Salvage value of CGU - The forced sales value of property and equipment in ART as of December 31, 2021, amounting to ₱91.2 million, is assumed to be the salvage values of the CGU.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

Based on management's assessment after considering the impact associated with the COVID-19 pandemic, the recoverable amount of the CGU is higher than the carrying value, thus no impairment loss was recognized on the property and equipment used in the operations of ART with carrying amount of ₱365.2 million and ₱377.4 million as of December 31, 2022 and 2021, respectively (see Note 12).

Go Hotel (Budget Hotel Business)
In 2022 and 2021, management determined that there were indicators of impairment of the assets related to the Budget Hotel Business (Budget Hotel Business Assets) and consequently, the Group estimated the recoverable amount. The CGU is composed of property and equipment, and other operating assets used in the Budget Hotel Business. Each hotel property is considered as a separate CGU in assessing recoverable amount.

The recoverable amount has been determined based on fair value less cost of disposal. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The fair value of the land was estimated by using the Market Approach. The Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach, the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may be also appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analyzed.

The fair value of the improvements was arrived at by using the Cost Approach. The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

The recoverable amount quoted above is a Level 3 valuation under the PFRS 13 hierarchy.

Management determined that the recoverable amount of the Budget Hotel Business Assets is higher than the carrying value, thus no impairment loss was recognized. The total carrying amount of these assets amounted to ₱1,851.0 million and ₱1,817.0 million as of December 31, 2022 and 2021, respectively (see Note 12).

Measurement of retirement liability
The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions determined by management and used by the actuary in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and rates of future salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future years and therefore, generally affect the recognized expense and recorded obligation in such future years.

Retirement liability as at December 31, 2022 and 2021 amounted to ₱42.8 million and ₱88.4 million, respectively. Retirement benefits amounted to ₱12.6 million, ₱15.8 million and ₱15.0 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 18).

Assessment of realizability of deferred tax assets
The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Total gross deferred tax assets amounted to ₱89.1 million and ₱123.1 million as of December 31, 2022, and 2021, respectively (see Note 26).

Gross deferred tax assets were not recognized on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT with income tax effect amounting to ₱45.1 million and ₱47.9 million as of December 31, 2022 and 2021, respectively (see Note 26). Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which these deductible temporary difference and carryforward benefits may be utilized.

Determination of provisions and evaluation of contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable (see Note 28).

The Group is involved in various labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized provision for probable losses amounting to ₱2.9 million and ₱3.6 million in 2021 and 2020, respectively (nil in 2022) (see Notes 22 and 28).

6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱3,031**	₱1,377
Cash in banks	**33,099**	62,165
Cash equivalents	**–**	30
	₱36,130	₱63,572

Cash in banks earn an average interest of 0.13% to 2.25% for the years ended December 31, 2022, 2021 and 2020. Cash equivalents are made at varying periods of up to 90 days, depending on the immediate cash requirements of the Group. Cash equivalents earn an average interest of 0.45% to 1.25% for the years ended December 31, 2022, 2021 and 2020, respectively. Total interest income earned from cash in banks and cash equivalents amounted to ₱0.8 million and ₱1.1 million for the years ended December 31, 2022 and 2020, respectively (nil for 2021).

7. Trade and Other Receivables

This account consists of:

	2022	2021
Trade	**₱111,298**	₱92,722
Due from:		
Related parties (Note 20)	**35,849**	45,082
Employees	**11,387**	12,130
Contractors and suppliers	**30,780**	25,086
Others	**58,981**	22,420
	248,295	197,440
Allowance for impairment losses	**(53,194)**	(34,907)
	₱195,101	₱162,533

Trade receivable represents the following:

- Customers' accounts arising from the sale of real estate properties amounting to ₱24.7 million and ₱9.0 million as of December 31, 2022 and 2021, respectively.
- Outstanding individual, corporate and travel agency accounts earned from hotel operations amounting to ₱68.2 million and ₱80.7 million as of December 31, 2022 and 2021, respectively, generally have a 30-day term.

Total interest income on trade and other receivables amounted to ₱9.9 million, ₱7.2 million and ₱11.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Due from officers and employees pertains to noninterest-bearing salary and educational loans that are collected from the employees through salary deduction and advances for business purposes subject to liquidation.

Other receivables, which are normally settled within one year, pertains to nontrade receivables.

Movements of allowance for impairment losses of receivables follow:

	Trade	Due from Related Parties	Others	Total
Balance as at December 31, 2020	**₱12,339**	**₱12,141**	**₱–**	**₱24,480**
Provision	10,427	–	–	10,427
Balance as at December 31, 2021	**22,766**	**12,141**	**–**	**34,907**
Provision	18,287	–	–	18,287
Balance as at December 31, 2022	**₱41,053**	**₱12,141**	**₱–**	**₱53,194**

8. **Real Estate Properties for Sale and Development**

This account consists of:

	2022	2021
Real estate properties for sale	**₱259,144**	₱306,947
Raw land and land improvements for development	**58,777**	87,490
	₱317,921	₱394,437

The movements in real estate properties for sale follows:

	2022	2021
Balances at beginning of year	**₱306,947**	₱311,299
Disposals (cost of real estate sales)	**(53,021)**	(5,948)
Construction/development costs incurred	**5,218**	1,596
Balances at end of the year	**₱259,144**	₱306,947

In 2022 and 2021, the Group sold its raw land with a cost of ₱51.7 million and ₱103.5 million, respectively, to a third party. Total cost of real estate sales amounted to ₱104.7 million, ₱109.4 million and ₱7.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

No provision for impairment loss on real estate properties for sale and development was recognized for the years ended December 31, 2022, 2021 and 2020.

Borrowing costs incurred to finance the development of the Group's real estate projects amounted to ₱0.1 million for the year ended December 31, 2020 (nil for the years ended December 31, 2022 and 2021) were capitalized using the weighted average rates of 6.75% for the year ended December 31, 2020 (nil for the years ended December 31, 2022 and 2021) (see Note 16).

Certain real estate properties for sale and development owned by the Group amounting to ₱359.5 million as at December 31, 2022 and 2021, were used as collateral for the loans availed by RLC (see Note 16).

9. Inventories

Inventories account consists of:

	2022	2021
At cost:		
Finished goods	**₱24,704**	₱58,828
Packaging materials	**6,234**	12,722
Supplies	**261**	5,691
	₱31,199	₱77,241
At NRV - finished goods, net of allowance for inventory write-down amounting to ₱32.1 million and ₱58.7 million as of December 31, 2022 and 2021, respectively	–	–
	₱31,199	₱77,241

Cost of inventories carried at NRV amounted to ₱32.1 million and ₱58.7 million as of December 31, 2022 and 2021, respectively.

Cost of inventories charged to cost of goods sold amounted to ₱60.3 million, ₱98.0 million and ₱81.0 million in 2022, 2021 and 2020, respectively.

Rollforward of allowance for inventory write-down as of December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	**₱58,718**	₱56,397
Write-off against allowance	**(26,632)**	–
Additions (reversal)	–	2,321
Ending balance	**₱32,086**	₱58,718

10. Other Current and Noncurrent Assets

Other current assets account consists of:

	2022	2021
Creditable withholding taxes	**₱168,573**	₱152,274
Input VAT - current portion	**43,441**	181,067
Prepaid expenses	**34,203**	74,155
Refundable deposits	**3,840**	3,838
Deferred input VAT - current portion	–	201
Others	–	4,497
	₱250,057	₱416,032

Current input VAT mainly arises from construction of real estate for sale, construction of the hotel and plant buildings and purchases of goods and services for operations.

Prepaid expenses pertain to prepaid rent, insurance, and taxes.

Others consist of advance payments for outside services and other expenses which are normally utilized within one year.

Other noncurrent assets account consists of:

	2022	2021
Input VAT - noncurrent portion	**₱195,771**	₱–
Deferred input VAT - noncurrent portion	**6,285**	29,583
Franchise fee	**5,071**	5,940
Utility deposits	**3,236**	3,020
	₱210,363	₱38,543

Deferred input VAT includes unamortized input VAT from purchases or importation of capital goods, which are depreciable assets for income tax purposes, whose aggregate acquisition in a calendar month exceeds ₱1.0 million and input VAT on unpaid purchase of services.

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of Go Hotels. The agreement is for 10 years beginning on the opening day of the hotels. Amortization expense amounted to ₱0.9 million for the years ended December 31, 2022, 2021 and 2020.

11. **Interests in Other Entities**

a. Investments in Associates

The carrying amounts of investments in associates are as follows:

	2022	2021
Associates		
Material associate - RHI and subsidiaries	**₱274,516**	₱871,884
Individually immaterial associates	**150,820**	150,820
	₱425,336	₱1,022,704

Movements in investments in associates follow:

	2022	2021
Associates		
Acquisition cost:		
Balance at beginning and end of year	**₱2,167,054**	₱2,167,054
Accumulated equity in net losses:		
Balance at beginning of year	**(1,388,258)**	(1,205,046)
Equity in net losses	**(184,243)**	(183,212)
Balance at end of year	**(1,572,501)**	(1,388,258)
Unrealized loss on transfer of land -		
Balance at beginning and end of year	**(59,030)**	(59,030)
Other comprehensive income:		
Balance at beginning of year	**318,171**	261,584
Share in appraisal increase in land, net of tax	**199,617**	42,206
Share in remeasurement gain (loss) on retirement liability, net of tax	**4,243**	14,381
Balance at end of year	**522,031**	318,171
	1,057,554	1,037,937
Allowance for impairment loss		
Balance at beginning of year	**(15,233)**	(15,233)
Impairment loss	**(616,985)**	–
Balance at end of year	**(632,218)**	(15,233)
	₱425,336	₱1,022,704

The following Philippine-incorporated and domiciled companies are the associates of the Group:

	Percentage of Ownership		
	2022	2021	Description of Business
RHI and subsidiaries**	**23.05**	23.05	Production and selling of sugar and related products
Roxaco-ACM Development Corporation (RADC)*	**50.00**	50.00	Real estate
Fuego Land Corporation (FLC)*	**30.00**	30.00	Real estate
Fuego Development Corporation (FDC)*	**30.00**	30.00	Real estate
Club Punta Fuego, Inc. (CPFI)*	**25.00**	25.00	Social recreational and athletic activities

* *Effective ownership through RLC.*
***Accounting period ends September 30 of every year due to seasonality of its business. For purposes of the Group's consolidation, RHI and subsidiaries report their financial statements from January 1 to December 31.*

No allowance for impairment loss were provided for investments in CPFI, RADC and FLC in 2022, 2021 and 2020.

RHI and Subsidiaries
In November 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company but remained the single biggest shareholder with 36% equity interest in RHI until January 2015.

In February 2015, RCI's equity interest in RHI was diluted from 36% to 31% as a result of the acquisition of RHI's 241.8 million treasury shares by First Agri Holdings Corporation, a subsidiary of First Pacific.

RCI's equity interest in RHI was further diluted from 31% to 23% as a result of its non-participation in the exercise of Stock Rights Option (SRO) in May 2016 and the conversion of RHI's debt securities into 125 million common shares in July 2017.

Reconciliation of proportionate share in net assets of RHI and subsidiaries and investment carried at equity method:

	2022	2021
Proportionate share on the net assets of the associate	**₱1,167,951**	₱1,143,501
Fair value adjustments*	**(276,450)**	(271,617)
Carrying value of investment at equity method	**891,501**	871,884
Impairment loss	**(616,985)**	–
	₱274,516	₱871,884

**Difference in proportionate share on net assets of the associate versus fair value upon deconsolidation and deemed disposal; investment in RHI was adjusted to reflect its fair value at the time of deconsolidation and deemed disposal*

Summarized financial information of material associate are as follows:

	RHI and Subsidiaries*	
	2022	2021
Current assets	**₱1,580,086**	₱2,656,550
Noncurrent assets	**12,216,092**	11,472,656
Current liabilities	**3,291,778**	2,600,395
Noncurrent liabilities	**6,334,677**	6,492,224
Net assets	**4,169,723**	5,036,587
Revenue	**10,533,032**	4,953,114
Net income (loss)	**(799,319)**	(895,024)
Other comprehensive income (loss)	**85,107**	245,497
Total comprehensive income (loss)	**(714,212)**	(649,527)

Summarized information of individually immaterial associates are as follows:

	CPFI, FLC and FDC	
	2022	2021
Net income (loss)	**₱2,059**	(₱2,087)
Other comprehensive income (loss)	**11,342**	(3,204)
Total comprehensive income (loss)	**13,401**	(5,291)

There are no significant restrictions on the ability of the associates to transfer funds to the Parent Company in the form of cash dividends and repayment of loans, among others.

b. Subsidiary with Material Non-controlling Interest

On April 13, 2016 (date of acquisition), RLC made an additional investment of ₱61.0 million that increased the equity interest of the Group in RAHC from 50% to 51%. On the same date, certain provisions of the Shareholder's Agreements were amended, particularly increasing RLC's BOD representation in RAHC from two to three out of the five directors to obtain control over RAHC. Consequently, RAHC became a subsidiary from said date, resulting to a gain from step up acquisition amounting to ₱6.9 million. RAHC's principal place of business is located at 7F Cacho Gonzales Bldg., 101 Aguirre Street, Legazpi Village, Makati City.

The non-controlling interest in RAHC amounted to ₱270.9 million, which was measured based on proportionate fair value of net assets of RAHC as at the date of acquisition.

Subsequently, on May 25, 2016, and September 1, 2016, RLC made additional investments amounting to ₱51.0 million and ₱41.0 million, respectively, maintaining the same equity interest in RAHC.

On December 3, 2013, RLC entered into a Shareholders Agreement with VH Select Investments (Phil) Pte. Ltd (VH Select) to form a joint venture company, Roxaco-Vanguard Hotel Corporation (RVHC) primarily to build and manage a minimum of five budget hotels under the "Go Hotels" brand through a franchise agreement with Robinsons Land. In April 2016, RLC increased its equity interest in RVHC to 51% to obtain control over RVHC and become its subsidiary.

In October 2016, the first Go Hotel at the Manila Airport Road started commercial operations. Thereafter, North EDSA, Cubao, Ermita, and Timog sites opened for operations in February, April, June and October 2017, respectively.

In April 2018, VH Select Investments sold its shares in RVHC to Asia Hospitality Private Capital Ltd. Singapore to become RLC's new JV partner. Consequently, the corporate name was changed from RVHC to Roxaco-Asia Hospitality Corporation (RAHC) and was approved by the SEC in October 2018. In August 2018, RAHC appointed Anya Hospitality Group, the hotel management arm of RLC to manage the five Go Hotels.

The financial information of RAHC is not required to be disclosed as indicated in PFRS 12, *Disclosure of Interests in Other Entities* considering that the portion of RAHC is classified as asset held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

In December 2019, RAHC entered into an Agreement to Sell its GoHotel Cubao site costing ₱374.0 million for ₱411.0 million to reduce debt and improve profitability. GoHotel Cubao was subsequently sold to a certain buyer in January 2020 (see Note 25).

In November 2020, RAHC entered into an Agreement to Sell a certain Go Hotel site with net book value of ₱606.2 million to reduce debt and improve profitability. However, in 2021, although the property is readily available for sale, it did not meet all the criteria in PFRS 5, specifically that the sale is not expected to be completed within one year.

In December 2022, the BOD approved again the plan to sell properties of a certain GoHotel site in which the proceeds from the sale will be used to reduce the overall financial liability and debt of the Group (see Note 25).

12. Property, Plant and Equipment

Details and movements of the property, plant and equipment carried at cost follows:

	December 31, 2022						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	**₱1,950,950**	**₱708,503**	**₱49,824**	**₱21,050**	**₱154,769**	**₱21,554**	**₱2,906,650**
Additions	**4,902**	**7,900**	**–**	**1,595**	**5,883**	**–**	**20,280**
Disposals	**–**	**(182)**	**–**	**–**	**–**	**–**	**(182)**
Reclassification to assets held for sale (Note 25)	**(292,686)**	**(7,541)**	**–**	**–**	**(2,444)**	**–**	**(302,671)**
Balance at end of year	**1,663,166**	**708,680**	**49,824**	**22,645**	**158,208**	**21,554**	**2,624,077**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**202,887**	**154,040**	**11,418**	**16,932**	**106,990**	**–**	**492,267**
Depreciation and amortization	**41,901**	**26,204**	**3,974**	**2,003**	**13,860**	**–**	**87,942**
Assets held for sale (Note 25)	**(6,315)**	**(4,225)**	**–**	**–**	**(1,900)**	**–**	**(12,440)**
Balance at end of year	**238,473**	**176,019**	**15,392**	**18,935**	**118,950**	**–**	**567,769**
Accumulated Impairment Loss							
Balance at beginning of year	**34,738**	**72,199**	**–**	**–**	**–**	**–**	**106,937**
Impairment loss (Note 5)	**96,804**	**201,196**	**–**	**–**	**–**	**–**	**298,000**
Balance at end of year	**131,542**	**273,395**	**–**	**–**	**–**	**–**	**404,937**
Net Book Value	**₱1,293,151**	**₱259,266**	**₱34,432**	**₱3,710**	**₱39,258**	**₱21,554**	**₱1,651,371**

	December 31, 2021						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱1,636,739	₱699,266	₱ 49,824	₱19,120	₱113,287	₱3,687	₱2,531,923
Additions	269	9,237	–	1,930	5,822	7,867	25,125
Reclassification from assets held for sale (Note 25)	313,942	–	–	–	35,660	–	349,602
Balance at end of year	1,950,950	708,503	49,824	21,050	154,769	21,554	2,906,650
Accumulated Depreciation and Amortization							
Balance at beginning of year	133,858	138,096	7,444	15,210	41,598	–	336,206
Depreciation and amortization	40,985	15,944	3,974	1,722	43,299	–	105,924
Depreciation of property and equipment previously classified as assets held for sale (Note 25)	28,044	–	–	–	22,093	–	50,137
Balance at end of year	202,887	154,040	11,418	16,932	106,990	–	492,267
Accumulated Impairment Loss							
Balance at beginning of year	13,288	27,649	–	–	–	–	40,937
Impairment loss (Note 5)	21,450	44,550	–	–	–	–	66,000
Balance at end of year	34,738	72,199	–	–	–	–	106,937
Net Book Value	₱1,713,325	₱482,264	₱38,406	₱4,118	₱47,779	₱21,554	₱2,307,446

Land at appraised values and had it been carried at cost are as follows:

	2022	2021
At appraised values (see Note 30):		
Balance at beginning of year	**₱871,662**	₱549,922
Appraisal increase	**60,882**	14,995
Reclassification to assets held for sale (Note 25)	**(312,133)**	306,705
Balance at end of year	**₱620,411**	₱871,662
At cost		
Balance at beginning of year	**₱450,143**	₱199,080
Reclassification to assets held for sale (Note 25)	**(251,063)**	251,063
Balance at end of year	**₱199,080**	₱450,143

Certain assets were mortgaged and used as collateral, totaling ₱3,035.7 million as of December 31, 2022 and 2021, to secure the loan obligations of the RSAI and RAHC with the local banks as at December 31, 2022 and 2021 (see Note 16).

Impairment

In 2022 and 2021, impairment losses amounting to ₱298.0 million and ₱66.0 million were recognized on the property and equipment used in the coconut production business of the Group with carrying amount of ₱478.2 million and ₱786.2 million as of December 31, 2022 and 2021, respectively. Further, there was no impairment loss recognized for the hotel assets in 2022 and 2021 with carrying value of ₱2,216.2 million and ₱2,194.4 million as of December 31, 2022 and 2021, respectively (see Notes 5 and 22).

Write-off

In 2020, RGEC wrote off its land improvements amounting to ₱54.4 million relating to its registration fees, down payment to contractors, and surveys for the area, among others (see Notes 5 and 22).

13. Right-of-Use Assets and Lease Liabilities

The Group as a lessee

The Group has lease contracts for sales office, herb garden and hotel suites used in its operations. Leases of sales office generally have lease terms between 1 and 3 years, while herb garden and hotel suites generally have lease terms of 5 and 25 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space for hospitality group with lease terms of 12 months or less and leases of dishwashing machine and house for an expatriate with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this account follows:

	2022			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2022 and 2021	**₱161,454**	**₱337**	**₱384**	**₱162,175**
Accumulated Depreciation and Amortization				
At December 31, 2021	**136,135**	**337**	**310**	**136,782**
Depreciation and amortization (Note 22)	**23,168**	**–**	**74**	**23,242**
At December 31, 2022	**159,303**	**337**	**384**	**160,024**
Net Book Value	**₱2,151**	**₱–**	**₱–**	**₱2,151**

	2021			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2021 and 2020	₱161,454	₱337	₱384	₱162,175
Accumulated Depreciation and Amortization				
At December 31, 2020	90,436	225	197	90,858
Depreciation and amortization (Note 22)	45,699	112	113	45,924
At December 31, 2021	136,135	337	310	136,782
Net Book Value	₱25,319	₱–	₱74	₱25,393

The following are the amounts recognized in the consolidated statements of income:

	2022	2021	2020
Depreciation expense of right-of-use assets (included in cost and expenses) (Note 22)	**₱23,242**	₱45,924	₱45,925
Interest expense on lease liabilities	**1,485**	4,717	7,568
Rent concession (Note 24)	**–**	–	(23,569)
Expenses relating to short-term leases (included in cost of goods sold) (Note 22)	**22,263**	1,493	1,234
Expenses relating to short-term and low-value asset leases (included in operating expenses) (Note 22)	**2,469**	1,427	1,950
	₱49,459	₱53,561	₱33,108

The roll forward analysis of lease liabilities follows:

	2022	2021
At January 1	**₱40,822**	₱86,543
Interest expense	**1,485**	4,717
Payments	**(39,510)**	(50,438)
At December 31	**₱2,797**	₱40,822

The Group applied has applied the practical expedient to all the COVID-19 related rent concessions that met the conditions. In 2020, The Group's lease payments for six months during the temporary closure of Anya Resorts Tagaytay were waived. The Group assessed the waiver of lease payments as a direct consequence of the COVID 19 pandemic and consequently elected the waiver as not a lease modification from the lessor. The Group accounted for the waiver of lease payments as a negative variable lease and accordingly recorded ₱23.6 million in 2020 as part of "Other Income (Charges)" in the consolidated statements of income (see Note 24).

The breakdown of lease liabilities as at December 31, 2022 and 2021 follows:

	2022	2021
Lease liabilities	**₱2,797**	₱40,822
Less: noncurrent portion of lease liabilities	–	2,766
Current portion of lease liabilities	**₱2,797**	₱38,056

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. Payments of yield guarantees under the leaseback program agreement of the Group with various buyers of Anya Resort Suites qualify as leases under PFRS 16 and are considered as leases of hotel suites.

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within 1 year	**₱3,003**	₱39,541
More than 1 year to 2 years	–	3,003
More than 2 years	–	–

14. **Investment Properties**

Rollforward of investment properties:

	2022	2021
Balance at beginning of year	**₱7,178,849**	₱6,609,172
Changes in fair value (Note 19)	**2,120,019**	766,480
Disposals (Note 9)	**(13,801)**	(196,803)
Reclassification to asset held for sale	**(31,755)**	–
Balance at end of year	**₱9,253,312**	₱7,178,849

a. This account consists of land properties of the Parent Company and RSAI located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱9,253.3 million and ₱7,178.8 million as of December 31, 2022 and 2021, respectively. Unrealized fair value gain recognized on these investment properties amounted to ₱2,120.0 million and ₱766.5 million for the years ended December 31, 2022 and 2021, respectively.

   The Parent Company's investment properties include land properties that are subjected to the CARP with total land area of 2,493.6 hectares amounting to ₱8,490.9 million (see Note 28). As of December 31, 2022 and 2021, these parcels of land have a carrying value of ₱8,490.9 million and ₱6,034.9 million, representing 94% and 84% of the total investment properties, respectively.

b. The Parent Company sold its investment properties with carrying value of ₱13.8 million for ₱43.9 million resulting to a gain of ₱30.0 million in 2022 and investment properties costing ₱0.6 million for ₱3.8 million resulting to a gain of ₱3.2 million in 2021 (see Note 24).

In February 2021, the Group sold its land classified as investment property with a carrying amount of ₱102.0 million to a third party for ₱392.8 million resulting to a gain of ₱290.8 million.

On December 9, 2022, the BOD announced its decision to sell parcels of land classified as investment property with carrying value of ₱31.7 million. As of December 31, 2022, the Group presented this as asset held for sale.

c. As at December 31, 2022 and 2021, the fair value of investment properties, including land properties subjected to the CARP, are based on the appraised values of the properties as at December 31, 2022, as determined by a professional qualified independent and SEC-accredited appraiser. The fair value measurement for investment properties has been categorized under Level 3, which was determined by using the Sales Comparison Approach that disregards all existing liens and encumbrances and appraises the properties as though free and with clean titles. Such approach is a comparative approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such as size, location, time, and shape (see Note 30).

d. The Philippine SEC, in its letter dated January 26, 2011, to the Parent Company, approved the change in the accounting measurement of investment properties of the Parent Company, including land properties subjected to the CARP, from cost to fair value method and the transfer of the debit balance in the "Other equity reserve" to deficit. The debit balance in the "Other equity reserve" amounting to ₱4.0 billion in 2009 resulted from the excess of the considerations received over the net assets acquired arising from the merger of CADPGC and Roxas & Company, Inc., the parent company of CADPGC, which was absorbed and liquidated (see Note 19). The Philippine SEC approved the foregoing accounting treatment on the basis of the facts and circumstances provided by the Parent Company.

e. Certain investment properties with carrying value of ₱956.5 million as of December 31, 2022 and ₱400.8 million as of December 31, 2021, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

15. **Short-term Borrowings**

This account represents unsecured and secured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱100.0 million and ₱249.8 million as of December 31, 2022 and 2021, respectively; payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the years ended December 31, 2022, 2021 and 2020.

In September 2021, RSAI was able to secure ₱100.0 million from the Development Bank of the Philippines for its working capital requirements, which will mature in July 2022. This loan bears an annual interest of 7.50% for the year ended December 31, 2021. The loan was secured by a parcel of land with an appraised value of ₱52.0 million and purchase orders of customers. RSAI is in the process of restructuring and negotiating its DBP loan.

The Group has availed of the following reliefs and renegotiated the terms of its existing loan agreements with its lenders as follows:

- In September 2020, the Group received the full support of its creditor banks which recently approved to grant up to three years additional grace period for the repayment of ₱2.6 billion of the Group's debts (see Note 16). Bank debts with recently approved repayment terms include BPI short-term borrowings amounting to ₱702.2 million and AUB short-term borrowings amounting to ₱188.5 million.
- In September 2020, RCI and RLC converted its short-term loan facility from BPI amounting to ₱474.5 million and ₱227.7 million, respectively, into a three-year medium-term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (see Note 16), and additional collateral as may be agreed upon.
- In September 2020, RLC converted its short-term loan facility with AUB amounting to ₱188.5 million into a medium-term loan which bears fixed interest rate of 6% per annum. Principal amounts are payable monthly which will start in December 2020 until its maturity date on July 30, 2023. This loan facility is partially secured by RCI's 50.0 million treasury shares. RLC is in the process of restructuring this AUB loan.

Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱51.7 million (see Note 24). See Note 16 for the discussion of the modification of the long-term loans.

Interest expense arising from short-term borrowings amounted to ₱5.5 million, ₱9.2 million and ₱54.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

16. Long-term Borrowings

Long-term borrowings consist of loans from:

	2022	2021
Bank of the Philippine Islands (BPI)	**₱1,324,744**	₱1,372,203
Robinsons Bank Corporation (RBC)	**752,887**	754,285
United Coconut Planters Bank (UCPB)	**683,000**	472,154
Amalgamated Investment Bancorporation	**370,000**	370,000
China Bank Corporation (China Bank)	**194,781**	185,714
Asia United Bank (AUB)	**182,500**	182,500
BDO Unibank, Inc.	**64,000**	80,000
East West Banking Corporation (EWBC)	**1,497**	–
Total long-term borrowings	**3,573,409**	3,416,856
Current portion	**(1,190,012)**	(2,210,413)
Noncurrent portion	**2,383,397**	1,206,443
Long-term borrowings attributable to asset disposal group	**(369,939)**	–
Noncurrent portion - net of liabilities from discontinued operations	**₱2,013,458**	₱1,206,443

	2022	2021
RAHC	**₱1,377,548**	₱1,368,573
RCI	**851,595**	855,964
RLC	**661,266**	720,165
RSAI	**683,000**	472,154
	₱3,573,409	₱3,416,856

Loans of RAHC
The bank loans are classified as follows:

	2022	2021
Current portion	**₱610,238**	₱1,368,573
Noncurrent portion	**767,310**	–
	₱1,377,548	₱1,368,573

In September 2016, RAHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for Go Hotel North EDSA and Cubao. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2023.

In February 2020, RAHC settled loans amounting to ₱295.0 million.

In May 2017, RAHC converted another short-term loan facility from BPI amounting to ₱460.0 million into term loan facility for the development of GoHotel Timog. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2024.

In September 2017, RAHC entered into a ten-year term loan facility with Robinsons Bank Corporation amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

In September 2019, RAHC obtained a ten-year term loan from RBC amounting to ₱450.0 million to take out the BDO loan which funded the development of GoHotel Ermita and for general working capital purposes. Principal amount is payable quarterly after the two-year grace period for eight years until 2029.

As of December 31, 2019, ₱200.0 million outstanding loans of GoHotel Cubao has been transferred to the net balance of the liabilities held for sale. The loan was paid in 2020 upon sale of Go Hotel Cubao (see Note 25).

The loan facilities are secured by RAHC's properties amounting to ₱2,165.5 million and ₱2,077.2 million as at December 31, 2022 and 2021, respectively.

Loan of RLC
The bank loan is classified as follows:

	2022	2021
Current portion	**₱472,053**	₱535,346
Noncurrent portion	**189,213**	184,819
	₱661,266	₱720,165

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan.

As at December 31, 2022 and 2021, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱359.5 million (see Note 8) and certain properties of the Parent Company.

In September 2019, RLC converted its short-term loan facility with China Bank amounting to ₱200.0 million into a 5-year term loan including a 1-½ year grace period. The loan bears variable interest rate and repriced quarterly. Principal amount is payable quarterly until 2024.

As at December 31, 2022 and 2021, the RLC loan is secured by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (amounts in thousands) as follows:

	2022	2021
Shares of stock of RHI (356.5 million as at 2022 and 299.6 million as at 2021)	**₱274,515**	₱311,594
Real estate properties for sale and development of RLC (Note 8)	**196,000**	196,000
RCI treasury shares (120.0 million as at 2022 and 2021)	**78,000**	78,000
	₱548,515	₱585,594

Loan of RCI
The bank loans are classified as follows:

	2022	2021
Current portion	**₱477,661**	₱613
Noncurrent portion	**373,934**	855,351
	₱851,595	₱855,964

In September 2020, the Parent Company converted its short-term loan facility from BPI amounting to ₱474.5 million into a three-year medium-term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company and additional collateral as may be agreed upon.

In March 2021, RCI entered into a Restructuring and Financing Agreement with Amalgamated Investment Bancorporation (AIB) whereas the parties have agreed to restructure the subscription and the short term loan as follows: a) RCI as the Borrower shall secure a loan from AIB as Lender in the total amount of ₱370.0 million (the Loan); and b) the proceeds of the Loan shall be used by RCI to redeem 300 million preferred shares and fully paid the short term loan. The loan bears an interest rate equivalent to the a) higher of 7% per annum or b) one-year Base Rate plus an interest spread of 2.5% to be determined annually on each Interest Rate Setting Date. "Repayment Date" shall mean the date when the principal amount of the Loan is required to be paid, which shall be five (5) years from the Borrowing Date; provided that if such date falls on a non-Banking Day, the Repayment Date shall be the next following Banking Day, unless the result of such extension would be to carry the Repayment Date into another calendar month, in which event the Repayment Date shall be on the immediately preceding Banking Day.

Loan of RSAI
The bank loans are classified as follows:

	2022	2021
Current portion	**₱–**	₱305,881
Noncurrent portion	**683,000**	166,273
	₱683,000	₱472,154

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan. Principal amounts are payable quarterly after the two-year grace period for seven years until 2024.

The loan facility is secured by RSAI's coconut processing plant amounting to ₱478.0 million and ₱786.2 million as at December 31, 2022 and 2021, respectively (see Note 12).

Loan restructuring in 2022:
RLC
China Bank
In November 2022, RLC restructured the medium-term loan with China Bank with the balance of ₱185.7 million for 9 years with one year grace period on the payment of interest and about 3 years on the payment of principal at 7% interest per annum, subject to yearly repricing. Payment of interest commenced in February 2023.

RAHC
Robinsons Bank
In November 2022, RAHC restructured Term Loan 1 and 2 with the balances of ₱450.0 million and ₱288.8 million, respectively, into a new Term Loan 3, for a total amount of ₱778.2 million including capitalized interest of ₱39.4 million. The loan has tenor of 81 months, maturing on September 30, 2020. Interest rate is at prevailing market rate, repriceable annually.

RSAI
Land Bank (formerly with UCPB)
In November 2022, RSAI restructured ₱683.0 million loans with Land Bank, inclusive of the ₱60.8 million capitalized interest and other charges. The tenor of loan is 7 years inclusive of six months grace period at 8% interest per annum fixed for one year and subject to semi-annual repricing.

Loan restructuring in 2020

RCI
BPI Loan
BPI and RCI signed a Medium-Term Loan Agreement and converted the short-term loan to medium term loan ₱474.5 million which will mature in August 2023. The principal payment of the loan will be due at maturity. Interest payment will be due annually.

RLC

BPI Loan

Short term loan amounting to ₱228.0 million was converted to medium term loan with a corresponding increase in interest rate from 6.25% to 7.5%. The principal payment of the loan will be due at maturity. Interest payment will be due semi-annually. The loan is due in August 2023.

For the outstanding long term loan amounting to ₱329.2 million, the principal payment was changed from quarterly payment to bullet payment and is due in July 2023. A payment of ₱280.0 million was made in February 2021 from sale of properties. Total unpaid borrowings to BPI amounted to ₱225.6 million and ₱272.0 million as at December 31, 2022 and 2021, respectively.

AUB

Short-term loan amounting to ₱188.5 million is converted to 3-year term loan maturing in July 2023. Interest rate is reduced from 7.5% to 6.0%.

BDO

Short-term loan amounting to ₱80.0 million is converted to 3-year term loan maturing in June 2024. Interest rate is at 5.5%.

RAHC

BPI Loan

BPI and RAHC signed an amendment to terms and condition of the Loan Agreement for the ₱610.0 million loan balance in December 2021. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. Interest payment was likewise amended from quarterly to semi-annually. The bank required RAHC to maintain debt to equity ratio of 3:0. As of December 31, 2022, RAHC did not meet the required debt to equity ratio, thus, the outstanding loan amounting to ₱610.2 million is classified as current liability.

RBCs Loan

a) Term Loan 1

In June 2020, the bank granted additional grace period for the loan payment amortization, to begin March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

b) Term Loan 2

In June 2020, the bank granted additional grace period from the last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

Based on the Group's assessment, these modifications in the contractual cash flows were not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱35.7 million (see Notes 15 and 24).

Interest Expense
Total interest expense incurred amounted to ₱256.9 million, ₱206.9 million and ₱222.4 million for the years ended December 31, 2022, 2021 and 2020, respectively. Details of interest expense, net of capitalized borrowing costs follow:

	2022	2021	2020
Long-term borrowings	**₱255,439**	₱205,334	₱167,802
Short-term borrowings (Note 15)	**1,498**	1,598	54,575
	256,937	206,932	222,377
Capitalized borrowing costs	**–**	–	(85)
	₱256,937	₱206,932	₱222,292

Borrowing costs incurred to finance the development of the Group's real estate projects were capitalized using a weighted average rate of 6.75% for the year ended December 31, 2020 (see Note 8).

Loan Covenants

RLC
The long-term borrowings of the Parent Company and RLC are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0 and 1.10:1.0, respectively, and debt to equity (D/E) ratio of not more than 0.75:1.00.
- prohibition on sale, lease, transfer, or otherwise disposal of any of its properties and assets, or its existing investments therein.
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top-level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders.

In 2022 and 2021, RLC is required to maintain the maximum D/E ratio of 3.0 for BPI loans. As of December 31, 2022 and 2021, RLC has not met the D/E ratio requirement on its term loan and the loans were classified to current liability.

RAHC
The significant covenants attached to the borrowings of RAHC include the following restrictions:

BPI

- Maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0, and debt to equity (D/E) ratio of not more than 3.00:1.00.
- Materially change the character of its business from that being carried on at a date of agreement.
- Materially change ownership or control of its business or its capital stock or its composition of top-level management.
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable.
- Declare or pay dividends to its stockholders or partners upon the occurrence of an event of default.

- Sell, lease, transfer, or otherwise dispose of all or substantially all its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons.
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business.
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans.
- Incur any long-term loan or increase its borrowings or re-avail of existing facilities with other bank or financial institutions, except for working capital requirement.
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business. and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

In September 2020, BPI and RAHC signed an amendment in terms and condition to the loan agreement. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. The interest payment was likewise amended from quarterly to semi-annually.

The bank also approved the elimination of the DSCR requirement but maintained the maximum D/E ratio of 3.0. As of December 31, 2022, RAHC did not meet the required debt to equity ratio, thus, the outstanding loan amounting to ₱610.2 million is classified as current liability.

RBC

- Materially change the character of its business from that being carried on at the date of the loan agreement.
- Materially change ownership or control of its business or its capital stock or in the composition of its top-level management.
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable.
- Sell, lease, transfer, or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons.
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business.
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans.
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business.
- Invest in bonds and similar securities in any company or enterprise; and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

a) Term Loan 1 amounting to ₱450.0 million

   In June 2020, the bank granted additional grace period for loan payment amortization, to begin in March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi-annually.

b) Term Loan 2 amounting to ₱420.0 million

This is to bridge finance loan the term loan 1. Interest rate is based on the prevailing mandated lending rate which is payable quarterly in arrears subject to quarterly re-pricing. Upon maturity, this is to be paid by the approved term loan 1.

In June 2020, the bank granted additional grace period from date of last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi- annually.

As of December 31, 2021, RAHC has not met the D/E ratio requirements on its term loan thus the loan was classified as current liability. In 2022, the restructured loan has no required D/E ratio.

Maturities
The maturities of the long-term borrowings are as follows:

	2022	2021
Less than one year	**₱1,190,012**	₱2,210,413
Between one and two years	**30,000**	731,805
Between two and five years	**1,130,572**	474,638
Over five years	**852,886**	–
	₱3,203,470	₱3,416,856

Change in Liabilities Arising from Financing Activities

	2022				
	Lease liabilities (Note 13)	**Short-term borrowings (Note 15)**	**Long-term borrowings**	**Accrued Interest**	**Total**
Balance at beginning of year	**₱40,822**	**₱249,816**	**₱3,416,856**	**₱118,233**	**₱3,825,727**
Availment	–	–	**6,737**	–	**6,737**
Interest expense on accretion of lease liability	**1,485**	–	–	–	**1,485**
Interest incurred on borrowings	–	–	–	**256,937**	**256,937**
Payment of interest on borrowings	–	–	–	**(223,646)**	**(223,646)**
Principal payments	**(39,510)**	–	–	–	**(39,510)**
Reclassification from short-term to long-term	–	**(149,816)**	**149,816**	–	–
Transferred to liabilities directly associated with the asset held for sale	–	–	**(369,939)**	–	**(369,939)**
Balance at end of year	**₱2,797**	**₱100,000**	**₱3,203,470**	**₱151,524**	**₱3,457,791**

	2021				
	Lease liabilities (Note 13)	Short-term borrowings (Note 15)	Long-term borrowings	Accrued Interest	Total
Balance at beginning of year	₱86,543	₱313,641	₱2,921,999	₱51,283	₱3,373,466
Availment	–	99,816	–	–	99,816
Interest expense on accretion of lease liability	4,717	–	–	–	4,717
Interest incurred on borrowings				235,644	235,644
Payment of interest on borrowings	–	–	–	(168,694)	(168,694)
Principal payments	(50,438)	–	(36,075)	–	(86,513)
Reclassification from short term to long-term	–	(163,641)	163,641	–	–
Debt transaction costs	–	–	(5,090)	–	(5,090)
Transferred from assets held for sale	–	–	372,381	–	372,381
Balance at end of year	₱40,822	₱249,816	₱3,416,856	₱118,233	₱3,825,727

17. **Trade and Other Payables**

This account consists of:

	2022	2021
Trade	**₱317,893**	₱342,866
Accrued expenses	**242,092**	178,555
Due to related parties (Note 20)	**187,386**	126,182
Accrued interest	**151,524**	118,233
Statutory payables	**113,091**	53,021
Retention payable	**67,529**	68,057
Payroll and other employee benefits	**25,465**	26,623
Dividends (Note 19)	**21,921**	21,921
Payables to contractors	**17,655**	25,719
Others	**40,944**	52,322
	₱1,185,500	₱1,013,499

Trade payables are noninterest-bearing and are generally settled within 30 days.

Accrued expenses consist principally of accruals for purchase of goods and services such as utilities, freight and handling and repairs and maintenance.

Retention payable pertains to amounts withheld on payments made to contractor's equivalent to 10% of the amount billed. The amounts withheld will be remitted to the contractors upon successful completion of the related projects and acceptance by the Group.

Payables to contractors pertain to liabilities for the services rendered for the construction of the coconut plant facility.

Statutory payables and other payables are noninterest-bearing and are normally settled throughout the year. Others pertain to titling payable, rental of office, utilities, sales commission payable which are noninterest-bearing and are normally settled within one year.

18. **Retirement Benefits**

The Group has an unfunded, noncontributory defined benefit retirement plan based on the minimum amount required by law, covering its permanent employees. Retirement benefits costs and contributions are determined in accordance with an actuarial study and are based on years of service and the employee's final covered compensation.

Under the existing regulatory framework, Republic Act 7641, *The 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 employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Retirement Benefits

The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2022	2021	2020
Current service cost	**₱9,136**	₱11,502	₱12,080
Net interest cost	**3,510**	4,340	3,315
Settlement gain	**–**	–	(429)
	₱12,646	₱15,842	₱14,966

Retirement Liability

Retirement liability recognized in the consolidated statements of financial position follows:

	2022	2021
Present value of obligation	**₱46,528**	₱95,540
Fair value of plan assets	**(3,711)**	(7,107)
	₱42,817	₱88,433

	2022	2021
Balance at beginning of year	**₱95,540**	₱79,698
Current service cost	**9,136**	11,502
Interest cost	**3,510**	4,340
Actuarial loss (gain) on DBO due to:		
Experience adjustments	**(44,113)**	–
Changes in financial assumptions	**(17,545)**	–
Balance at end of year	**₱46,528**	₱95,540

Movements in the fair value of plan assets for the years ended December 31, 2022 and 2021 follow:

	2022	2021
Balance at beginning of year	**₱7,107**	₱6,609
Interest income	**220**	350
Return on plan assets, excluding amounts included in interest income	**(3,616)**	148
Balance at end of year	**₱3,711**	₱7,107

Plan assets of the Group as at both December 31, 2022 and 2021 consist of:

	2022	2021
Cash in banks and cash equivalents	**7%**	18%
Government securities and other assets	**93%**	82%
	100%	100%

The Group does not expect to contribute to the respective plans in 2023.

The latest available actuarial valuation of the plan for the Group is as of December 31, 2022.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost as at beginning of each period follows:

	2022	2021
Discount rate	**7.00% to 7.50%**	3.60% to 4.10%
Future salary increases	**3.00%**	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both December 31, 2022 and 2021 are as follows:

		2022	2021
Discount Rate	+100 bps	**(₱2,358)**	(₱7,204)
	-100 bps	**2,706**	8,778
Salary Rate	+100 bps	**2,792**	8,396
	-100 bps	**(2,467)**	(7,058)
Turnover Rate	125%	**(733)**	(3,772)
	75%	**852**	4,512

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The Group does not currently employ any asset-liability matching.

The maturity analysis of the undiscounted payments as of both December 31, 2022 and 2021 are as follows:

	2022	2021
One year and less	**₱5,918**	₱14,821
More than one year to five years	**43,626**	46,939
More than five years to 10 years	**15,468**	22,004
More than 10 years to 15 years	**52,954**	42,443
More than 15 years to 20 years	**35,018**	92,743
More than 20 years	**133,231**	402,987

Weighted average duration of the defined benefit liability is 14.2 and 19.7 years as of December 31, 2022 and 2021, respectively.

19. **Equity**

a. Capital Stock

	December 31, 2022		December 31, 2021	
	Number of Shares	**Amount**	Number of Shares	Amount
"Class A" common stock - ₱1 par value				
Authorized	**3,375,000,000**	**₱3,375,000**	3,375,000,000	₱3,375,000
Balance at beginning and end of year	**2,911,885,870**	**2,911,886**	2,911,885,870	2,911,886
Treasury stock:				
Balance at beginning of year	**(689,831,368)**	**(1,172,713)**	(715,872,529)	(1,216,983)
Issuances	**16,510,657**	**28,068**	26,041,161	44,270
Balance at end of year	**(673,320,711)**	**(1,144,645)**	(689,831,368)	(1,172,713)
Issued and outstanding	**2,238,565,159**	**₱1,767,241**	2,222,054,502	₱1,739,173
Preferred stock - ₱1 par value Authorized, 1,000,000,000				
Issued and outstanding	**200,000,000**	**₱200,000**	200,000,000	₱200,000

In 2020, the Parent Company issued 145,201,026 treasury shares based on the average market rate of ₱1.42 per share aggregating to ₱204.9 million, resulting to a decrease in additional paid-in capital amounting to ₱42.0 million, net of transaction costs of ₱1.6 million.

In 2021, the Parent Company issued 26,041,161 treasury shares based on the average market rate of ₱1.00 per share aggregating to ₱25.3 million, resulting to a decrease in additional paid-in capital amounting to ₱19.0 million, net of transaction costs of ₱0.3 million.

In 2022, the Company issued 16,510,657 treasury shares based on the average market rate of ₱0.58 per share aggregating ₱9.6 million, resulting to a decrease in additional paid-in capital amounting to ₱18.5 million.

On November 13, 2018, the Parent Company issued 500.0 million preferred shares (500,000,000 preferred shares offered at par value of ₱1 per share) with a fixed dividend rate of 8.5%, with a corresponding reduction to additional paid-in capital stock pertaining to transaction costs of ₱5.0 million. The preferred shares are cumulative, non-participating, non-voting, and redeemable at the option of the Parent Company, as determined by the BOD. Dividend in arrears on preferred shares amounted to ₱25.7 million as at both December 31, 2022, and 2021.

The BOD, in its Special Meeting held on March 12, 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00 per share. The Articles of Incorporation of the Parent Company provides that the preferred shares are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The BOD has yet to determine the terms of re-issuance of the said preferred shares.

b. Track Record of Registration

Date	Number of Shares Licensed/Listed	Issue/ Offer Price
October 7, 1918	15,000	₱100.00
February 15, 1963	2,500,000	10.00
September 30, 1969	3,000,000	10.00
January 13, 1977	5,000,000	10.00
May 21, 1990	12,500,000	10.00*
December 3, 1996	200,000,000	1.00
October 26, 1999	400,000,000	1.00
April 2, 2002	2,000,000,000	1.00
February 7, 2005	1,962,500,000	1.00
June 23, 2009	3,375,000,000	1.00

** Par value was reduced to ₱1.00 starting (month/year)*

c. Other equity reserves

Details of other equity reserves follow:

	2022	2021	2020
Revaluation Increment on Land			
Balance at beginning of year	**₱–**	₱–	₱280,091
Transfer of revaluation increment on land to retained earnings	**–**	–	(280,091)
Balance at end of year	**–**	–	–
Share in Other Comprehensive Income of associates			
Balance at beginning of year	**341,605**	288,661	177,749
Share in revaluation increment on land, net of tax	**203,860**	52,944	110,912
Balance at end of year	**492,521**	341,605	288,661
Cumulative Share in Fair Value Reserve of an Associate			
Balance at beginning and end of year	**5,129**	5,129	5,129
Revaluation Increment on Land of a Subsidiary			
Balance at beginning of year	**140,059**	129,118	138,297
Appraisal increase, net of tax	**27,355**	10,941	14,363
Transfers of appraisal increase in land to retained earnings	**–**	–	(23,542)
Balance at end of year	**220,663**	140,059	129,118

(Forward)

	2022	2021	2020
Cumulative Remeasurement Gain (Loss) on Retirement Liability			
Share in Remeasurement Gain			
Balance at beginning of year	**₱6,276**	₱6,276	₱7,859
Remeasurement gain, net of tax	**45,984**	–	(1,583)
Balance at end of year	**52,260**	6,276	6,276
Share in Remeasurement Loss			
Balance at beginning of year	**(32,511)**	(32,206)	(11,575)
Share in remeasurement loss, net of tax	**–**	(305)	(20,631)
Balance at end of year	**(32,511)**	(32,511)	(32,206)
	₱738,062	₱460,863	₱396,978

d. Retained Earnings

Details of retained earnings follow:

	2022	2021	2020
Restricted			
Balance at beginning of year	**₱1,659,333**	₱1,703,603	₱1,950,445
Reversal for treasury stock and others	**(28,068)**	(44,270)	(246,842)
Balance at end of year	**1,631,265**	1,659,333	1,703,603
Unrestricted			
Balance at beginning of year	**1,821,309**	1,505,563	2,346,772
Net income (loss) attributable to the Parent Company	**692,675**	292,195	(1,080,298)
Cash dividends	**–**	(20,719)	(41,302)
Transfers of appraisal increase in land to retained earnings	**–**	–	33,549
Reversal of restriction for treasury stock	**28,068**	44,270	246,842
Balance at end of period	**2,542,052**	1,821,309	1,505,563
	₱4,173,317	₱3,480,642	₱3,209,166

Retained earnings that are not available for dividend declaration are as follows:

	2022	2021	2020
Restricted for treasury stock	**₱1,144,645**	₱1,172,713	₱1,216,983
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	**296,967**	296,967	296,967
Fair value gains on investment properties included in the retained earnings	**5,040,709**	2,920,690	2,154,210
Deferred income tax assets	**110,888**	123,145	191,461
	₱6,593,209	₱4,513,515	₱3,859,621

For purposes of dividend declaration, the retained earnings of the Parent Company are restricted to the extent of the deficit wiped out by the gain on changes in fair value on investment properties that was closed to retained earnings, net of the debit balance of "Other equity reserves" account.

Dividend Declaration
Cash dividends declared by the Parent Company against the unappropriated retained earnings are as follows:

	Dividend		Stockholders of	
Date Approved	Per Share	Total Amount	Record Date	Payment Date
December 18, 2015	₱0.01	₱19,734	January 15, 2016	February 5, 2016
December 12, 2014	0.02	38,430	January 15, 2015	January 30, 2015
December 13, 2013	0.02	38,430	January 6, 2014	January 30, 2014

Dividends payable amounted to ₱29.1 million as at December 31, 2022 and 2021.

On November 13, 2019, the BOD approved and authorized the declaration of dividends to the preferred shareholders in 2020 as follows:

Description	1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
Record date	February 6, 2020	May 7, 2020	August 6, 2020	November 6, 2020
Payment date	February 13, 2020	May 13, 2020	August 13, 2020	November 13, 2020
Dividend rate	₱0.02 per share	₱0.02 per share	₱0.02 per share	₱0.02 per share

The Company has paid cash dividends on preferred shares amounting to ₱41.3 million representing dividends for the year ended December 31, 2020.

On August 12, 2021, the BOD approved and authorized the declaration of dividends to the preferred shareholders for the year 2021 as follows:

Description	November 2020 to March 3, 2021	March 4, 2021, to September 3, 2021
Record date	March 3, 2021	September 3, 2021
Payment date	Not yet determined	Not yet determined
Total dividend	₱12.4 million	₱8.3 million

e. Share Prices

Quarter	High	Low
January through December 2022		
First	₱0.78	₱0.48
Second	0.68	0.49
Third	0.64	0.51
Fourth	0.58	0.45
January through December 2021		
First	₱1.35	₱1.00
Second	1.12	1.00
Third	1.09	0.72
Fourth	0.86	0.62
January through December 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
Fourth	1.49	1.16

20. Related Party Transactions and Balances

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates: and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Related party transactions (RPT) shall be disclosed to the Group's Related Party Committee ("the Committee") of the BOD. The management shall be responsible to declare and report to the Committee all outstanding RPTs for review. Material related party transaction shall mean any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting 10% or higher of a company's total assets based on its latest audited financial statements. Material RPT shall be subject for approval by the Committee to evaluate the fairness of the terms of the Material RPT. RPTs exceeding ₱25 million shall be subject to prior approval by the Committee.

The transactions and related balances of the Group with other related parties are as follows:

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 7)	Amount Due to Related Parties (See Note 17)
Associates					
FDC	Dividends receivable	**December 31, 2022**	**₱–**	**₱31,054**	**₱13,211**
		December 31, 2021	–	40,287	13,211
FLC	Dividends receivable	**December 31, 2022**	**–**	**3,369**	**–**
		December 31, 2021	–	3,369	–
RADC	Noninterest-bearing advances	**December 31, 2022**	**–**	**–**	**10,966**
		December 31, 2021	–	–	10,966
Joint Ventures	Noninterest-bearing advances	**December 31, 2022**	**–**	**116**	**182**
VJPI		December 31, 2021	–	116	182
Marilo Realty Development Corporation	Noninterest-bearing advances	**December 31, 2022**	**–**	**1,310**	**156**
		December 31, 2021	–	1,310	156
LPC	Defrayment of cost and expenses for restructuring	**December 31, 2022**	**–**	**–**	**23,729**
		December 31, 2021	–	–	23,729
Entities under common control	Interest-bearing advances	**December 31, 2022**	**5,567**	**–**	**139,142**
		December 31, 2021	5,567	–	77,938
		December 31, 2022	**₱–**	**₱35,849**	**₱187,386**
		December 31, 2021	–	₱45,082	₱126,182

**Amounts represent transactions for the years ended December 31, 2022 and 2021.*

a. In the normal course of business, the Parent Company extends/avails of advances to/from its related parties under common control, with definite repayment terms. The advances to and from related parties are interest-bearing.

b. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC pays RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC were computed in proportion to the number of clubs share they have each assigned. In 2005, PFHC and FDC merged with FDC, as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC.

Outstanding balances at year end are unsecured and settlement normally occurs in cash, unless otherwise indicated above. No guarantees have been provided or received for these balances. Advances to and from related parties are noninterest-bearing and have no fixed repayment terms unless otherwise indicated above. Impairment review is undertaken each reporting date. As of December 31, 2022 and 2021, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

Revenue and income by	Expense by	Nature	**2022**	2021	2020
RCI	RLC	Management fee	**₱18,000**	₱18,000	₱18,322
RCI	RSAI	Management fee	**6,000**	6,000	6,000

c. Compensation of key management personnel is as follows:

	2022	2021	2020
Salaries and short-term benefits	**₱44,180**	₱42,468	₱45,892
Retirement benefits	**9,281**	3,471	11,528
	₱53,461	₱45,939	₱57,420

Directors' Remuneration
The Parent Company settled director's remuneration through issuance of treasury shares for the regular board meetings held as follows:

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
June 26, 2020	120,968	₱1.24	₱150,000	₱150,000	₱300,000
August 7, 2020	120,968	1.24	150,000	150,000	300,000
November 10, 2020	140,000	1.25	175,000	175,000	350,000
April 12, 2021	169,903	1.03	175,000	175,000	350,000
May 14, 2021	145,631	1.03	150,000	150,000	300,000
August 12, 2021	196,629	0.89	175,000	175,000	350,000
November 12, 2021	214,286	0.70	150,000	150,000	300,000
May 2, 2022	336,538	0.52	175,000	175,000	350,000
August 11, 2022	307,018	0.57	175,000	175,000	350,000
November 10, 2022	380,435	0.46	175,000	175,000	350,000

The expense recognized on the foregoing amounted to ₱1.1 million, ₱1.3 million and ₱1.0 million for the years ended December 31, 2022, 2021 and 2020, respectively, and presented as part of "Salaries and employee benefits" account in the consolidated statements of comprehensive income.

21. **Revenue from Contracts with Customers**

a. Disaggregated revenue information

The Group presented below the disaggregation of revenue from contracts with customers which are based on type of contracts and timing of revenue recognition. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2022	2021	2020
Hotel sales and services	**₱409,475**	₱352,857	₱273,015
Real estate	**288,643**	407,730	33,807
Sale of goods	**88,021**	184,923	193,331
	₱786,139	₱945,510	₱500,153

Except for the revenues earned for the sale of real estate, all revenues were earned at a point in time.

Hotel sales and services

	2022	2021	2020
Room revenue	**₱238,346**	₱290,780	₱238,948
Food and beverage	**137,506**	34,218	14,783
Management fees	**20,060**	17,865	17,770
Spa	**12,693**	2,839	151
Others	**870**	7,155	1,363
	₱409,475	₱352,857	₱273,015

Management fees are services rendered by Parent Company and RLC for administration and property management of entities other than its subsidiaries for the years ended December 31, 2022 and 2021.

i. Real Estate

	December 31, 2022							
Business Segments	Palico Montana	Landing Townhomes	Palmstrip	Orchards	Anya Phase 2	SAMG	Raw Land	Total
Sale of real estate	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**
Geographical markets								
Nasugbu, Batangas	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**
Timing of revenue recognition								
Goods transferred over time	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱–**	**₱73,532**
Goods transferred at a point in time	–	–	–	–	–	–	**215,111**	**215,111**
	₱3,209	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**

	December 31, 2021						
Business Segments	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Raw Land	Total
Sale of real estate	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730
Geographical markets							
Nasugbu, Batangas	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730
Goods transferred over time	₱2,830	₱404	₱36	₱2,314	₱10,299	₱–	₱15,883
Goods transferred at a point in time	–	–	–	–	–	391,847	391,847
	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730

	December 31, 2020						
Business Segments	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Raw Land	Total
Sale of real estate	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807
Geographical markets							
Nasugbu, Batangas	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807
Timing of revenue recognition							
Goods transferred over time	₱6,199	₱360	₱36	₱2,431	₱2,996	₱–	₱12,022
Goods transferred at a point in time	–	–	–	–	–	21,785	21,785
	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807

ii. Sale of goods

Sale of goods by product type

	2022	2021	2020
Coco milk/cream	**₱61,441**	₱147,238	₱165,193
Coco water concentrate	**25,195**	29,762	22,036
Virgin coconut oil	**1,385**	7,923	6,102
	₱88,021	₱184,923	₱193,331

Sale of goods by sales type

	2022	2021	2020
Domestic	**₱3,187**	₱13,801	₱3,513
Export	**84,834**	171,122	189,818
	₱88,021	₱184,923	₱193,331

b. Contract balances

The Group's contract balances as at December 31, 2022 and 2021 are as follows:

	2022	2021
Contract assets	**₱125,634**	₱117,586
Contract liabilities	**136,208**	144,563

Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as trade receivable, collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 14% to 18% depending on the terms of the sales contract. This is reclassified to trade receivable when the monthly amortization of the customer is already due for collection.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account follows:

	2022	2021
Contract assets - current	**₱96,100**	₱21,808
Contract assets - noncurrent	**29,534**	95,778
	₱125,634	₱117,586

Contract liabilities

a. Deferred income amounting to ₱46.4 million and ₱48.0 million in 2022 and 2021, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱88.0 million and ₱96.1 million in 2022 and 2021, respectively, represent noninterest-bearing cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4. Deposits from sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue.

c. Guests' deposits pertain to the advance payments of guests for room reservations in the hotels amounting to ₱1.8 million and ₱0.5 million as of December 31, 2022 and 2021, respectively.

Contract liabilities amounting to ₱0.5 million and ₱23.1 million as at December 31, 2021 and 2020 were recognized as revenue in 2022 and 2021, respectively.

c. Performance obligations (PO)

The following are the PO of the Group:

<u>Real Estate Sales</u>

(a) House and lot

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) Residential land

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

The developer integrates the saleable lots with the land development to be able to transfer the "residential lot" promised in the CTS.

(c) Memorial lot

The Group performs significant activities of land development in accordance with the approved memorial garden plan. This includes grading and landscaping, construction of pathways and interment amenities, and installation of water source. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the memorial lot.

Buyer can elect the payment means either as spot cash or in installment for a period ranging from one year to eight years. The Group determines that the payment of the consideration will not coincide with the percentage of completion of the real estate project and concluded that there is a significant financing component for these contracts.

Hotel Revenues

(a) Hotel rooms

The Group also offers hotel room accommodations to customers through the four Go Hotels of Roxaco-Asia Hospitality Corporation and the resort of Anya Hotels and Resorts Corporation.

(b) Food and beverage

For the sale of food and beverages, the performance obligation is satisfied when the goods are sold. Payment is generally due within 30 days as the customer receives the goods and services except for some customers with specific credit terms. The Group applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

Manufacturing

(c) Sale of coconut products

The Group is involved in manufacturing of some coconut products that are being sold either domestic or by export.

22. Cost and Expenses

Costs of hotel sales and services consist of:

	2022	2021	2020
Food and beverage cost	**₱46,990**	₱30,934	₱4,394
Outside services	**38,355**	6,871	18,518
Salaries, wages, and other employee benefits (Note 23)	**38,107**	14,292	32,605
Communication, light, and water	**28,226**	16,912	18,202
Depreciation and amortization	**28,077**	42,817	50,276
Supplies	**14,710**	8,791	8,724
Repairs and maintenance	**4,779**	2,645	2,098
Travel and transportation	**2,212**	338	154
Others	**13,073**	6,174	5,566
	₱214,529	₱129,774	₱140,537

Other cost of hotel sales and services are expensed as incurred which are incurred for the generation of revenue from ancillary services like laundry.

Cost of goods sold (RSAI) consist of:

	2022	2021	2020
Materials used and changes in inventory (Note 9)	**₱46,256**	₱97,987	₱80,999
Indirect labor (Note 23)	**44,418**	42,574	35,193
Depreciation (Notes 12 and 13)	**27,343**	20,602	17,030
Short-term lease	**22,263**	1,493	1,234
Taxes and licenses	**19,279**	12,801	10,582
Communication, light and water	**12,735**	20,304	16,784
Factory supplies	**6,746**	16,976	14,033
Packaging materials	**4,955**	35,561	29,396
Direct labor (Note 23)	**3,963**	23,152	19,138
Repairs and maintenance	**2,773**	6,860	5,671
Provision for inventory write-down (Note 9)	**–**	2,321	50,132
Loss on inventory write-off (Note 9)	**–**	–	3,591
Others	**2,462**	13,386	11,064
	₱193,193	₱294,017	₱294,847

Operating expenses consist of:

	2022	2021	2020
General and administrative	**₱658,006**	₱409,929	₱457,351
Selling	**45,512**	98,466	31,221
	₱703,518	₱508,395	₱488,572

General and administrative expenses consist of:

	2022	2021	2020
Impairment loss on and write-off of property, plant, and equipment (Note 12)	**₱298,000**	₱63,370	₱95,288
Salaries, wages, and other employee benefits (Note 23)	**122,725**	125,534	134,842
Depreciation and amortization	**49,392**	75,767	61,455
Provision for impairment of receivables (Note 7)	**17,494**	10,012	11,556
Taxes and licenses	**31,605**	35,495	45,007
Outside services	**44,905**	39,820	36,277
Communication, light and water	**24,427**	16,063	11,997
Commitment fee	**20,172**	–	–
Entertainment, amusement and recreation	**9,431**	6,788	8,308
Repairs and maintenance	**6,840**	3,362	3,222
Travel and transportation	**4,487**	2,594	4,257
Materials and consumables	**3,818**	2,229	3,275
Short-term and low-value asset lease	**2,424**	1,427	1,950
Insurance	**2,296**	3,627	2,063
Provision for probable losses	**–**	2,824	3,600
Others	**19,990**	21,017	34,254
	₱658,006	₱409,929	₱457,351

Others include professional fees, training and development and other miscellaneous charges that are individually immaterial in amounts.

Selling Expenses
This account mainly pertains to marketing, commission on real estate sales and advertising and promotion expenses.

23. Personnel Costs

The components of employee benefits from continuing operations presented under "Cost of sales and services and general and administrative expenses" account in the consolidated statements of income are as follows.

	2022	2021	2020
Salaries and wages and other employee benefits (Note 22)	**₱205,250**	₱198,096	₱206,395
Retirement benefits (Note 18)	**12,646**	15,842	14,966
	₱217,896	₱213,938	₱221,361

24. Other Income (Charges)

Other income (charges) consists of:

	2022	2021	2020
Impairment loss in investment in associate	**(₱616,986)**	₱–	₱–
Gain on sale of investment properties (Note 14)	**30,080**	3,226	25,079
Loss on loan modification (Notes 15 and 16)	**(8,328)**	–	(51,660)
Sale of scrap	**6,028**	20,908	11,167
Dividend income	**–**	1,320	3,080
Property management services	**–**	178	947
Forfeited sale	**–**	–	316
Rent concession (Note 13)	**–**	–	23,569
Income from hotel banquets	**–**	–	1,685
Others	**6,466**	8,876	11,570
	₱582,740	₱34,508	₱25,753

Others include other hotel charges such shuttle services, laundry services, among others, that are individually material in amount.

25. Discontinued Operations and Assets Held for Sale

Certain GoHotel properties
In December 2022, the BOD approved the plan to sell RAHC's certain GoHotel properties, in which the proceeds from the sale will be used to reduce the overall financial liability and debt of the group (see Note 25).

The major classes of asset and liabilities of RAHC's certain GoHotel properties as held for sale as of 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Assets			
Property and equipment (Note 12)	**₱602,364**	₱611,568	₱606,170
Liabilities			
Trade and other payables	**29,064**	5,546	7,911
Deferred tax liability	**15,267**	14,589	16,692
Borrowings (Note 15)	**369,939**	372,381	372,381
Liabilities directly associated with assets held for sale	**414,270**	392,516	396,984
Net assets directly associated with disposal group	**₱188,094**	₱219,052	₱209,186

The performance of GoHotel Timog throughout the years ended are presented below:

	2022	2021	2020
Revenue	**₱35,354**	₱52,945	₱39,247
Cost of Services	**(31,574)**	(28,851)	(28,697)
Gross Profit	**3,780**	24,094	10,550
Operating expenses	**(16,915)**	(21,097)	(20,187)
Finance costs	**(26,697)**	(28,712)	(26,050)
Other income	**53**		25
Loss Before Tax from a Discontinued Operation	**(39,779)**	(25,715)	(35,663)
Tax expense	**(67)**	(132)	(246)
Loss From Discontinued Operation	**(₱39,846)**	(₱25,848)	(₱35,909)

The restatement of the 2021 and 2020 consolidated statements of income as a result of the discontinued operations are presented below:

	2022 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2022 Balances after Restatement
Revenue from			
Hotel revenues	**₱444,829**	**₱35,354**	**₱409,475**
Real estate sales	**288,643**	**–**	**288,643**
Sale of goods	**88,021**	**–**	**88,021**
	821,493	**35,354**	**786,139**
Cost of sales and services			
Cost of goods sold	**(193,193)**	**–**	**(193,193)**
Cost of hotel sales and services	**(246,103)**	**(31,574)**	**(214,529)**
Cost of real estate sales	**(104,669)**	**–**	**(104,669)**
	(543,965)	**(31,574)**	**(512,391)**

(Forward)

	2022 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2022 Balances after Restatement
Gross income	**277,528**	**3,780**	**273,748**
Operating expenses	**(728,762)**	**(16,915)**	**(711,847)**
Other income (charges):			
Changes in fair value of investment properties	**2,120,019**	**–**	**2,120,019**
Interest expense	**(285,119)**	**(26,697)**	**(258,422)**
Interest income	**12,005**	**–**	**10,716**
Equity in net loss of associates	**(184,243)**	**–**	**(184,243)**
Others - net	**(574,359)**	**53**	**(574,412)**
	1,088,303	**(26,643)**	**1,14,947**
Income before income tax	**637,069**	**(39,779)**	**676,848**
Income tax benefit (expense)	**(13,587)**	**(67)**	**(13,520)**
Net loss from continuing operations	**623,482**	**(39,846)**	**662,328**
Net loss from discontinued operations	**–**	**39,846**	**(39,846)**
Net loss	**₱623,482**	**₱–**	**₱623,482**

	2021 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2021 Balances after Restatement
Revenue from:			
Hotel revenues	₱405,802	₱52,945	₱352,857
Real estate sales	407,730	–	407,730
Sale of goods	184,923	–	184,923
	998,455	52,945	945,510
Cost of sales and services			
Cost of goods sold	(294,017)	–	(294,017)
Cost of hotel sales and services	(158,625)	(28,851)	(129,774)
Cost of real estate sales	(109,353)	–	(109,353)
	(561,995)	(28,851)	(533,144)
Gross income	436,460	24,094	412,366
Operating expenses	(529,492)	(21,097)	(508,395)
Other income (charges):			
Changes in fair value of investment properties	766,480	–	766,480
Interest expense	(240,361)	(28,712)	(211,649)
Interest income	7,235		7,235
Equity in net loss of associates	(183,212)	–	(183,212)
Others - net	34,508	–	34,508
	384,650	(28,712)	413,362

(Forward)

	2021 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2021 Balances after Restatement
Income before income tax	291,618	(25,715)	317,333
Income tax benefit (expense)	(54,022)	(132)	(53,890)
Net loss from continuing operations	237,596	(25,848)	263,443
Net loss from discontinued operations		25,848	(25,848)
Net loss	₱237,596	₱–	₱237,595

	2020 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2020 Balances after Restatement
Revenue from			
Hotel revenues	₱312,262	₱39,247	₱273,015
Real estate sales	33,807	–	33,807
Sale of goods	193,331	–	193,331
	539,400	39,247	500,153
Cost of sales and services			
Cost of goods sold	(294,847)	–	(294,847)
Cost of hotel sales and services	(169,234)	(28,697)	(140,537)
Cost of real estate sales	(7,648)	–	(7,648)
	(471,729)	(28,697)	(443,032)
Gross income	67,671	10,549	57,122
Operating expenses	(508,759)	(20,187)	(488,572)
Other income (charges):			
(Forward)			
Changes in fair value of investment properties	398,056	–	398,056
Interest expense	(255,995)	(26,050)	(229,945)
Interest income	12,358	–	12,358
Equity in net loss of associates	(938,021)	–	(938,021)
Others - net	25,778	25	25,753
	(757,824)	(26,025)	(731,799)
Income before income tax	(1,198,912)	(35,662)	(1,163,250)
Income tax benefit (expense)	48,516	(246)	48,762
Net loss from continuing operations	(1,150,396)	(35,908)	(1,114,488)
Net loss from discontinued operations	–	35,908	(35,908)
Net loss	(₱1,150,396)	₱–	(₱1,150,396)

26. **Income Taxes**

a. Provision for (benefit from) income taxes comprise the following:

	2022	2021	2020
Current	**₱8,070**	₱5,721	₱3,402
Deferred	**5,450**	48,169	(52,164)
	₱13,520	₱53,890	(₱48,762)
Provision for (benefit from) income tax attributable to:			
Continuing operations	**₱13,520**	₱53,890	(₱48,762)
Discontinued operations (Note 25)	**67**	132	246
	₱13,587	₱54,022	(₱48,516)

b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	December 31, 2022		December 31, 2021	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
Customers' deposit	**₱29,832**	**₱–**	₱30,617	₱–
Lease liabilities	**692**	**–**	22,859	–
Retirement liability	**20,554**	**–**	20,630	–
NOLCO	**9,241**	–	17,713	–
Excess MCIT over RCIT	**7,330**	**–**	9,280	–
Deferred income	**16,498**	**–**	11,571	–
(Forward)				
Allowance for impairment losses on receivables	**₱4,295**	**₱–**	₱7,015	₱–
Net discount on loans payable	**–**	**–**	2,801	–
Various accruals	**634**	**–**	634	–
Unrealized foreign exchange loss	**–**	**–**	25	–
	89,076	**–**	123,145	–
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(6,296)**	**–**	(19,667)	–
Revaluation increment on land	**(2,549)**	**(98,060)**	(2,549)	(109,540)
Prepaid commissions	**–**	**–**	(1,593)	–
Right-of-use assets	**(538)**	**–**	(6,405)	–
Actuarial gain	**(15,478)**	**–**	(893)	–
Rent receivable	**(2,255)**	**–**	(2,254)	–
	(27,116)	**(98,060)**	(33,361)	(109,540)
Net deferred tax assets (liabilities)	**₱61,960**	**(₱98,060)**	₱89,784	(₱109,540)

	2022	2021	2020
Through profit or loss	**₱5,450**	₱48,169	(₱52,164)
Through other comprehensive income	**10,894**	(305)	(5,371)
	₱16,344	₱47,864	(₱57,535)

Deductible temporary differences, carryforward benefits of NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized:

	2022	2021
NOLCO	**₱159,284**	₱164,961
Excess MCIT over RCIT	**6,063**	6,063
Accrued rent	**7,514**	7,514

Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which the deferred tax assets may be utilized.

c. On September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an Act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

As at December 31, 2022, the Group has incurred NOLCO on or before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2020	2025	₱78,085,829	₱19,521,457
2021	2026	37,113,691	9,278,423

As at December 31, 2022 the Company has incurred NOLCO in after taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2022	20252025	₱174,306,721	₱43,576,680

d. Details of excess of MCIT over RCIT as of December 31, 2022 are as follows:

Period Incurred	Balance at December 31, 2021	Additional	Expired	Balance at December 31, 2022	Tax Effect	Available Until
December 31, 2019	₱7,022	₱–	(₱7,022)	₱–	₱–	31-Dec-22
December 31, 2020	3,520	–	–	3,520	3,520	31-Dec-23
December 31, 2021	5,403	–	–	5,402	5,402	31-Dec-24
December 31, 2022	–	3,637	–	3,637	3,637	31-Dec-25
	₱15,945	₱3,637	(₱7,022)	₱12,559	₱12,559	

e. The reconciliation between the income tax benefit computed at the applicable statutory tax rate and income tax benefit presented in the consolidated statements of income follows:

	2022	2021	2020
Income tax expense (benefit) at statutory rate	**₱168,890**	₱72,904	(₱359,673)
Adjustments resulting from:			
Changes in unrecognized deferred tax assets	**118,636**	31,684	106,260
Tax effects of:			
Equity in net losses of associates	**46,061**	45,803	281,406
Loss covered by ITH	**47,307**	–	–
Impairment of investment in associate	**154,247**	–	–
Reversal of temporary differences	**–**	3,506	1,558
Nondeductible interest expense	**–**	2	7
Interest income already subjected to final tax and dividend income exempt from tax	**(2)**	(17)	(1,188)
Nontaxable gain on sale of investment properties	**(7,520)**	–	(7,524)
Nontaxable gain on change in fair value of investment properties	**(524,555)**	(191,620)	(119,417)
Effect of change in tax rate	**–**	20,942	–
Others	**10,456**	70,878	50,056
Provision for (benefit from) income tax	**₱13,520**	₱54,022	(₱48,515)

Impact of CREATE Law
The President of the Philippines signed into law on March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Law introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, property and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020, to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) **or** enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:

    - Registered business enterprises (RBEs) granted only an ITH - can continue with the availment of the ITH for the remaining period of the ITH.

- RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

27. Earnings (Loss) Per Share

Basic/diluted EPS are computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company	**₱692,675**	₱292,195	(₱1,080,298)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	666,965	271,476	(1,084,545)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**₱0.30**	**₱0.12**	**(₱0.49)**

EPS for continuing operations is computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company from continuing operations	**₱712,996**	₱305,377	(₱1,061,985)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	687,286	284,658	(1,066,232)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**₱0.31**	**₱0.13**	**(₱0.49)**

EPS for discontinued operations is computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company from discontinued operations	**(₱20,321)**	(₱13,182)	(₱18,313)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	(46,031)	(33,901)	(22,560)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**(₱0.02)**	(₱0.02)	(₱0.01)

There are no potential dilutive common shares as at December 31, 2022 and 2021.

28. Contingencies and Commitments

Contingencies

Land Properties Subjected to the CARP

The CARP provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions.

Prior to the effectivity of the CARP, the Parent Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the DAR issued Notices of Coverage, and subsequently, CLOA covering 2,676 hectares of the Parent Company's three *haciendas*, namely: Palico, Banilad and Carmen/Caylaway.

Sometime in 1993, the Parent Company filed a case questioning the DAR's acquisition proceedings and asking for the cancellation of the CLOA. On December 17, 1999, the Supreme Court promulgated its decision in GR No. 127876 nullifying the DAR acquisition proceedings over the three haciendas. The High Tribunal ruled that the Parent Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOA that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Parent Company filed with the DAR an application for the exemption with the CARP of its three haciendas in Nasugbu, Batangas. The application for exemption was based on Presidential Proclamation (PP) No. 1520, which declared the entire municipality of Nasugbu, Batangas as a Tourist Zone. The Parent Company likewise filed applications for exemption for certain smaller land areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that the PP No. 1520 did not automatically reclassify the agricultural land in Nasugbu, Batangas to non-agricultural land. However, the Supreme Court noted that the Parent Company "can only look to the provisions of the Tourism Act and not to the PP No. 1520, for possible exemption."

On February 8, 2011, the Supreme Court denied the Parent Company's Second Motion for Reconsideration (MR) and affirmed with finality its December 2009 decision.

Consequently, in April 2010, the Parent Company filed with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) an application to declare 14 specific geographical areas within the landholdings of the Parent Company as tourism zones. To date, this application has remained unacted upon by the TIEZA.

In September 2011, the Supreme Court affirmed the exemption of the 21.1236-hectare property from the coverage of the Comprehensive Agrarian Reform Program (CARP).

In October 2012, the Parent Company disclosed that the DAR published the NOC on several RCI properties aggregating 2,514.76 hectares. The Parent Company filed a protest in the office of the DAR against the wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage and the applicable law (Republic Act - RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Parent Company filed a MR with the DAR. On April 15, 2014, the DAR denied the MR of the Parent Company. On June 27, 2014, the Parent Company filed a Petition for Certiorari to the CA.

The Parent Company shall account for any legal and financial liabilities arising from the land properties subject to the CARP upon the resolution of ownership by the Court. In total, there are about 222 hectares of land that were declared by the courts, or the DAR as exempt from the coverage of the CARP, including the 21-hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011, in GR No. 169331.

On May 14, 2013, the BOD approved to authorize management to begin negotiations with the DAR for possible voluntary offer to sell (VOS) of 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway. However, the said negotiations have not yet commenced as the possible VOS is merely an option that the Parent Company will consider after exhausting all means possible. The intention by management of whether to push through with the VOS is dependent on the outcome of the applications for exemption, exclusion or conversion of land covered by the CARP/CARP.

On December 13, 2013, the BOD of the Parent Company approved management's request for reconfirmation of management's plan to explore the government's VOS program using 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway under certain conditions. This supersedes all previous proposals relating to the government's VOS program. As at the date of the report, there is no agreement yet with the DAR on the properties approved for possible VOS.

On May 7, 2016, the DAR denied the application for exemption filed by the Parent Company for the 285.9 hectares of land located in Nasugbu, Batangas. On June 27, 2016, the Parent Company filed an MR for the 285.9 hectares application, which the DAR denied. The Parent Company then filed an appeal with the Office of the President.

On May 21, 2022, the Office of the President denied Parent Company's appeal explaining that the findings of facts of the Administrative Agencies should be respected. The Parent Company then timely filed its Motion for Reconsideration which remains pending as of this date.

On October 25, 2017, CA has partially granted the Group's Petition for Certiorari pertaining to the NOC. Subsequently, the Group filed a MR over the issuance of CLOAs by DAR in favor of the farmer-beneficiaries.

On August 13, 2018, the Parent Company received the Court of Appeals Resolution, which dismissed the Parent Company and DAR's Motions for Partial Reconsideration. The Parent Company subsequently filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court to assail the Court of Appeals' Decision and Resolution before the Supreme Court. In the meantime, DAR, through Office of the Solicitor General (OSG), filed its own Petition for Review on Certiorari.

On November 19, 2018, the Parent Company filed a Comment/Opposition *Ad Cautelam* to DAR's said petition. The petitions filed by the Parent Company and DAR were consolidated and are now pending before the Supreme Court (see Note 5).

The DAR approved the conversion application filed by the Parent Company and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors, but the MR was denied, and the order of conversion was affirmed by the DAR in November 2020. An appeal was filed by the oppositors with the Office of the President, where the case is now pending.

On November 2021, the Office of the President issued an Order denying the appeal filed by the oppositors and affirming the DAR Decision. A Motion for Reconsideration was thereafter filed by the oppositors. On April 29, 2022, the Office of the President issued a Resolution denying the oppositors' MR.

In the opinion of management and legal counsel, there are no other pending labor or other legal cases and claims in the ordinary course of business that will have a material effect on the financial position and performance of the Parent Company.

Other Contingencies
The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Provision for probable losses amounted to nil and ₱2.9 million in 2022 and 2021, respectively (₱3.6 million in 2020) [see Note 22].

Joint Operations
On December 2, 2009, RLC entered into a joint arrangement with VJ Properties, Inc. (VJPI) for the development of Anya Resorts and Residences in Tagaytay, Cavite (the "Project"). RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced ₱10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate between them the developed saleable lots and villas.

As at December 31, 2022 and 2021, the Project is fully sold. Outstanding balance due from VJPI amounted to ₱0.1 million. As at December 31, 2022 and 2021 is included as part of due from related parties and presented in the consolidated statements of financial position.

Equity Placement Commitment
In June 2020, the Parent Company entered equity placement commitment with LDA Capital, LLC (LDA), a global investment group. Under this equity placement commitment, the Parent Company has the right, but not the obligation, to sell shares to LDA subject to the conditions of the Put Option Agreement (the Agreement). The Company may sell up to ₱800 million worth of RCI treasury shares during the 36-month period from the signing of the Agreement. In addition, LDA is given a Call Option to purchase up to 99 million common shares of RCI at an exercise price of ₱2.38 per share, exercisable any time during the term of the Agreement. Based on the determination made by management, no derivative financial instruments need to be recognized in the consolidated financial statements as of December 31, 2022 and 2021.

Unused Credit Lines
As at both December 31, 2022 and 2021, the Group has no outstanding unused lines of credit with local banks (see Notes 15 and 16).

29. **Financial Instruments**

Risk Management, Objectives and Polices
The principal financial instruments comprise of cash in banks and cash equivalents, receivables and payables, which arise directly from its operations, and short and long-term borrowings.

The main risks arising from the financial instruments are liquidity risk, interest rate risk and credit risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 1, 15 and 16).

The tables below summarize maturity profile of the financial liabilities based on contractual undiscounted payments and the related financial assets and contract assets used for liquidity management as at December 31, 2022 and 2021:

	December 31, 2022					
	On Demand	Less than One Year	One to Two Years	More than Two Years to Five Years	More than Five Years	Total
Short-term borrowings	₱–	₱100,000	₱–	₱–	₱–	₱100,000
Trade and other payables*	–	1,109,623	–	–	–	1,109,623
Due to related parties	40,645	–	–	–	–	40,645
Long-term borrowings	–	1,190,012	30,000	1,130,572	852,886	3,203,470
Lease liabilities	–	2,797	–	–	–	2,797
	₱40,465	₱2,402,432	₱30,000	₱1,130,572	₱852,886	₱4,456,535
Cash and cash equivalents	₱36,130	₱–	₱–	₱–	₱–	₱36,130
Trade and other receivables – third parties	–	159,252	–	–	–	159,252
Contract assets	–	96,100	–	–	–	96,100
Due from related parties	44,671	–	–	–	–	44,671
	₱44,671	₱255,352	₱–	₱–	₱–	₱336,153

**Excludes payable to government agencies amounting to ₱113.09 million.*

	December 31, 2021					
	On Demand	Less than One Year	One to Two Years	More than Two Years to Five Years	More than Five Years	Total
Short-term borrowings	₱–	₱249,816	₱–	₱–	₱–	₱249,816
Trade and other payables*	–	954,899	–	–	–	954,899
Due to related parties	126,182	–	–	–	–	126,182
Long-term borrowings	–	2,210,413	731,805	474,638	–	3,416,856
Lease liabilities	–	38,056	–	–	–	38,056
	₱126,182	₱3,453,184	₱731,805	₱474,638	₱–	₱4,785,809
Cash and cash equivalents	₱63,572	₱–	₱–	₱–	₱–	₱63,572
Trade and other receivables – third parties	–	117,451	–	–	–	117,451
Contract assets	–	21,808	–	–	–	21,808
Due from related parties	45,081	–	–	–	–	45,081
	₱108,653	₱139,259	₱–	₱–	₱–	₱247,912

**Excludes payable to government agencies amounting to ₱58.6 million.*

Credit risk
Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to receivables relating to real estate sales.

Credit risks for contract receivables is mitigated because the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk of the Group shown at gross before the effect of mitigation through collateral agreements.

	December 31, 2022	December 31, 2021
Cash in banks and cash equivalents	**₱36,130**	₱63,572
Trade and other receivables*	**195,101**	165,233
	₱231,231	₱228,805

* *Net of allowance for impairment losses totaling ₱53.2 million and ₱34.9 million as of December 31, 2022 and 2021, respectively.*

Collaterals and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Credit quality per class of financial assets
The credit quality of receivables is managed by the Group through its Marketing Department.

High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

The following tables below show the credit quality of "neither past due nor impaired" financial instruments as well as the amounts of "past due but not impaired" and "impaired" financial instruments:

December 31, 2022:

	Neither past due nor impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**Past due and impaired**	**Total**
Financial assets at amortized cost:						
Cash in bank	**₱33,039**	**₱–**	**₱–**	**₱–**	**₱–**	**₱33,039**
Receivables:						
Trade	**–**	**27,976**	**–**	**–**	**41,054**	**69,030**
Others	**–**	**93,539**	**–**	**–**	**–**	**93,539**
Due from related parties	**–**	**20,389**	**–**	**–**	**12,141**	**32,530**
Refundable deposits	**–**	**3,840**	**–**	**–**	**–**	**3,840**
	₱33,042	**₱105,515**	**₱–**	**₱–**	**₱53,195**	**₱201,970**

December 31, 2021:

	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
Financial assets at amortized cost:						
Cash in bank	₱62,165	₱–	₱–	₱–	₱–	₱62,165
Receivables:						
Trade	–	47,190	–	–	22,766	69,956
Others	–	59,636	–	–	–	59,636
Due from related parties	–	20,799	–	–	12,141	32,940
Refundable deposits	–	3,838	–	–	–	3,838
	₱62,165	₱131,463	₱–	₱–	₱34,907	₱228,535

Impairment assessment
The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

The Group used the following staging parameter for financial instruments as shown below.

Stage	Description
1	12-month ECL
2	Lifetime ECL not credit-impaired
3	Lifetime ECL credit-impaired

The table below shows the credit quality per class of financial instrument (gross of allowance for credit losses) as of December 31, 2022 and 2021:

December 31, 2022:

	Financial Assets			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Amortized Cost				
Cash in banks and cash equivalents	**₱33,099**	**₱–**	**₱–**	**₱33,099**
Receivables:				
Trade	**–**	**27,976**	**41,054**	**69,030**
Others	**95,539**	**–**	**–**	**95,539**
Due from related parties	**20,389**	**–**	**12,141**	**32,530**
Refundable deposit	**3,840**	**–**	**–**	**3,840**
	₱152,867	**₱27,976**	**₱53,195**	**₱234,038**

December 31, 2021:

	Financial Assets			
	Stage 1	Stage 2	Stage 3	Total
Amortized Cost				
Cash in banks and cash equivalents	₱62,165	₱–	₱–	₱62,165
Receivables:				
Trade	–	47,190	22,766	69,956
Others	59,636	–	–	59,636
Due from related parties	20,799	–	12,141	32,940
Refundable deposit	3,838	–	–	3,838
	₱146,438	₱47,190	₱34,907	₱228,535

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2022 and 2021:

December 31, 2022:

	Contract Asset	Trade receivables — Days past due: Current	<30 days	30-60 days	61-90 days	>90 days	Impaired Financial Assets	Totals
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**₱44,918**	**₱16,944**	**₱4,615**	**₱11,749**	**₱8,384**	**₱9,088**	**₱22,766**	**₱73,546**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱22,766**	**₱22,766**

December 31, 2021:

	Contract Asset	Trade receivables — Days past due: Current	<30 days	30-60 days	61-90 days	>90 days	Impaired Financial Assets	Totals
Expected credit loss rate	0%	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱125,634	₱13,354	₱4,615	₱11,749	₱8,384	₱9,088	₱22,766	₱69,956
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–	₱22,766	₱22,766

For cash in banks and cash equivalents, other receivables, due from related parties and refundable deposits, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing loans which bear floating interest rate and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity for the years ended December 31, 2022 and 2021. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at December 31, 2022 and 2021.

	Change in Basis Points (bps)	Effect on Income before Income Tax
December 31, 2022	**+/-50 bps**	**+/-₱17,326**
December 31, 2021	+/-50 bps	+/-₱30,337

Various floating interest rates are based on PHP BVAL reference rate plus spread from 1.5% to 3.25% as of December 31, 2022 and 2021.

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 15 and 16).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2022, 2021 and 2020. The Group has met its objectives.

Management considers the total consolidated equity reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

The Group is required to maintain a maximum debt-to-equity ratio of 3:1. The Group has the following debt-to-equity ratio:

	December 31, 2022	December 31, 2021
Total liabilities	**₱5,183,122**	₱5,063,529
Total equity	**8,631,943**	7,702,275
Total liabilities and equity	**₱13,815,065**	₱12,765,804
Debt-to-equity ratio	**0.60:1.0**	0.66:1.0

30. **Fair Values**

The Group has assets that are measured at fair value on a no-recurring basis in the consolidated statements of financial position after initial recognition. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position in particular circumstances. These include investment properties stated at fair value and land under property, plant and equipment at revalued amount.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property, plant, and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash in banks, trade and other receivables, short-term borrowings, trades and other payables and dividends payable
The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Long-term borrowings
The carrying value of long-term borrowings As at December 31, 2022 and 2021 approximates its fair value as they carry interest rates of comparable instruments in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at December 31, 2022 and 2021.

Investment properties and land under property, plant and equipment
The valuation technique used for the investment properties and land under property, plant and equipment is Sales Comparison Approach which is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

The table below summarizes the significant unobservable input valuation for investment properties and land under property, plant and equipment held by the Group.

Asset measured at fair value (Level 3)	**Significant unobservable inputs**	**Interrelationship between key unobservable input and fair value measurement**
Investment properties		
December 31, 2022	Price per square meter. Estimates range from is about ₱288 per sqm to ₱2,500 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2021	Price per square meter. Estimates range from is about ₱150 per sqm to ₱1,800 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
Land under property, plant, and equipment		
December 31, 2022	Price per square meter. Estimates range from is about ₱150,000 per sqm to ₱250,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2021	Price per square meter. Estimates range from is about ₱120,000 per sqm to ₱220,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

Certain investment properties amounting to ₱7.5 million as of both December 31, 2022 and 2021, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

There are no transfers to Level 1 and Level 2 fair value measurement.

31. **Segment Reporting**

The Group's identified operating segments, which are consistent with the segments reported to the BOD, are as follows:

a. Real Estate
RLC is the real estate arm of the Group. RLC acquires, develops, improves, subdivides, leases and sells agricultural, industrial, commercial, residential and
other real properties. The Group, through RLC, has subsidiaries namely SMMSI and RAHC.

b. Hotel
   - RAHC, a subsidiary of RLC, owns and operates four GoHotels in Metro Manila.
   - ART, a business segment of RLC, operates a luxury hotel in Tagaytay City.
   - Anya Hospitality Group, a business segment of RLC, provides hotel management services to Budget Hotel Business, ART, and other hotel properties in Batangas.

c. Manufacturing
RSAI is a subsidiary of the Parent Company and manufacturing arm of the Group. RSAI is incorporated primarily to manufacture coconut products for export and domestic consumption.

d. Others
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has only one geographical segment as all its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRSs. The presentation and classification of segment revenues and segment expenses are consistent with the consolidated statements of income.

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments. Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

a. Segment revenue and expenses

The Group's main revenue stream comes from the real estate, hotel operations and export of coconut-based products. The real estate and hotel operations segment's customers are mainly direct.

b. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals, customers' deposits, and bank loans. Segments assets and liabilities do not include deferred income taxes.

c. Inter-segment transfers

Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unrelated customers or by suppliers for similar goods or services.

The following tables present information about the Group's operating segments:

	December 31, 2022					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations/ Adjustments**	**Consolidated Balances**
Sales	**₱288,637**	**₱409,475**	**₱88,021**	**₱–**	**₱264,784**	**1,050,917**
Cost of Sales and Services	**(104,669)**	**(214,529)**	**(193,193)**	**–**	**(170,970)**	**(683,361)**
Gross Profit (Loss)	**183,968**	**194,946**	**(105,172)**	–	**93,814**	**367,556**
Interest income	**12,043**	**3,445**	**1**	**2,530**	**(15,489)**	**2,530**
Interest expense	**(51,843)**	**(93,559)**	**(53,909)**	**(66,414)**	**199,311**	**(66,414)**
Others	**(100,120)**	**(180,916)**	**(338,708)**	**1,452,033**	**(831,981)**	**308**
Income (loss) before income tax	**44,048**	**(76,084)**	**(497,788)**	**1,388,149**	**(554,345)**	**303,980**
Income tax benefit (expense)	**(6,239)**	**(1,829)**	**(5450)**	**–**	**13,518**	**–**
Segment Income (Loss)	**37,809**	**(77,913)**	**(503,238)**	**1,388,149**	**540,827**	**303,980**
Loss from Discontinued Operations	**–**	**–**	**–**	**–**	**–**	**–**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**–**	**–**	**–**
Consolidated Net Income (Loss)	**₱37,809**	**(₱77,913)**	**(₱503,238)**	**₱1,388,149**	**₱540,827**	**₱303,980**
Assets and Liabilities						
Current assets	**₱1,050,917**	**₱403,737**	**₱152,854**	**₱221,507**	**(₱1,634,205)**	**₱194,810**
Noncurrent assets	**683,361**	**2,283,457**	**696,310**	**12,446,098**	**(5,498,340)**	**10,610,887**
Total Assets	**₱1,734,278**	**₱2,687,194**	**₱849,164**	**₱12,667,605**	**(₱7,132,545)**	**₱10,805,697**
Current liabilities	**₱411,706**	**₱1,545,172**	**₱430,153**	**₱417,478**	**(₱2,438,028)**	**₱366,481**
Noncurrent liabilities	**697,400**	**792,436**	**702,310**	**1,274,763**	**(2,195,316)**	**1,271,593**
Total Liabilities	**₱1,109,106**	**₱2,337,608**	**₱1,132,463**	**₱1,692,241**	**(₱4,633,344)**	**₱1,638,074**

	December 31, 2021					
	Real Estate	Hotel	Manufacturing	Others	Eliminations/ Adjustments	Consolidated Balances
Sales	₱408,654	₱408,660	₱184,923	₱–	(₱3,782)	₱998,455
Cost of Sales and Services	(109,353)	(158,625)	(294,017)	–	–	(561,995)
Gross Profit (Loss)	299,301	250,035	(109,094)	–	(3,782)	436,460
Interest income	7,330	4,265	7	21,864	(26,231)	7,235
Interest expense	(20,216)	(126,991)	(53,963)	(65,422)	26,231	(240,361)
Others	(120,315)	(220,938)	(107,496)	731,748	–	282,999
Income (loss) before income tax	166,100	(93,629)	(270,546)	688,190	(3,782)	486,333
Income tax benefit (expense)	(3,398)	(1,992)	–	(221)	–	(5,611)
Segment Income (Loss)	162,702	(95,621)	(270,546)	687,969	(3,782)	480,722
Loss from Discontinued Operations	–	–	–	–	–	–
	162,702	(95,621)	(270,546)	687,969	(3,782)	480,722
Equity in net earnings of associates and a joint venture	–	–	–	(183,212)	–	(183,212)
Consolidated Net Income (Loss)	₱162,702	(₱95,621)	(₱270,546)	₱504,758	(₱3,782)	₱297,510
Assets and Liabilities						
Current assets	₱701,120	₱388,953	₱213,406	₱232,661	(₱866,617)	₱1,231,402
Noncurrent assets	296,624	2,299,899	1,054,434	10,361,048	(2,873,093)	11,534,314
Total Assets	₱997,745	₱2,688,852	₱1,267,839	₱10,593,709	(₱3,739,710)	₱12,765,716
Current liabilities	₱59,414	₱998,073	₱687,598	₱339,307	(₱358,814))	₱1,725,578
Noncurrent liabilities	628,171	1,430,510	290,181	1,290,257	(319,393)	3,331,229
Total Liabilities	₱687,585	₱2,428,583	₱977,779	₱1,629,564	(₱678,207)	₱5,056,806

	December 31, 2020					
	Real Estate	Hotel	Manufacturing	Others	Eliminations/ Adjustments	Consolidated Balances
Sales	₱33,807	₱312,261	₱193,331	₱–	(₱24,000)	₱515,399
Cost of Sales and Services	(7,648)	(169,234)	(294,847)	–	–	(471,729)
Gross Profit (Loss)	26,159	143,027	(101,516)	–	(24,000)	43,670
Interest income	11,304	1,019	13	23,456	(23,434)	12,358
Interest expense	(79,774)	(102,023)	(57,821)	(39,811)	23,434	(255,995)
Others	(108,637)	(164,698)	(87,522)	275,933	24,000	(60,924)
Income (loss) before income tax	(150,948)	(122,675)	(246,846)	259,578	–	(260,891)
Income tax benefit (expense)	51,452	(2,667)	–	(269)	–	48,516
Segment Income (Loss)	(99,496)	(125,342)	(246,846)	259,309	–	(212,375)
Loss from Discontinued Operations	–	–	–	–	–	–
	(99,496)	(125,342)	(246,846)	259,309	–	(212,375)
Equity in net earnings of associates and a joint venture	–	–	–	(938,021)	–	(938,021)
Consolidated Net Income (Loss)	(₱99,496)	(₱125,342)	(₱246,846)	(₱678,712)	₱–	(₱1,150,396)
Assets and Liabilities						
Current assets	₱1,242,522	₱287,877	₱181,931	₱565,665	(₱507,286)	₱1,770,709
Noncurrent assets	798,114	2,503,579	867,925	9,186,646	(2,668,029)	10,688,235
Total Assets	₱2,040,636	₱2,792,456	₱1,049,856	₱9,752,311	(₱3,176,315)	₱12,458,944
Current liabilities	₱609,074	₱875,164	₱776,567	₱272,578	(₱687,513)	₱1,845,870
Noncurrent liabilities	947,549	1,475,063	401,440	919,569	(823,115)	2,920,506
Total Liabilities	₱1,556,623	₱2,350,227	₱1,178,007	₱1,192,147	(₱1,510,628)	₱4,766,376

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2022

SCHEDULE B
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/ advances)	₱12,130	₱101	(₱3,681)	₱–	8,550	₱–	₱8,550

SCHEDULE E

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2022

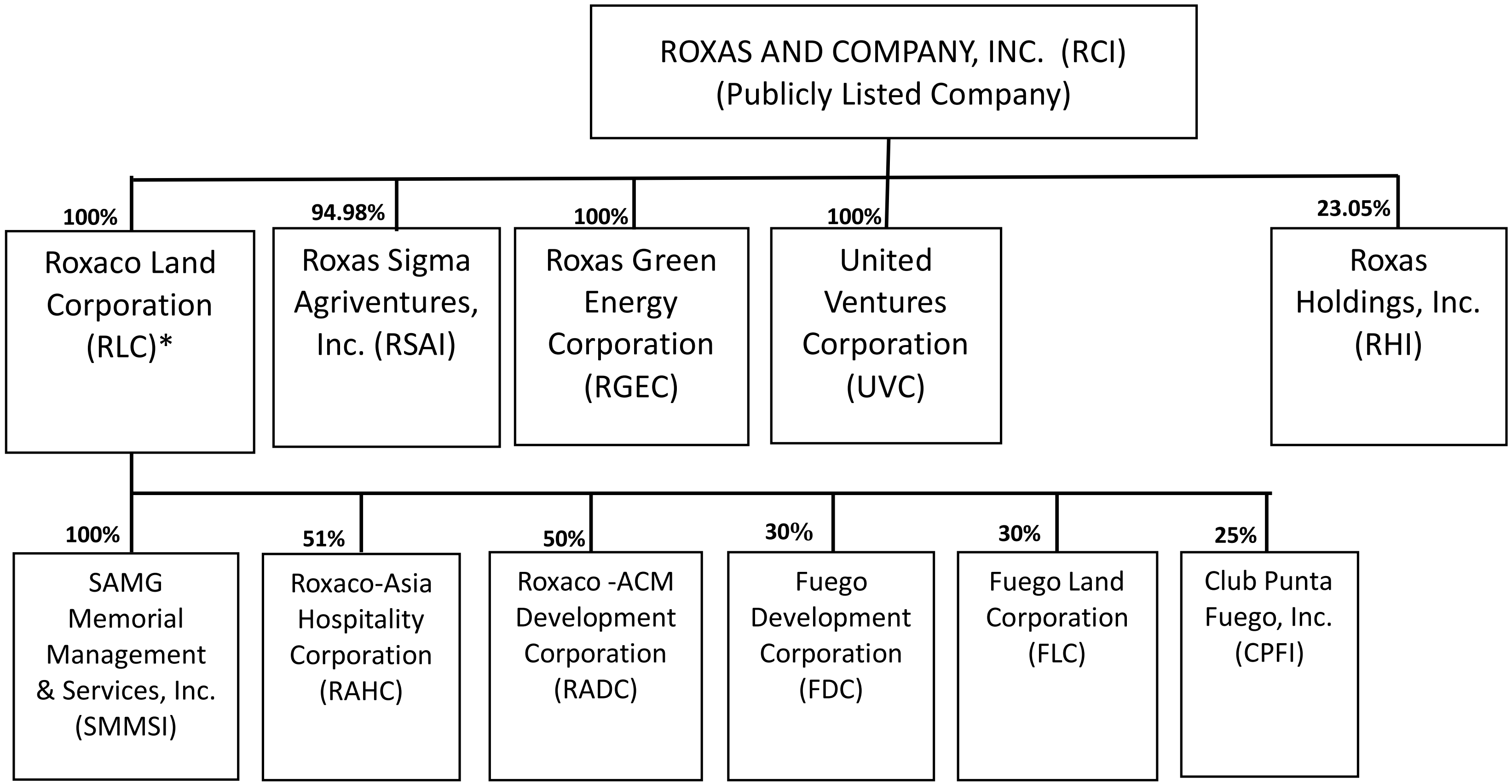
AMOUNTS IN THOUSANDS

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - “Class A” at ₱1 par value	3,375,000	2,222,054	–	–	1,278,963	943,091
Preferred stock at ₱1 par value	1,000,000	200,000	–	–	–	200,000

SCHEDULE II
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022

Ratio	Formula	**December 31, 2022**	December 31,2021
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.52:1**	0.31:1
Solvency ratio			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.60:1**	0.66:1
Asset to Equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.60:1**	1.66:1
Interest Rate Coverage ratio	$\frac{\text{Net income (loss)} + \text{depreciation expense} + \text{Interest expense}}{\text{Interest expense}}$	**3.69:1**	2.46:1
Profitability ratios			
Return on Assets	$\frac{\text{Net income (loss)}}{\text{Total assets}}$	**4.51%**	1.86.%
Return on Equity	$\frac{\text{Net income (loss)}}{\text{Total equity}}$	**7.22%**	3.08%

SCHEDULE III
ROXAS AND COMPANY, INC., AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2022



** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts and Corporation (AHRC), with RLC as surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
***On July 23, 2018, RLC's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation*

SCHEDULE IV
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2022
IN THOUSANDS

Reported retained earnings at beginning of year	₱4,937,451
Less cumulative gain on changes in fair value of investment properties, at beginning of year	(2,920,690)
Reported retained earnings at beginning of year, as adjusted	2,016,761
Add net income during the year closed to retained earnings	381,508
Less unrealized gain on changes in fair value of investment properties	(2,098,220)
	(1,716,712)
Less treasury stock	(1,144,645)
Less gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	(296,967)
Reported retained earnings available for dividend declaration at end of year	(₱1,141,563)

Roxas and Company, Inc.

Company Details	
Name of Organization	Roxas and Company, Inc. (RCI)
Location of Headquarters	7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City
Location of Operations	Makati City, Quezon City, Manila City, Nasugbu, Batangas; Tagaytay; and Tupi, Cotabato
Report Boundary: Legal entities (e.g. subsidiaries, affiliates, associates) included in this report*	Covered in this sustainability report is Roxas and Company, Inc. (RCI, hereinafter referred to as the "Group") and its subsidiaries and affiliates: Roxaco Land Corporation (RLC) Roxaco-Asia Hospitality Corporation (RAHC) Roxas Sigma Agriventures, Inc. (RSAI) Roxas Green Energy Corporation (RGEC)
Business Model, including Primary Activities, Brands, Products, and Services	RLC is the property development arm of RCI which acquires real estate for investment, development, and/or sale. The Corporation is the registered owner of hectares of land in Nasugbu, Batangas. Subsumed in the Real Estate Corporation are Anya Hospitality Group (Hospitality Solutions), Anya Resort Tagaytay (Leisure & Lodging), and Roxaco-Asia Hospitality Corporation (Hotel & Development Management). RSAI is a wholesale producer of high-quality coconut-based products. Their coconut product portfolio is 100% organic, comprised of Aseptic Coconut Cream and Milk, Extracted Virgin Coconut Oil, and Frozen Coconut Water RGEC is the energy arm of the Corporation in Nasugbu, Batangas. Disclosures under the Environmental and Social sections are not inclusive of RGEC data as the firm has not begun commercial operations.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Melchor J. Manalo

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The material topics were identified through a review of the sustainability-related topics recommended by SEC and determined which of those are deemed relevant by the Group's stakeholders and those which the Group has impact to. These were done through consultations with the Group's business units and its concerned departments.

NOTE: The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. This allows the Group to disclose more streamlined and focused narratives on each material topic, which would also apply to the metrics that correspond under the stated material topic.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	998.46	PhP Million
Direct economic value distributed:		
a. Operating costs (payments to suppliers)	609.69	PhP Million
b. Employee wages and benefits	204.85	PhP Million
c. Dividends given to stockholders and interest payments to loan providers	261.08	PhP Million
d. Taxes given to government	55.13	PhP Million
e. Investments to community (e.g. donations, CSR)	0.23	PhP Million

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

Impacts & Risk; Stakeholders Affected

The economic value generated by RCI flows towards its stakeholders—employees, suppliers and service providers, shareholders, government, and host communities—who drive the success of the Corporation. Through this, the Group enables its stakeholders to facilitate respective contributions to the local economy.

The main risks arising from the financial instruments are liquidity risk, interest rate risk, and credit risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations. Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations. Lastly, interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

Incidences of corruption pose risks that could affect the flow of capital within the Group, depriving the rightful stakeholders. Additionally, while RCI invests in the preparedness for health-related and natural calamities, damages that may exceed the coverage of insurance or investment allocations may materially affect the financial health and operational condition. For example, the Group sustained

losses from the COVID-19 pandemic and the effects of the Taal Volcano eruption, which forced Anya Resort Tagaytay to close down at the beginning of the calendar year 2020.

Management Approach to Identified Impacts and Risks

RCI is able to generate economic value through its subsidiaries' capability to attract and retain locators and tenants in its properties (RLC) as well as customers for its hotel and resorts operations (RAHC, AHG, & ART). Additionally, sales of its finished goods (RSAI) also generate revenue in the form of coconut-based products. These revenue streams are boosted by maintaining amiable business relationships within the stakeholder ecosystem, namely product distributors, suppliers, and service providers. In addition, RCI commits to fulfilling vendor accreditation criteria and ensuring on-time release of payment tranches.

The Group benchmarks itself against best practices of similar industries—ensuring that its customers receive the best value for their money. Meanwhile, the compensation packages of RCI employees are benchmarked against industry and national standards to ensure that the workforce are provided with livable wages. For suppliers and service providers, the Corporation ensures that service agreements are diligently followed by all involved parties.

Risk management is carried out by senior management under the guidance and direction of the Board of Directors of the Parent Corporation. RCI ascertains that the Board and employees are made aware of and are compliant with all related national regulations and stipulations stated in the Group's Corporate Governance Manual and Code of Business Conduct and Ethics.

Opportunities and Management Approach

RCI seeks to continuously innovate its products and services to further establish its brand in the market. The Group intends to explore new investment and growth opportunities as well as identify potential strategic joint venture partners to secure financing strategies for future projects. Moreover, the Group also aims to enhance overall operational efficiency by improving synergies across RCI's subsidiaries.

With the new effects and risks brought by the COVID-19, this is an opportunity for RCI to review its risk management for infectious diseases. Reallocation of budget to prepare for this risk will be reassessed in anticipation for its adverse impacts to the business.

Climate-related risks and opportunities

RCI is in the process of understanding, identifying, and evaluating the climate-related risks and opportunities intrinsic to its businesses. RCI aims to determine how to effectively measure climate change's impact to its operations and core services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts & Risk; Stakeholders Affected

Any form of corruption significantly affects RCI's means to equitably deliver economic value to all its stakeholders. Corruption incidents would have an adverse impact to the Group's brand equity, its relationship with customers, and Corporation culture.

Management Approach to Identified Impacts and Risks

All newly-hired employees of RCI are presented with a Corporation Policy and Procedure pertaining to Employee Conduct & Work Expectations - Conflict of Interest Policy, which states that: "The appearance of impropriety must also be avoided. Employees should not appear to be unduly influenced or corrupted by personal favors from a customer or supplier." This policy is then acknowledged, and signed by every employee during the onboarding process.

Opportunities and Management Approach

RCI shall take measures to effectively evaluate its anti-corruption policies as well as benchmark and adopt local and international best practices on anti-corruption to strengthen our existing processes in preventing such occurrences.

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (biomass)	691,060	MT
Energy consumption (gasoline)	19,897	GJ
Energy consumption (LPG)	323.4	GJ
Energy consumption (diesel)	258,111.37	GJ
Energy consumption (electricity)	4,623,880.64	kWh

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's main source of energy comes from electricity consumption, mainly through a local electricity provider. The firm relies on gasoline for the vehicles used in official business and diesel for its generator sets, aimed to offset power interruptions that affect the operations of commercial establishments. However, the Corporation consumes minimal amounts of LPG for several of its kitchen, laundry, and water feature operations.

The Company's overall impact on energy consumption largely depends on the degree of energy consumption of guests, tenants, customers, and employees within its operational establishments.

RSAI

The Firm consumes energy primarily for the sustenance of its operations and facilities. Its main source of energy is electricity, followed by diesel fuel and biomass energy respectively. Energy is integral in ensuring the Company's production year-round.

RAHC

Electricity comprises the majority of the Company's energy consumption. This is sourced mainly through a local electricity provider. Additionally, the Company consumes a minimal amount of diesel for its usage of generator sets during cases of power outages.

Management Approach to Identified Impacts and Risks

RLC

RLC has various energy efficiency practices across its business units, namely: RLC Realty, ART, RAHC, and AHG.

RLC Realty ensures that the use of the vehicles for official business is efficient. It invests in energy efficient equipment to decrease electric consumption for its facilities.

ART is able to effectively monitor the performance and efficiency of its facilities through its maintenance department. The Company has an existing policy to eliminate unnecessary usage of energy by strictly mandating that lights and equipment be turned off when not in use. ART also

reduces its energy consumption through the replacement of old light bulbs with more energy efficient LED lights.

AHG practices proper turning off of facilities and equipment when not in use.

RSAI
As an alternative to fuel, the Company utilizes biomass to fuel the operations of its boiler units. Its biomass power is derived from the coconut shells generated through its operations. In 2021, the firm was able to generate biomass energy from 1,851.60 metric tons of coconut shells.

RAHC
RAHC has designated its engineering officers to implement Enercon Programs to optimize electricity usage across its different properties. These programs aim to streamline responsible usage of energy consuming appliances and facilities.

Water consumption within the organization

Disclosure	Quantity	Units
Water consumption	143,373.94	Cubic Meters
Water recycled and reused	12,766	Cubic Meters

Impacts & Risks; Stakeholders Affected

RLC
Water is consumed for commercial use across the Corporation's properties, offices, and facilities. Its tenants and employees regularly consume water for domestic activities and facility maintenance. Its water supply predominantly comes from water district utilities. The Company also sources minimal amounts of water from a deep-well for its resort operations in Tagaytay. As such, water shortages from these sources may pose substantial risks to the Company, because such disruptions could potentially impede ongoing operations.

RSAI
The Company considers water as a vital resource as it is used for the processing plant's steam generation and maintenance activities. Ensuring a stable water supply is crucial in maintaining the firm's plant operations.

RAHC
Water is consumed by its tenants, guests, and employees.

Management Approach to Identified Impacts and Risks

RCI has been regularly monitoring its water impacts (consumption and discharges) while ensuring that water use is maximized across its owned establishments and commercial properties.

Opportunities

RSAI

The Corporation has identified water efficiency opportunities to be implemented in the near future. These opportunities consist of processes such as recycling coconut water condensate and reusing water for comfort room use and sanitary activities. It is preparing a robust water recycling program to streamline its identified opportunities to implement water efficiency initiatives.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	3,459,828.00	MT
● renewable	795,760.44	MT
● non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services.	23	%

***NOTE**: Unable to acquire quantitative data as procurement of construction materials is outsourced through a third party*

Impacts & Risks; Stakeholders Affected

RLC

Being the property development arm of Roxas and Company, Inc., it is responsible for managing real estate development projects across the Philippines. In 2020, RLC managed construction projects (Orchards, Landing Townhomes and Montana) wherein the contractors used materials, which primarily are steel and cement. However, materials consumed by RLC for its own operations are mainly composed of office and kitchen supplies.

RSAI

As a coconut processing company, RSAI regularly sources agricultural items for its daily production needs. Aside from its raw materials, the Corporation's top procured items are principally paper-based and polyethylene-based, used for packaging purposes.

RAHC

As an operator of hotels, RAHC does not have materials intensive processes in its operations. Its materials procurement is mainly composed of domestic and office items used for its daily hotel operations.

Ecosystems and Biodiversity

***NOTE**: Due to the nature of RCI's operations, this topic is not considered as material for the Group as it currently does not operate within the vicinity of locations with substantial biological diversity.*

Environmental Impact Management

GHG emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	1,259.66	Tonnes CO2e

Energy indirect (Scope 2) GHG Emissions	3,862.96	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not Applicable	Tonnes

Air pollutants

Disclosure	Quantity	Units
NOx	Not Applicable	kg
SOx	Not Applicable	kg
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	kg
Particulate matter (PM)	Not Applicable	kg

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's primary sources of Scope 1 emissions come from its use of LPG, diesel, and gasoline fuel. It also consumes electricity across its different properties and facilities which contribute to Scope 2 emissions. The extent of RLC's air emissions is directly correlated to the scale of its energy consumption, predominantly from electricity generation and fuel consumption.

RSAI

The Company's primary sources of Scope 1 emissions are from its 18 TPH Biomass (Coconut shell fired) Boiler and its 1.5MVA diesel power generator. For its Scope 2 emissions, it generally consumes electricity to power its facilities.

RAHC

Scope 2 emissions comprise the vast majority of RAHC's GHG emissions as its daily operations rely heavily on electricity. Its scope 1 emissions are very minimal since the Corporation's fuel use is limited to its generator sets for emergency situations.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	27,204	kg
Reusable	500	kg
Recyclable	9,528	kg
Composted	8,076	kg
Incinerated	0	kg
Residuals/Landfilled	9,100	kg

Hazardous waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	2,790.96	kg
Total weight of hazardous waste transported	0	kg

Effluents

Disclosure	Quantity	Units
Average water discharge rate (RSAI)	232.98	Cubic meters/day
Total volume water discharge	182,640.90	cubic meters
Percent of wastewater recycled	0	%

**Scope is limited to RSAI's operations*

Impacts & Risks; Stakeholders Affected

RLC

Solid waste production occurs as a byproduct of the operations of the RLC's various establishments. Generated waste within the Company's scope mainly consists of domestic waste from the guest houses, canteens, and office spaces.

RSAI

In 2021, RSAI generated a monthly average of 6.32 metric tons of solid waste resulting from its manufacturing activities.

RAHC

The Company's generated waste is primarily domestic waste from tenants, guests, and employees' activities across its different properties.

Management Approach to Identified Impacts and Risks

ART

The Company operates a Materials Recovery Facility to responsibly store its solid waste before handing them over to certified waste disposal haulers for proper segregation. Furthermore, ART manages a Hazardous Waste Storage Facility where all hazardous wastes are properly labeled and temporarily stored. The resort has a schedule for proper disposal of hazardous waste, which is conducted by a DENR Certified Transporter and Treater.

To ensure that the Company's activities on handling, storing, and disposing of waste is documented and compliant with pertinent laws, the Pollution Control Officer prepares quarterly Self Monitoring Reports (SMR) and semi-annual Compliance Monitoring Reports (CMR) which are submitted to the Department of Environment and Natural Resources (DENR).

RAHC

Proper segregation is aligned with city ordinances on waste collection. Hazardous waste is also properly stored before being turned over to certified waste disposal haulers.

AHG

Proper segregation is aligned with city ordinances on waste collection.

Environmental compliance

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

Impacts & Risks; Stakeholders Affected

The Group's business units are subject to local and national regulations and policies pertaining to environmental protection. It recognizes the compliance requirements which LGUs and DENR-EMB have on the respective parts of its business. The Group also acknowledges the risks that non-compliance of regulations pose to the continuity of its operations.

Management Approach to Identified Impacts and Risks

The Group has set in place governance measures and working teams who are responsible for ensuring that each of its operating assets are in full compliance with all relevant local and national environmental regulations.

RSAI

Management has engaged a third party provider, duly accredited by the DENR, to ensure continuous compliance with the requirements of the DENR for its WWTP.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	152	#
a. Number of female employees	45	#
b. Number of male employees	107	#
Attrition rate	30%	rate
Ratio of lowest paid employee against minimum wage	0:0	ratio

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	30%	%
% of male workers in the workforce	70%	%
Number of employees from indigenous communities and/or vulnerable sector*	6	#

** Inclusive of PWDs, people of retirement age, and solo parents.*

Impacts & Risk; Stakeholders Affected

RCI provides market competitive compensation and benefits to its employees. The firm attracts both fresh and tenured talents of various industries to join its talent pool made evident by a benchmark entry-level basic pay that is 16% greater than the regional minimum wage.

Its operations primarily impact local constituencies by producing opportunities to the communities around RCI's commercial properties. Despite the downturn in business due to the pandemic, a total of 68 new jobs were generated from its core businesses.

The Company also has a healthy male-to-female social portfolio at 59% and 41% respectively. RCI does not discriminate in terms of age, gender or physical disabilities in hiring.

Management Approach to Identified Impacts and Risks

To remain competitive, the Group dedicates itself to improving business performance through provisions to assist employee needs. This is conducted through various assistance programs such as a streamlined Financial Assistance Plan, a performance recognition and rewards system, and early retirement benefits.

Scenario adjustments have also been made, in order to accommodate the impact of Covid-19 in daily operations. Some regulations implemented to ensure business continuity are shortened office hours and remote work set-up. As feasible, properties are opened and strictly managed within the bounds of public government guidelines.

Opportunities and Management Approach

With the unparalleled economic downturn brought about by the Covid-19 pandemic, the Group is continuously improving their business continuity plan incrementally as more national guidelines are progressively cascaded. From an employee management standpoint, it is clear that management has to adapt an agile approach to craft a strategy that would protect their employees and business operations from further negative economic and social impact. It is ideal for the strategic planning team to have short-, mid-, and long-term plans as the industry slowly recovers from the economic downturn that the pandemic has caused.

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	8,661	hours
a. Female employees	3,637	hours
b. Male employees	5,024	hours
Average training hours provided to employees	25	
a. Female employees	26	hours/employee
b. Male employees	24	hours/employee

Impacts & Risk; Stakeholders Affected

Capability building is recognized to be a key driver both to individual and organizational success. RCI recognizes its responsibility to empower its employees, so that they are able to deliver world-class services to their customers. To address social-distancing constraints, alternative training methods like online learning were explored and availed. For the last fiscal year, an average of 25 working hours per capita has been allocated specifically for training and development with a focus on improving customer service and experience.

Spearheaded by the Human Resources department, a total of 8,661 hours have been devoted for the upskilling of the group's human capital.

Management Approach to Identified Impacts and Risks

Given the speed with which things are changing, combined with the limitations brought about by the pandemic, the workforce needs specialized training to apply new knowledge and best practices. Aside from providing in-house training to empower its employees, RCI has been in constant coordination with different government offices and entities like the Department of Tourism, Bureau of Quarantine and TESDA to avail of relevant trainings for its employees. Noteworthy learning sessions attended and held last 2021 were Customer Service Training, Housekeeping Refresher Courses, New Normal Protocols, Training for Front Office Services and Workplace Communication, Fire Safety Seminars, Good Manufacturing Practices (GMP) Awareness Training, Hazard Analysis Critical Point Awareness (HACCP) Training.

Furthermore, RCI proactively conducts regular alignment on training needs to assess current skills inventory and identify existing skills gaps. These are then mapped against functional requirements and customer demands. Thereafter, programs are formed and executed either solely by an internal team or in partnership with external experts who specialize in those pre-determined competencies.

These avenues allow for growth both professionally and personally as employees to contribute more substantially to the company’s business objectives while giving each a degree of personal satisfaction.

Opportunities and Management Approach

In lieu of the new emerging environment shaped by the global pandemic, RCI is presented with an opportunity to re-invest resources in training and development to future proof its social capital in preparation for the new ways of working that the post-covid scenario will bring to the tourism, agriculture, and energy industries.

It is significant to understand the shifts and changes that will occur in the value chains of the said industries. Ventures into agriculture may not retain conventional value chains post-COVID as there is a rising demand in the market for farm-to-table models. Energy is also at the forefront of change, even prior to the quarantines, as prices in renewable energy (mainly solar) have plunged significantly cheaper than traditional coal-generated electricity. Lastly, social distancing and the potential spread of a highly contagious disease has brought about innovations in lifestyle, the tourism industry moreso. With the countless facets that are affected, a review and evaluation of strategy and forecasts is highly recommended, as the Group is well-positioned to integrate training and performance at the core of the changing environment. However, the implementation team must take extra caution in defining appropriate performance indicators in order to achieve the aspired behavior of learned skills application.

Labor-management relations

***NOTE**: This topic is not considered as material for the Group as it currently does not have labor unions across its subsidiaries.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	323,256	Man-hours
No. of work-related injuries	4	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

**Note: The No. of work-related injuries are minor injuries that does not cause lost manhours.*

Impacts & Risk; Stakeholders Affected

The employees of RCI's business units are exposed to various health and safety risks due to the nature of their operations. For RAHC, RSAI, and RLC, the majority of the headcount comes from the local labor force, which poses an evident risk in the form of a large dependency on the general health and wellness of the areas in which these employees occupy. This was proven true by the recent COVID-19 pandemic, which caused the cessation of tourism and hospitality-related operations due to the threat of the virus to public health. Over 50 percent of RCI's workforce were directly affected.

Management Approach to Identified Impacts and Risks

RCI's team of professionals is committed to ensuring that hazards and risks are recognized and identified in order to guide and direct employees to work safely, thereby preventing injuries and other issues in the workplace. This is conducted by ensuring that Occupational Safety and Health (OSH) standards are observed and government requirements concerning health and safety are consistently met. As an example, RSAI, AHG, and ART mandate their employees to undergo an 8-hour OSH training during onboarding, which is conducted by an in-house Safety and Security Manager.

In the event of work-related accidents, RCI ensures that all identified safety hazards are reported to the management.

The Group is also active in participating with the local government initiatives on health and safety, such as joining community-initiated fire and earthquake drills.

Opportunities and Management Approach

A more frequent periodic assessment of the Group's readiness in terms of compliance with OSH standards can be pursued. With the COVID-19 pandemic, regulators, employees, and customers will place a premium on the health and safety of RCI's premises. As such, RCI will be reassessing its current OHS systems in order to fulfill its promise to its stakeholders of their excellent product and service delivery.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	From RCI's Code of Business Ethics (COBE): Section on Harassment and Bullying under Rules and Regulations of Code of Conduct

Impacts & Risk; Stakeholders Affected

Incidences of forced labor and child labor and violations of human rights violates labor-related laws and policies provided by the government. Allegations of abuse of human rights can escalate and develop into negative public perception, which impacts brand equity and customer loyalty. This is applicable across all RCI subsidiaries and, if present, must therefore be handled diligently.

Management Approach to Identified Impacts and Risks

RCI ensures that its businesses are compliant to and operate only within the boundaries and standards as stipulated in regulations provided by both the national and local governments. RCI has a Code of Business Ethics which is communicated to employees during onboarding to make them aware of their rights as an employee. This process aims to prevent RCI's operations from incidences of labor laws violations and abuse of human rights.

Opportunities and Management Approach

The Group will be benchmarking best business practices in disallowing forced labor, child labor, and \protecting human rights to further strengthen RCI's labor-related policies. RCI will review its operations and assess where these violations are prone to happen, and identify how to mitigate occurrences of the same.

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Forced labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Child labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Human rights	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Bribery and corruption	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form

Impacts & Risk; Stakeholders Affected

The Group ensures that they will not be involved or exposed to various human rights risks and environmental risks within its supply chain giving importance on the sustainability topics when accreditating and screening suppliers and by documenting these criteria in the Purchasing Policy and

Guidelines to ensure consistent implementation.

Management Approach to Identified Impacts and Risks

RCI conducts regular assessments of suppliers' performance—ensuring their compliance with all labor-related laws and regulations. Suppliers are flagged should any notable actions be discovered during the review.

Opportunities and Management Approach

RCI is considering these ESG criteria (e.g. suppliers' social and governance performance) in its supplier accreditation process. A revision of the existing Purchasing Policy will be done, if needed to document any change or inclusion for consistent implementation.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community
RLC - Residential/housing projects 1. Landing Townhomes and Shophouses 2. Montana @ Hacienda Palico 3. Orchards @ Balayan	Nasugbu and Balayan, Batangas	Not Applicable	N	Right to Housing; Local employment
RLC - Memorial Project (San Antonio Memorial Gardens)	Nasugbu, Batangas	Not Applicable	N	Right to Burial
RSAI - Coconut harvesting and Processing plant operations	Tupi, Cotabato	Not Applicable	N	Pleasant smell and minimal noise within plant proximity; Local employment

Impacts & Risk; Stakeholders Affected

Through RLC's housing projects, the developer is able to provide a nurturing community to families that could help elevate their lifestyles and boost the local economy. Furthermore, they are able to provide decent jobs for the local community through construction and maintenance of these projects.

For its memorial park, it gives families a serene space where loved ones are always remembered in an atmosphere of togetherness.

Meanwhile, RSAI's business operations that are tied with the communities are coconut harvesting and its processing plant. The business relies heavily on the produce of local farms for the procurement of its raw materials. As such, they are strategically placed within the vicinity of numerous coconut farms, which it can potentially partner with. Additionally, the Company's operations are mostly carried out by local workers, enabling them to provide livelihood opportunities for its provincial location as well.

Furthermore, the processing plant's processes may generate loud noise and pungent smells in the surrounding areas, resulting in disruption of BAUs of other adjacent establishments.

Management Approach to Identified Impacts and Risks

The business operations of RCI's subsidiaries are placed across Makati City, Quezon City, Manila City, Tagaytay City, Batangas and Cotabato. The Group ensures that it employs people from the host community to provide decent work and improve the local economy.

To prevent adverse social and environmental impacts to the host communities, the Group ensures that periodic consultations are done with the concerned LGUs and civil society organizations before and during project operations. This helps in identifying the pain points as well as finding ways on how to address them. Through this, the Group aims to establish good relationships at all times with the local community.

For RCI's construction projects, the pool of partners consists of a select set of contractors who are proven reliable to complete projects' within the expected period of time.

Meanwhile RSAI, through its Trade Fair arrangements with its partner farmers, ensures equitable and transparent business partnerships with them. RSAI assists those farmers to increase coconut yield and improve their land fertility through employing new technologies and conducting training programs. In addition, the Company also partners with nearby schools for its immersion and OJT programs, which provides students with insights on the work opportunities in the food sector.

Opportunities and Management Approach

RCI is continually exploring opportunities in partnering with the local organizations and private companies which would help in community capacity building and improving social welfare of the host communities. As an example, RLC is exploring joint venture projects with other developers and/or contractors. Through this, more housing units will be made available in the locality. RAHC and RSAI will be working closely with the LGUs in identifying key opportunity areas where these business units may contribute the most.

Customer Management

Customer Satisfaction

Disclosure	Company	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	RAHC ***	**(Overall)**	**N/A**
		(GO Hotel North Edsa)	N/A
		(GO Hotel Timog)	N/A
		(GO Hotel Ermita)	N/A
		(GO Hotel Manila Airport Rd.)	N/A
	ART	93.10%	N/A
	AHG *	Not Applicable	N/A
	RLC **	Not Applicable	N/A
	RSAI	Not Applicable	N/A

NOTES:

** Currently, there is no feedback system yet for AHG. As a hospitality consultancy and management group, AHG rarely receives feedback in writings or score ratings. AHG performance is currently based on the profitability and efficiency of managed properties. Concerns / comments are raised verbally. In the event that hotel owners are not satisfied with AHG's service, management contracts may not be renewed.*

*** The need for a third party to conduct customer satisfaction in the realty business is not yet being considered. Internally, customer satisfaction is gauged primarily through feedback, sales performance, and reorders.*

**** Due to the pandemic, Go Hotels have operated mainly as quarantine facilities. Because of this, there has been no online reviews for the majority of the year except for a handful that were posted prior to the declaration of ECQ. These handful reviews do not reflect the overall operations as it is just a small percentage of the total number of guests accommodated in 2020.*

Guest surveys were also not collected directly from the guests to comply with the IATF ruling of minimal contact. These would also not be able to reflect the service of the hotels as the guests would have minimal to zero contact with the staff during their quarantine.

Impacts & Risk; Stakeholders Affected

Customer feedback serves as the gauge by which RCI determines how effective the group's products and services are in terms of delivering a premier customer experience (CX). Scores can be viewed as a representation of customer sentiment and leveraged on as a key channel to draw out insights from. Utilized well, the scores safeguards the company from failure to engage with its customers effectively.

At present, two hospitality developments (RAHC and ART) have existing mechanisms to measure CX, the former subscribing to a net promoter score (0-10) system and the latter ascribing to a the more conventional Customer Satisfaction Score (0-100%). In addition, other engagement channels like emails, phone numbers (mobile or landline), social media, sms, were communicated to the customers should they have any concerns

Both scores are essential to monitor as negligence risks loss of customer trust and bad public reviews, which negatively impacts brand equity.

Management Approach to Identified Impacts and Risks

The Customer Care Department, guided by its policy on Handling Customer Feedbacks, endeavors to ensure that all feedbacks are addressed properly in consultation with the management. The aggregated feedback is then integrated into training and employee development plans. Guest experiences, in the form of reviews, are used as references in workshops to address and improve experience.

Also, regular reviews of policies and procedures are conducted periodically and these are amended as necessary.

Opportunities and Management Approach

Opportunities present themselves in two fronts. The first is in furthering customer personalization. The prominent consumer behavior of the rising generation is authenticity. This entails that it would be essential for both RAHC and ART to craft their brands and customer journeys towards a highly personal experience. Secondly, reinforcing the first, the opportunity to digitize will drive growth and improvement in marketing and core services with the implementation of digital solutions to strengthen RCI's position. Such programs could range from developing an omni-channel approach to adapting a cloud-based Customer Relationship Management platform

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

As a business who provides tangible assets as a form of product and service delivery, RCI aims for its customers to have an enjoyable experience when availing its products and services.

When receiving customer complaints regarding health and safety, it is essential that these are handled properly due to the large impact on customer loyalty. Mishandling of complaints also pose reputational risk—dissatisfied customers may share their unfortunate experience with their networks, resulting in less patrons and repeat customers.

Management Approach to Identified Impacts and Risks

RCI upholds its products and services' safety of use in the highest regard. The Group established proper quality assurance protocols which seek to communicate its standards on health and safety

from inbound logistics to product and service delivery. Furthermore, RCI ensures that its communication channels are open for complaints on products or services' health and safety. All filed complaints are coursed through the proper channel and delegated to their concerned departments.

Opportunities and Management Approach

Due to the COVID-19 pandemic, RCI anticipates that customers will now place an even higher regard for the cleanliness and safety of products and services. With this, the Company is exploring how to re-skill its employees in order to keep up with the higher standards brought by the pandemic. Moving forward, this also provides RCI an opportunity to update its health and safety management systems through third-party audits and certifications.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

The Group exposes itself to brand and reputational risk should there be proven misrepresentation on RCI's products and services. Mislabeled communication materials to RCI's customers may result in their disappointment when expectations on the brand are not met. Given the current digital age, there is ease also in spreading misinformation to people's networks. Hence, RCI shall be wary of all the advertisements and promotional materials that are being communicated to its customers.

Management Approach to Identified Impacts and Risks

It is RCI's due diligence to provide true and accurate information at all times. To support this, there are dedicated Marketing units who have been tasked to ensure that only correct marketing media will be used for the promotion of the projects through authentic RCI channels. This is done through regular conduct of reviews on RCI's product and service portfolio.

Furthermore, relationship managers are tasked to be transparent to potential clients on the Group's products and services to avoid setting unsuitable expectations from them.

Opportunities and Management Approach

The Group considers all feedback as an opportunity for improvement. Should the need arise, the Group shall engage the services of marketing and product design consultants to boost its marketing and advertising strategies.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Impacts & Risk; Stakeholders Affected

As part of ensuring operational excellence to deliver customer delight, collection of Personal Identity Information (PII) is fundamental. RCI primarily collects PII values such as names, dates of birth, addresses, ID information, contact numbers, credit card numbers, corporate Tax Identification Number (TIN), personal food preferences for Food & Beverage (F&B) services, and other health-related information among others. The PII information allows the operations team to consider and assess customer needs and preferences to give a top-of-class experience and provide relevant services and products.

Management Approach to Identified Impacts and Risks

In consideration of the synergy between customer PII data and organizational proprietary data, the Corporation decided to protect privacy by storing data in a password encrypted property management system. The system is sourced from an external provider, where RCI has entered into a user data agreement with affiliates such as Review Pro, SABA, Global Payments, INFOR, and Rate Gain to build layers of protection.

Furthermore, RCI complies with the Data Privacy Act of 2012 by gathering the consent of customers at the point of data collection and augments their protection by having a social media and data handling agreement signed by employees which clearly stipulates the scope of what they can and cannot do with data that customers and guests entrusted RCI with. Moreover, cybersecurity measures comprising equipment and processes have been set in place to tighten security, some of which are dual firewalls for work tools and routers; network isolation for guests and employees; and cctv and telephone lines using VLAN. The company strictly implements policy on internet usage and other applications, to reduce risks and prevent breaches while providing the appropriate training of responsible usage.

Other noteworthy actions are as follows: (1) for credit card information handling, only the last 4 digits are kept visible in the system and the rest are masked to secure the data; (2) for proprietary

information handling, most USB ports have been disengaged - especially at the Front Desk so as to keep any virus from being transferred and to protect the unauthorized sharing of confidential information; (3) Firewall licenses are being monitored regularly; (4) CCTV cameras are installed; and (5) internet access restrictions are found on most of the working tools of RCI employees.

Opportunities and Management Approach

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
All Subsidiaries - Human capital plays an integral role in delivering the RCI's key products and services. Thus, acquiring and retaining its talent pool goes hand in hand with the Group's ability to sustain and grow its businesses.	**SDG Contribution:** Goal 5 - Gender Equality The Group currently employs almost 50-50 male to female ratio for its workforce. RCI does not show discrimination against women and vulnerable groups in its hiring process as well as in the workplace. Goal 8 - Decent Work and Economic Growth The Group's ability to provide employment opportunities through its different business units contributes to local economic development. The Group currently employs 381 workers across its subsidiaries, providing decent work in the local regions where it operates.	Unequal pay and poor labor conditions; unheard employee grievances	Complaints are managed by the manager-in-charge and then to the HR. The HR Team then delegates the complaint to the right department to address the issue.
RSAI - Coconut-based products	**SDG Contribution:** Goal 2- Zero Hunger. Leveraging on its modern coconut processing technologies and the region's abundant supply of coconuts, RSAI was able to produce 2,600 tons of coconut-based products in 2021. These products provide nutritious, high-quality food options to the market.		

	Furthermore, RSAI's business is involved in fair-trade agreements with local farmers, augmenting livelihoods in the process. Through these fair-trade agreements, local farmers are also provided access to training and technologies to help boost their productivity. <u>Relevant SDG 2 Targets:</u> *SDG 2.1* - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. *SDG 2.3* - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.		

SEC Registration Number

P W - 0 0 0 0 0 8 3 4

Company Name

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town) Province)

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
SEC Form 17-Q	**CRMD**	**Not Applicable**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxascompany.com.ph	**(02) 8810-8901**	**-**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
3,288	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Melchor J. Manalo	**melchor.manalo @roxascompany.com.ph**	**(632) 8751-9537**	**-**

Contact Person's Address

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF
THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended: **31 March 2023**.

2. SEC Identification Number: **PW- 00000834**.

3. BIR Tax Identification No. : **000-269-435-000**.

4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of
   Incorporation or Organization

6. (SEC Use Only)
   Industry Classification Code

7. **7th Floor Cacho-Gonzales Building, 101 Aguirre Street**
   Legaspi Village, Makati City 1229
   Address of Principal Office

8. **(632) 8810-89-01 to 06**
   Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Stock Outstanding and Amount of Debt Outstanding
Authorized Capital Stock	
Common	**₱3,375,000,000**
Preferred	**1,000,000,000**
No. of shares subscribed & outstanding:	
Common	**2,238,565,159**
Preferred	**200,000,000**
Amount of loans outstanding as of 31 March 2023	**₱3,673,409,009**

Of the 2,911,885,870 subscribed and outstanding common shares, 673,320,711 common shares and 200,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

    Yes [√]   No [ ]

    2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [√] No [ ]

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

Yes [√] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex "A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please see Annex "B".

PART II – OTHER INFORMATION

1. New Projects or Investments in Another Project, Line of Business or Corporation
None for the period.

2. Composition of the Board of Directors:

PEDRO O. ROXAS	-	Chairman
EDGAR P. ARCOS	-	President & CEO
FRANCISCO JOSE R. ELIZALDE	-	Director
SANTIAGO R. ELIZALDE	-	Director
AURELIO R. MONTINOLA III	-	Independent Director
CORAZON S. DE LA PAZ-BERNARDO		Independent Director
GERARDO C. ABLAZA, JR.	-	Independent Director

3. Performance of the Corporation or result or progress of operations:
Required information is contained in Annexes "A" and "B".

4. Suspension of operations:
None for the period.

5. Declaration of dividends:
None for the period.

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements:
None for the period.

7. Financing through loans:

Outstanding short-term and long-term loans amounting to ₱100.0 million and ₱3,573.4 million, respectively, were used for the working capital requirements and real estate, hotel, and coconut projects of the Group.

8. Offering of rights, granting of Stock Options and corresponding plans therefor:
None for the period.

9. Acquisition of other capital assets or patents, formula or real estates:
None for the period.

10. Any other information, event or happening that may affect the market price of the Company's shares:
None for the period.

11. Transferring of assets, except in the normal course of business:
None for the period.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.
Issuer

By:

Atty. Melchor J. Manalo
Assistant Corporate Secretary

Date: 16 May 2023

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1st Quarter Ended March 31, 2023 and 2022

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the three months ended
March 31, 2023 and 2022

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱32,807**	₱36,130
Trade and other receivables (Notes 6 and 19)	**229,820**	195,101
Contract assets - current portion (Note 20)	**96,100**	96,100
Real estate for sale and development (Note 7)	**317,129**	317,921
Inventories (Note 8)	**43,691**	31,199
Other current assets (Note 9)	**234,202**	250,057
	953,749	926,508
Assets held for sale	**631,856**	634,119
Total Current Assets	**1,585,605**	1,560,627
Noncurrent Assets		
Contract assets - net of current portion (Note 20)	**21,940**	29,534
Investments in associates (Note 10)	**338,336**	425,336
Property and equipment (Note 11):		
At cost model	**1,635,494**	1,651,371
At revaluation model	**620,411**	620,411
Right-of-use assets (Note 12)	**2,151**	2,151
Investment properties (Note 13)	**9,253,312**	9,253,312
Deferred income tax assets - net (Note 24)	**58,306**	61,960
Other noncurrent assets (Note 9)	**210,142**	210,363
Total Noncurrent Assets	**12,140,092**	12,254,438
TOTAL ASSETS	**₱13,725,697**	₱13,815,065
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16 and 19)	**₱1,283,297**	₱1,185,500
Short-term borrowings (Note 14)	**100,000**	100,000
Current portion of long-term borrowings (Note 15)	**1,190,012**	1,190,012
Contract liabilities (Note 20)	**133,781**	136,208
Current portion of lease liability (Note 12)	**2,797**	2,797
	2,709,887	2,614,517
Liabilities directly associated with the assets held for sale	**415,073**	414,270
Total Current Liabilities	**3,124,960**	3,028,787
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**2,011,859**	2,013,458
Deferred income tax liabilities - net (Note 24)	**98,060**	98,060
Retirement liability (Note 17)	**42,807**	42,817
Lease liability (Note 12)	**2,766**	–
Total Noncurrent Liabilities	**2,155,503**	2,154,335
Total Liabilities	**5,280,462**	5,183,122

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Equity attributable to the Equity Holders of the Parent Company (Note 18)		
Capital stock	**₱3,111,886**	₱3,111,886
Additional paid-in capital	**1,589,603**	1,589,603
Other equity reserves	**738,062**	738,062
Retained earnings	**4,000,854**	4,173,317
Treasury stock	**(1,144,645)**	(1,144,645)
	8,295,760	8,468,223
Non-controlling Interests (Note 4)	**149,475**	163,720
Total Equity	**8,445,235**	8,631,943
TOTAL LIABILITIES AND EQUITY	**₱13,725,697**	₱13,815,065

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
REVENUES (Note 20)		
Real estate	₱20,639	₱215,296
Hotel	112,086	82,995
Sale of goods	66,932	56,562
	199,658	354,853
COST OF SALES AND SERVICES		
Cost of real estate sales (Note 7)	(10,247)	(72,108)
Cost of hotel sales and services (Note 21)	(63,503)	(48,515)
Cost of goods sold (Note 21)	(84,367)	(68,005)
	(158,117)	(188,628)
GROSS INCOME	41,540	166,225
OPERATING EXPENSES (Note 21)	(70,912)	(86,064)
OTHER INCOME (CHARGES)		
Equity in net earnings of associates (Note 10)	(87,000)	(69,050)
Interest expense (Notes 14 and 15)	(61,845)	(58,770)
Interest income (Notes 5 and 6)	1,217	3,441
Loss on discontinued operations	(8,826)	(11,082)
Others - net (Note 23)	(59)	4,032
	(156,513)	(131,429)
INCOME (LOSS) BEFORE INCOME TAX	(185,885)	(51,269)
INCOME TAX EXPENSE (Note 24)		
Current	821	2,125
Deferred	–	–
	821	2,125
NET LOSS	(₱186,706)	(₱53,393)
Net Loss attributable to:		
Equity holders of the Parent Company	(₱172,462)	(₱41,756)
Non-controlling interests	(14,244)	(11,637)
	(₱186,706)	(₱53,393)
BASIC/DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 25)	(₱0.08)	(₱0.02)

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
NET LOSS	**(₱186,706)**	(₱53,393)
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS	**(₱186,706)**	(₱53,393)
Total Comprehensive Loss attributable to:		
Equity holders of the Parent Company	**(₱172,462)**	(₱41,756)
Non-controlling interests	**(14,244)**	(11,637)
	(₱186,706)	(₱53,393)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in Thousands

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
CAPITAL STOCK (Note 18)	**₱3,111,886**	₱3,111,886
ADDITIONAL PAID-IN CAPITAL (Note 18)	**1,589,603**	1,599,313
TREASURY STOCK (Note 18)	**(1,144,645)**	(1,158,877)
OTHER EQUITY RESERVES (Note 18)	**738,062**	740,954
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	**2,542,052**	1,513,298
Net loss	**(172,462)**	(41,756)
Reversal for treasury stock	**-**	13,836
Balance at end of period	**2,369,589**	1,513,298
Appropriated		
Balance at beginning of period	**1,631,265**	1,659,333
Adjustment (reversal) for treasury stock	**-**	(13,836)
Balance at end of period	**1,631,265**	1,645,497
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**8,295,760**	7,452,071
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**163,720**	213,496
Net loss	**(14,244)**	(11,637)
Balance at end of period	**149,475**	201,859
	₱8,445,235	₱7,653,930

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(*Amounts in Thousands*)

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax:	**(₱185,886)**	(₱51,266)
Adjustments for:		
Equity in net loss of associates (Note 10)	**87,000**	69,050
Interest expense (Notes 14 and 15)	**61,845**	66,287
Interest income (Notes 5, 6 and 19)	**(1,217)**	(3,441)
Depreciation and amortization (Notes 11 and 21)	**24,501**	24,973
Loss from discontinued operations	**8,826**	
Increase in retirement liability	**-**	1,085
Operating income (loss) before working capital changes	**(4,930)**	106,688
Decrease (increase) in:		
Trade and other receivables	**(34,719)**	(290,299)
Inventories	**(12,492)**	12,343
Real estate for sale and development	**792**	71,264
Other current assets	**23,488**	(29,806)
Other noncurrent assets	**221**	1,433
Increase in trade and other payables	**47,457**	98,316
Net cash generated from (used in) operations	**19,777**	(30,061)
Interest received	**1,217**	3,441
Income taxes paid including creditable withholding taxes	**(821)**	(2,127)
Net cash generated from (used in) operating activities	**20,173**	(28,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in property and equipment	**(8,626)**	3,018
Net cash provided by investing activities	**(8,626)**	3,018
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of interest (Note 15)	**(14,900)**	–
Net availments (payments) of long-term borrowings (Note 15)	**-**	927
Lease liability	**31**	–
Proceeds from issuances of treasury shares (Note 18)	**-**	5,049
Net cash used in financing activities	**(14,869)**	5,976
NET DECREASE IN CASH FOR THE PERIOD	**(3,323)**	(19,753)
CASH AT BEGINNING OF THE PERIOD	**36,130**	63,572
CASH AT END OF THE PERIOD	**₱32,807**	₱43,819

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DELOS REYES
Group CFO

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

Roxas and Company, Inc. (the Parent Company or RCI), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918.

On November 29, 1948, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) with a stock symbol RCI.

RCI is the holding company for a group of companies with interests in (i) the real estate, hotels and resorts development and management business thru its wholly-owned subsidiary, Roxaco Land Corporation (RLC), (ii) sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc (RHI), (iii) coconut processing and exports thru its subsidiary, Roxas Sigma Agriventures, Inc. (RSAI) and (iv) renewable energy development. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others. As at both March 31, 2023 and 2022; RCI has 3,288 and 3,294 shareholders respectively.

The principal and registered office of RCI is located at 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

2. Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for land properties under property and equipment and investment properties that are stated at fair value and assets held for sale that are stated at lower of cost and fair value less cost to sell. The unaudited interim consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Group. All amounts are rounded to the nearest thousands, unless otherwise indicated.

The unaudited interim consolidated financial statements of the Group have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim consolidated financial statements, which have been prepared by the Group to be filed with the SEC for its quarterly reporting to comply with the amended Securities Regulation Code Rule 68, do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2022.

3. Summary of Changes in Accounting Policies

<u>Changes in Accounting Policies</u>
The accounting policies adopted are consistent with those of the previous financial periods. The adoption of the following new and revised Philippine Financial Reporting Standards (PFRS) did not have any material effect on the unaudited interim condensed consolidated financial statements of the Group, unless otherwise indicated. Additional disclosures have been included in the notes to unaudited interim consolidated financial statements, as applicable.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to PAS 8, *Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16: *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

4. Basis of Consolidation

The unaudited interim consolidated financial statements of the Group include the financial statements of the Parent Company and following subsidiaries (all incorporated and domiciled in the Philippines) as at March 31, 2023 and December 31, 2022:

	Percentage of Ownership		Noncontrolling Interests		
	2023	2022	**2023**	2022	Description of Business
RLC*	**100.00**	100.00	**–**	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
SAMG Memorial Management & Services Inc. (SMMSI)	**100.00**	100.00	**–**	–	Funeral and related services
Roxas Green Energy Corporation (RGEC)	**100.00**	100.00	**–**	–	Generation and distribution of energy
Roxas Sigma Agriventures, Inc. (RSAI)***	**94.98**	94.98	**5.02**	5.02	Coconut processing
United Ventures Corporation (UVC)****	**100.00**	100.00	**–**	–	Warehouse leasing

** On April 16, 2018, its BOD and stockholders authorized the Company to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
On July 23, 2018, the Company's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation.
*** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.*
****In September 2021, RSAI amended its Articles of Incorporation increasing its authorized capital stock by ₱600 million.*

***** The application for dissolution is still pending with the SEC and BIR as at March 31, 2023.*

5. Cash

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	**₱3,125**	₱3,031
Cash in banks	**29,682**	33,099
	₱32,807	₱36,130

Cash in banks earn interest at the respective bank deposit rates.

Total interest income earned from cash in banks amounted to ₱0.15 million and ₱0.15 million for the three months ended March 31, 2023 and 2022, respectively.

6. Trade and Other Receivables

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	**₱120,602**	₱111,298
Due from:		
Related parties (Note 19)	**65,494**	35,849
Employees	**9,423**	11,387
Contractors and suppliers	**35,174**	30,780
Others	**52,321**	58,981
	283,014	248,295
Allowance for impairment losses	**(53,194)**	(53,194)
	₱229,820	₱195,101

Trade receivables represent the following:

a. Customers' accounts arising from the sale of real estate properties amounting to ₱20.6 million and ₱24.7 million as of both March 31, 2023 and December 31, 2022, respectively.

b. Outstanding individual, corporate and travel agency accounts earned from the hotel operation amounting to ₱85.3 million and ₱68.2 million as of as of March 31, 2023 and December 31, 2022, respectively, which generally have a 30-day term.

Total interest income on trade and other receivables amounted to ₱1.2 million and ₱3.2 million for the three months ended March 31, 2023 and 2022 respectively.

Due from employees pertains to the salary, housing and educational loans that are collected from the employees through salary deduction, and advances for business purposes subject to liquidation.

Other receivables, which are normally settled within one year, pertains to nontrade receivables.

7. Real Estate for Sale and Development

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Real estate properties for sale	**₱253,896**	₱259,144
Raw land and land improvements for development	**63,233**	58,777
	₱317,129	₱317,921

Cost of real estate sales amounted to ₱10.2 million and ₱72.1 million for the three months ended March 31, 2023 and 2022, respectively. In March 2022, the Group sold its raw land with a cost of ₱72.0 million to a third party (Note 6).

Certain real estate properties for sale and development owned by RLC amounting to ₱196 million as at both March 31, 2023 and December 31, 2022 are being used as collateral for the loans availed by the Parent Company and RLC (see Note 15).

8. Inventories

Inventories account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Finished goods	**₱38,143**	₱24,704
Packaging materials	**5,048**	6,234
Supplies	**500**	261
	43,691	₱31,199
At NRV - finished goods, net of provision for inventory write-down amounting to (₱32.1 million as of both March 31, 2023 and December 31, 2022)	–	–
	₱43,691	₱31,199

Cost of inventories charged to cost of goods sold amounted to ₱17.9 million and ₱68.0 million for the three months ended March 31, 2023 and 2022, respectively (Note 21).

Rollforward of provision for inventory write-down as of March 31, 2023 and December 31, 2022 are as follows:

	2023 (Unaudited)	2022 (Audited)
Beginning balance	**₱32,086**	₱56,397
Write-off against Allowance	–	(26,632)
	₱32,086	₱32,086

9. **Other Current and Noncurrent Assets**

Other current assets account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current and deferred input VAT	**₱20,881**	₱43,441
Creditable withholding taxes	**174,132**	168,573
Prepaid expenses	**35,349**	34,203
Refundable deposits	**3,840**	3,840
	₱234,202	₱250,057

Current input VAT mainly arises from construction of real estate for sale, construction of the hotel and plant buildings and purchases of goods and services for operations. Deferred input VAT pertains to input VAT on outstanding payable on purchase of services.

Prepaid expenses pertain to prepaid rent, insurance, and taxes.

Others consist of advance payments for outside services and other expenses which are normally utilized within one year.

Other noncurrent assets account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Input VAT - noncurrent portion	**₱202,053**	₱195,771
Deferred input VAT - noncurrent portion	**-**	6,285
Franchise fee	**4,853**	5,071
Utility deposits	**3,236**	3,236
	₱210,142	₱210,363

Deferred input VAT includes unamortized input VAT from purchases or importation of capital goods, which are depreciable assets for income tax purposes, whose aggregate acquisition in a calendar month exceeds ₱1.0 million and input VAT on unpaid purchase of services.

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of GoHotels. The agreement is for 10 years beginning the opening day of the hotels. Amortization expense amounted to ₱0.03 million for both three months ended March 31, 2023 and 2022.

10. **Investments in Associates**

Movements in investment in associates follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Associates		
Acquisition cost:		
Balance at beginning of period	**₱2,167,054**	₱2,167,054
Accumulated equity in net earnings (loss):		
Balance at beginning of period	**(1,572,501)**	(1,388,258)
Equity in net loss	**(87,000)**	(184,243)
Balance at end of period	**(1,659,501)**	(1,572,501)
Unrealized loss on transfer of land -		
Balance at beginning and end of period	**(59,030)**	(₱59,030)
Other comprehensive income:		
Balance at beginning of period	**522,031**	318,171
Share in appraisal increase in land, net of tax	**–**	199,617
Share in remeasurement loss on retirement liability, net of tax	**–**	4,243
Balance at end of period	**522,031**	522,031
	970,554	1,057,554
Allowance for impairment loss	**(632,218)**	(632,218)
	₱338,336	₱425,336

The accumulated equity in net loss of associates amounting to ₱1,659.5 million and ₱1,572.5 million as at March 31, 2023 and December 31, 2022, respectively, is not available for dividend distribution to shareholders, unless received as cash dividends from the associates.

11. **Property and Equipment**

Details and movements of the property and equipment carried at cost follows:

	March 31, 2023 (Three months, Unaudited)						
	Buildings and Improvements	**Machinery and Equipment**	**Land Improvement**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
Cost							
Balance at beginning of period	**₱1,955,852**	**₱716,221**	**₱49,824**	**₱22,645**	**₱160,652**	**₱21,554**	**₱2,926,748**
Addition/adjustment	**–**	**–**	**–**	**–**	**3,019**	**6,077**	**9,096**
Reclassification of Assets held for Sale	**(292,686)**	**(7,541)**			**(2,444)**		**(302,671)**
Balance at end of period	**1,663,166**	**708,680**	**49,824**	**22,645**	**161,227**	**27,631**	**2,633,173**
Accumulated Depreciation and Amortization							
Balance at beginning of period	**244,788**	**180,244**	**15,392**	**18,935**	**120,850**	**–**	**580,209**
Depreciation and amortization	**9,663**	**3,759**	**937**	**406**	**10,208**	**–**	**24,973**
Assets held for sale	**(6,315)**	**(4,225)**			**(1,900)**		**(12,440)**
Balance at end of period	**248,136**	**179,778**	**16,329**	**19,341**	**129,158**	**–**	**592,742**
Accumulated Impairment Loss							
Balance at beginning of year	**131,542**	**273,395**	**–**	**–**	**–**	**–**	**404,937**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**131,542**	**273,395**	**–**	**–**	**–**	**–**	**404,937**
Net Book Value	**₱1,283,488**	**₱255,507**	**₱33,495**	**₱3,304**	**₱32,069**	**₱27,631**	**₱1,635,494**

	December 31, 2022 (Audited)						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱1,950,950	₱708,503	₱49,824	₱21,050	₱154,769	₱21,554	₱2,906,650
Additions	4,902	7,900	–	1,595	5,883	–	20,280
Disposals	–	(182)	–	–	–	–	(182)
Reclassification to asset held for sale	(292,686)	(7,541)	–	-	(2,444)	–	(302,671)
Balance at end of year	1,663,166	708,680	49,824	22,645	158,208	21,554	2,624,077
Accumulated Depreciation and Amortization							
Balance at beginning of year	202,887	154,040	11,418	16,932	106,990	–	492,267
Depreciation & amortization	41,901	26,204	3,974	2,003	13,860	–	87,942
Assets held for sale	(6,315)	(4,225)	–	–	(1,900)	–	(12,440)
Balance at end of year	238,473	176,019	15,392	18,935	118,950	–	567,769
Accumulated Impairment Loss							
Balance at beginning of year	34,738	72,199	–	–	–	–	106,937
Impairment loss	96,804	201,196	–	–	–	–	298,000
Balance at end of year	131,542	273,395	–	–	–	–	404,937
Net Book Value	₱1,293,151	₱259,266	₱34,432	₱3,710	₱39,258	₱21,554	₱1,651,371

Certain assets were mortgaged and used as collateral to secure the loan obligations of RSAI and RAHC with the local banks as at March 31, 2023 and December 31, 2022 (see Note 15).

12. **Right-of-use Assets and Lease Liabilities**

The Group as a lessee

The Group has lease contracts for sales office, herb garden and hotel suites used in its operations. Leases of sales office generally have lease terms between 1 and 3 years, while herb garden and hotel suites generally have lease terms of 5 and 25 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space for hospitality group with lease terms of 12 months or less and leases of dishwashing machine and house for an expatriate with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this right-of-use assets account follows:

	2023			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2022	₱161,454	₱337	₱384	₱162,175
At March 31, 2023	161,454	337	384	162,175
Accumulated Depreciation and Amortization				
At December 31, 2022	159,303	337	384	160,024
At March 31, 2023	159,303	337	384	160,024
Net Book Value	₱2,151	₱–	₱–	₱2,151

	2022			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2022 and 2021	161,454	337	384	162,175
Accumulated Depreciation and Amortization				
At December 31, 2021	136,135	337	310	136,782
Depreciation and amortization (Note 22)	23,168	–	74	23,242
At December 31, 2022	159,303	337	384	160,024
Net Book Value	₱2,151	₱–	₱–	₱2,151

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of period	**₱2,797**	₱40,822
Interest expense	**–**	1,485
Payments	**–**	(39,510)
Balance at end of period	**₱2,797**	₱2,797

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

	2023	2022
Depreciation expense of right-of-use assets included in property and equipment and investment properties	**₱–**	₱–
Interest expense on lease liabilities	**–**	–
Expenses relating to short-term leases (included in operating expenses) (Note 21)	**–**	–
	₱–	₱–

The breakdown of lease liabilities as at as at March 31, 2023 and December 31, 2022 follows:

	2023	2022
Lease liabilities	**₱2,797**	₱2,797
Less: noncurrent portion of lease liabilities	**–**	–
Current portion of lease liabilities	**₱2,797**	₱2,797

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

13. **Investment Properties**

The Parent Company

This account consists of land properties of the Parent Company located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱9,253.3 million as of both March 31, 2023 and December 31, 2022.

The Parent Company's investment properties include land properties that are subjected to CARP with total land area of 2,493.6 hectares. Unrealized fair value gain recognized on these investment properties amounted to nil for both three months ended March 31, 2023 and 2022.

14. **Short-term Borrowings**

This account represents unsecured and secured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱100.0 million and ₱100.0 million as of March 31, 2023 and December 31, 2022, respectively, payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the three months ended March 31, 2023 and 2022.

15. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Bank of the Philippine Islands (BPI)	**₱1,324,744**	₱1,324,744
Robinsons Bank Corporation (RBC)	**752,887**	752,887
United Coconut Planters Bank (UCPB)	**683,000**	683,000
Amalgamated Investment Bancorporation	**370,000**	370,000
China Bank Corporation (China Bank)	**194,781**	194,781
Asia United Bank	**182,500**	182,500
BDO Unibank, Inc.	**64,000**	64,00
East West Banking Corporation (EWBC)	**1,497**	1,497
	3,573,409	3,573,409
Current portion	**(1,190,012)**	(1,190,012)
Noncurrent portion	**₱2,383,397**	2,383,397
Long-term borrowings attributable to asset disposal group	**(371,538)**	(369,939)
Noncurrent portion - net of liabilities from discontinued operations	**2,011,859**	₱2,013,458

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
RAHC	**₱1,377,548**	₱1,377,548
RCI	**851,595**	851,595
RLC	**661,266**	661,266
RSAI	**683,000**	683,00
	₱3,573,409	₱3,573,409

Loan of RLC

The bank loan is classified as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	**₱472,053**	₱472,053
Noncurrent portion	**189,213**	189,213
	₱661,266	₱661,266

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan. As at March 31, 2023 and December 31, 2022, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱359.5 million and certain properties of the Parent Company (see Note 7).

In September 2019, RLC converted its short-term loan facility with China Bank amounting to ₱200.0 million into a 5-year term loan including a 1 ½ year grace period. The loan bears variable interest rate and repriced quarterly. Principal amount is payable quarterly until 2024.

As at March 31, 2023 and December 31, 2022, RLC loans are secured by real estate mortgages, RCI treasury shares, and pledge over RHI shares of stock owned by the Parent Company (*amounts in thousands*) as follows:

	2023	2022
Shares of stock of RHI (299.6 million in both 2023 and 2022)	**₱274,515**	₱274,515
Real estate properties for sale and development of RLC (Note 7)	**196,000**	196,000
RCI treasury shares (120.0 million in both 2023 and 2022)	**78,000**	78,000
	₱548,515	₱548,515

Loans of RAHC

The bank loans are classified as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	**₱610,238**	₱610,238
Noncurrent portion	**767,310**	767,310
	₱1,377,548	₱1,377,548

In September 2016, RAHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for GoHotel North EDSA and Cubao. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2023.

In February 2020, loan pertaining to GoHotel Cubao was fully paid amounting to ₱295.0 million.

In May 2017, RAHC converted its short-term loan facility from BPI amounting to ₱460.0 million into a term loan for GoHotel Timog. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2024.

In September 2017, RAHC entered into a ten-year term loan facility with RBC amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

In September 2019, RAHC obtained a ten-year term loan from RBC amounting to ₱450.0 million to take out the BDO loan which funded the development of GoHotel Ermita and for general working capital purposes. Principal amount is payable quarterly after the two-year grace period for eight years until 2029.

As of December 31, 2019, ₱200.0 million outstanding loans of GoHotel Cubao has been transferred to the net balance of the liabilities held for sale. The loan was paid in 2020 upon sale of Go Hotel Cubao.

The loan facilities are secured by RAHC's properties amounting to ₱2,065.3 million and ₱2,165.5 million as at March 31, 2023 and December 31, 2022, respectively.

Loans of RSAI
The bank loans are classified as follows:

	2023	2022
Current portion	**₱-**	₱–
Noncurrent portion	**683,000**	683,000
	₱683,000	₱683,000

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan. Principal amounts are payable quarterly after the two-year grace period for seven years until 2024.

The loan facility is secured by RSAI's coconut processing plant amounting to ₱779.1 million and ₱478.0 million as at March 31, 2023 and December 31, 2022, respectively (see Note 11).

Loan of RCI
The bank loans are classified as follows:

	2023	2022
Current portion	**₱477,661**	₱477,661
Noncurrent portion	**373,934**	373,934
	₱851,595	₱851,595

In September 2020, the Parent Company converted its short-term loan facility from BPI amounting to ₱474.5 million into a three-year medium term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company and additional collateral as may be agreed upon.

In March 2021, RCI entered into a Restructuring and Financing Agreement with Amalgamated Investment Bancorporation (AIB) whereas the parties have agreed to restructure the subscription and the short term loan as follows: a) RCI as the Borrower shall secure a loan from AIB as Lender in the total amount of ₱370.0 million (the Loan); and b) the proceeds of the Loan shall be used by RCI to redeem 300 million preferred shares and fully paid the short term loan. The loan bears an interest rate equivalent to the a) higher of 7% per annum or b) one-year Base Rate plus an interest spread of 2.5% to be determined annually on each Interest Rate Setting Date.

Loan restructuring in 2022:

RLC

China Bank

In November 2022, RLC restructured the medium-term loan with China Bank with the balance of ₱185.7 million for 9 years with one year grace period on the payment of interest and about 3 years on the payment of principal at 7% interest per annum, subject to yearly repricing. Payment of interest commenced in February 2023.

RAHC

Robinsons Bank

In November 2022, RAHC restructured Term Loan 1 and 2 with the balances of ₱450.0 million and ₱288.8 million, respectively, into a new Term Loan 3, for a total amount of ₱778.2 million including capitalized interest of ₱39.4 million. The loan has tenor of 81 months, maturing on September 30, 2020. Interest rate is at prevailing market rate, repriceable annually.

RSAI

Land Bank (formerly with UCPB)

In November 2022, RSAI restructured ₱683.0 million loans with Land Bank, inclusive of the ₱60.8 million capitalized interest and other charges. The tenor of loan is 7 years inclusive of six months grace period at 8% interest per annum fixed for one year and subject to semi-annual repricing.

Loan Restructuring in 2020:

RCI

BPI Loan

BPI and RCI signed a Medium Term Loan Agreement and converted the short term loan to medium term loan ₱474.5 million which will mature in August 2023. The principal payment of the loan will be due at maturity. Interest payment will be due annually.

RLC

BPI Loan

Short term loan amounting to ₱228.0 million was converted to medium term loan with a corresponding increase in interest rate from 6.25% to 7.5%. The principal payment of the loan will be due at maturity. Interest payment will be due semi-annually. The loan is due in August 2023.

For the outstanding long term loan amounting to ₱329.2 million, the principal payment was changed from quarterly payment to bullet payment and is due in July 2023. A payment of ₱280.0 million was made in February 2021 from sale of properties. Total unpaid borrowings to BPI amounted to ₱276.8 million and ₱556.2 million as at March 31, 2023 and December 31, 2022, respectively.

AUB

Short term loan amounting to ₱188.5 million is converted to 3-year term loan maturing in July 2023. Interest rate is reduced from 7.5% to 6.0%.

BDO

Short term loan amounting to ₱80.0 million is converted to 3-year term loan maturing in June 2024. Interest rate is at 5.5%.

RAHC

BPI Loan

BPI and RAHC signed an amendment to terms and condition of the Loan Agreement for the ₱610.0 million loan balance. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. Interest payment was likewise amended from quarterly to semi-annually. The bank waived the DSCR requirement but maintained the DE ratio to 3.0.

RBCs Loan

a) Term Loan 1

In June 2020, the bank granted additional grace period for the loan payment amortization, to begin March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

b) Term Loan 2

In June 2020, the bank granted additional grace period from the last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore do not result in the derecognition of the affected financial liabilities. Total modification gain/loss recognized in the consolidated statements of income as a result of these modifications amounted to ₱35.7 million.

Interest Expense

Total interest expense recognized from short-term and long-term loans amounted to ₱69.6 million and ₱66.3 million for the three months ended March 31, 2023 and 2022, respectively.

Maturities

The maturities of the long-term borrowings are as follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Less than one year	**₱1,190,012**	₱1,190,012
Between one and two years	**30,000**	30,000
Between two and five years	**1,130,572**	1,130,572
Over five years	**852,886**	852,886
	₱3,203,470	₱3,203,470

Change in Liabilities Arising from Financing Activities

	Short-term borrowings (Note 14)		Long-term borrowings	
	2023	2022	**2023**	2022
Balance at the beginning of the period	**₱100,000**	₱249,816	**₱3,573,409**	₱3,416,855
Availments	**–**	–	**–**	6,737
Payments and reclassification from short-term to long-term	**–**	(149,816)	**–**	149,816
Transferred to assets held for sale	**–**	–	**(369,939)**	(369,939)
Balance at the end of the year	**₱100,000**	₱100,000	**₱3,203,470**	₱3,203,470

16. **Trade and Other Payables**

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	**₱333,138**	₱317,893
Accrued expenses	**230,384**	242,092
Accrued interest	**224,503**	151,524
Due to related parties (Note 19)	**203,108**	187,386
Statutory payables	**122,205**	113,091
Retention payable	**68,640**	67,529
Payroll and other employee benefits	**25,655**	25,465
Dividends (Note 18)	**21,921**	21,921
Payables to contractors	**44,852**	17,655
Others	**8,891**	40,944
	₱1,283,297	₱1,185,500

17. **Retirement Benefits**

Retirement Benefits

The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2023 (Three months)	2022 (Three months)
Net interest cost	**₱-**	₱809
Current service cost	**764**	276
	₱764	₱1,085

The cumulative remeasurement gain on retirement liability (shown as part of other equity reserve) recognized as other comprehensive income amounted to ₱2.31 million, net of tax, as of both March 31, 2023 and December 31, 2022.

Retirement Liability

Retirement liability recognized in the consolidated statements of financial position follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Present value of obligation	**₱46,528**	₱46,528
Fair value of plan assets	**(3,701)**	(3,711)
Retirement liability	**₱42,807**	₱42,817

Movements in the defined benefit obligation follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**₱46,528**	₱95,540
Interest cost	**-**	9,136
Current service cost	**764**	3,510
Actuarial loss (gain) on DBO due to:		
Experience adjustments		(44,113)
Changes in financial assumptions		(17,545)
Balance at end of period	**₱47,292**	₱46,528

Movements in the fair value of plan assets for the three months ended March 31, 2023 and year ended December 31, 2022 follow:

	2023	2022
Balance at beginning of the year	**₱3,711**	₱7,107
Interest income	**–**	220
Return on plan assets, excluding amounts included in interest income	**(10)**	(3,616)
Balance at end of the year	**₱3,701**	₱3,711

Plan assets of the Group as at March 31, 2023 and December 31, 2022 consist of:

Cash in banks and cash equivalents	7%
Government securities and other assets	93%
	100%

The Group does not expect to contribute to the respective plans in 2023.

The latest available actuarial valuation of the plan for the Group is as of December 31, 2022.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost as at beginning of each period follows:

	March 31, 2023	December 31, 2022
Discount rate	**3.60% to 4.10%**	7.00% to 7.50%
Future salary increases	**7.00%**	3.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both March 31, 2023 and December 31, 2022 are as follows:

Discount Rate	+100 bps	**(₱2,358)**
	-100 bps	**2,706**
Salary Rate	+100 bps	**2,792**
	-100 bps	**(2,467)**
Turnover Rate	125%	**(733)**
	75%	**852**

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The Group does not currently employ any asset-liability matching.

The maturity analysis of the undiscounted payments as of both March 31, 2023 and December 31, 2022 are as follows:

One year and less	**₱ 5,918**
More than one year to five years	**43,626**
More than five years to 10 years	**15,468**
More than 10 years to 15 years	**52,954**
More than 15 years to 20 years	**35,018**
More than 20 years	**133,231**

Weighted average duration of the defined benefit liability is 14.2 years as of both March 31, 2023 and December 31, 2022.

18. **Equity**

a. Capital Stock

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
"Class A" common stock - ₱1 par value				
Authorized	**3,375,000,000**	**₱3,375,000**	3,375,000,000	₱3,375,000
Issued -				
Balance at beginning and end of period	**2,911,885,870**	**2,911,886**	2,911,885,870	2,911,886
Treasury stock:				
Balance at beginning of period	**(673,320,711)**	**(1,144,645)**	(689,831,368)	(1,172,713)
Issuances	**-**	**-**	16,510,657	28,068
Balance at end of period	**(673,320,711)**	**(1,144,645)**	(673,320,711)	(1,144,645)
Issued and outstanding	**2,238,565,159**	**₱1,767,241**	2,238,565,159	₱1,767,241
Preferred stock - ₱1 par value				
Authorized, 1,000,000,000				
Issued and outstanding	**200,000,000**	**₱200,000**	200,000,000	₱200,000

On November 13, 2018, the Parent Company issued 500.0 million preferred shares (500,000,000 preferred shares offered at par value of 1 per share) with a fixed dividend rate of 8.5%, with a corresponding reduction to additional paid-in capital stock pertaining to transaction costs of ₱5.0 million. The preferred shares are cumulative, non-participating, non-voting, and redeemable at the option of the Parent Company, as determined by the BOD.

The BOD, in its Special Meeting held on 12 March 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00

per share. The Articles of Incorporation of Roxas and Company, Inc. provides that the preferred shares of the Corporation are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The Board has yet to determine the terms of re-issuance of the said preferred shares.

On August 12, 2021, the BOD approved and authorized the declaration of dividends to the preferred shareholders for the year 2021 as follows:

Description	November 2020 to March 3, 2021	March 4, 2021 to September 3, 2021
Record date	March 3, 2021	September 3, 2021
Payment date	Not yet determined	Not yet determined
Total dividend	₱12.4 million	₱8.3 million

In 2023, the Parent Company issued 8,139,000 treasury shares based on the average market rate of ₱0.62 per share aggregating ₱5.0 million, resulting to a decrease in additional paid-in capital amounting to ₱8.8 million, net of transaction costs of ₱0.0 million.

In 2022, the Parent Company issued 8,139,000 treasury shares based on the average market rate of ₱0.62 per share aggregating ₱5.0 million, resulting to a decrease in additional paid-in capital amounting to ₱8.8 million, net of transaction costs of ₱0.0 million.

b. Track Record of Registration

Date	Number of Shares Licensed	Issue/Offer Price
October 7, 1918	15,000	₱100.00
February 15, 1963	2,500,000	10.00
March 31, 1969	3,000,000	10.00
January 13, 1977	5,000,000	10.00
May 21, 1990	12,500,000	10.00*
December 3, 1996	200,000,000	1.00
October 26, 1999	400,000,000	1.00
April 2, 2002	2,000,000,000	1.00
February 7, 2005	1,962,500,000	1.00
June 23, 2009	3,375,000,000	1.00

** Par value was subsequently reduced to ₱1.00*

c. Other equity reserves

Details of other equity reserves follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Revaluation Increment on Land		
Balance at end of year	**₱–**	₱–
Share in Revaluation Increment on Land of an Associate		
Balance at beginning of period	**492,521**	341,605
Share in revaluation increment on land, net of tax	**–**	203,860
Balance at end of period	**492,521**	492,521
Cumulative Share in Changes in Fair Value of AFS Financial Assets of an Associate		
Balance at beginning and end of period	**5,129**	5,129
Revaluation Increment on Land of a Subsidiary		
Balance at beginning of period	**220,663**	140,059

Share in appraisal increase, net of tax	–	27,355
Balance at end of period	**220,663**	220,663
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of period	**52,260**	6,276
Remeasurement gain, net of tax	–	45,984
Balance at end of period	**52,260**	52,260
Cumulative Share in Remeasurement Loss on Retirement Liability of Associates		
Balance at beginning of period	**(32,511)**	(32,511)
Share in remeasurement loss, net of tax	–	–
Balance at end of period	**(32,511)**	(32,511)
	₱738,062	₱738,062

d. Retained Earnings

Details of retained earnings follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Appropriated/Restricted		
Balance at beginning of period	**₱1,631,265**	₱1,659,333
Reversal for treasury stock and others	**-**	(28,068)
Balance at end of period	**1,631,265**	1,631,265
Unappropriated		
Balance at beginning of period	**2,542,052**	1,821,309
Net income attributable to the Parent Company	**(172,463)**	692,675
Reversal of restriction for treasury stock	**-**	44,270
Balance at end of period	**2,369,589**	2,542,052
	₱4,000,854	₱4,173,317

Retained earnings that are not available for dividend declaration are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Restricted for treasury stock	**₱1,144,645**	₱1,144,645
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	**296,967**	296,967
Fair value gains on investment properties included in the retained earnings	**5,040,709**	5,040,709
Deferred income tax assets	**110,888**	110,888
	₱6,593,209	₱6,593,209

e. Share Prices

The principal market for the Parent Company's share of stock is the PSE. The high and low trading prices of the Parent Company's share for each quarter within the last three periods are as follows:

Quarter	High	Low
January 2023 through March 2023	₱0.65	₱0.42
January through December 2022		
First	₱0.78	₱0.48
Second	0.68	0.49
Third	0.64	0.51
Fourth	0.58	0.45
January through December 2021		
First	₱1.35	₱1.00
Second	1.12	1.00
Third	1.09	0.72
Fourth	0.86	0.62

19. Related Party Transactions and Balances

The transactions and related balances of the Group with other related parties are as follows:

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 6)	Amount Due to Related Parties (see Note 15)
Associates					
FDC	Dividends receivable	**March 31, 2023**	**₱–**	**31,054**	**₱13,211**
		December 31, 2022	–	40,287	₱13,211
FLC	Dividends receivable	**March 31, 2023**	**–**	**3,369**	**–**
		December 31, 2022	–	3,369	–
RADC	Noninterest-bearing advances	**March 31, 2023**	**–**	**–**	**10,966**
		December 31, 2022	–	–	10,966
Joint Ventures					
VJPI	Noninterest-bearing advances	**March 31, 2023**	**–**	**116**	**182**
		December 31, 2022	–	116	182
Marilo Realty Development Corporation	Noninterest-bearing advances	**March 31, 2023**	**–**	**1,310**	**156**
		December 31, 2022	–	1,310	156
LPC	Defrayment of cost and expenses for restructuring	**March 31, 2023**	**–**	**–**	**23,729**
		December 31, 2022	–	–	23,729
Entities under common control	Interest-bearing advances	**March 31, 2023**	**3,312**	**3,405**	**81,250**
		December 31, 2022	5,567	–	139,142
		March 31, 2023		**₱48,487**	**₱129,494**
		December 31, 2022		₱35,849	₱187,386

**Amounts represent transactions for the three months ended March 31, 2023 and year ended December 31, 2022.*

a. In the normal course of business, the Parent Company extends/avails of advances to/from its related parties under common control, with definite repayment terms. The advances to and from related parties are interest-bearing.

b. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC pays RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC were computed in proportion to the number of club shares they have each assigned. In 2005, PFHC and FDC merged with FDC, as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC.

Outstanding balances at year end are unsecured and settlement normally occurs in cash, unless otherwise indicated above. No guarantees have been provided or received for these balances. Advances to and from related parties are noninterest-bearing and have no fixed repayment terms unless otherwise indicated above. Impairment review is undertaken each reporting date. As at March 31, 2023 and December 31, 2022, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

c. Compensation of key management personnel is as follows:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Salaries and short-term benefits	**₱10,617**	₱10,617
Retirement benefits	**1,031**	1,031
	₱11,648	₱11,648

Directors' Remuneration
The Parent Company settled director's remuneration through cash and issuance of treasury shares for the regular board meetings held as follows:

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
April 12, 2021	169,903	1.03	175,000	175,000	350,000
May 14, 2021	145,631	1.03	150,000	150,000	300,000
August 12, 2021	196,629	0.89	175,000	175,000	350,000
November 12, 2021	214,286	0.70	150,000	150,000	300,000
May 2, 2022	336,538	0.52	175,000	175,000	350,000
August 12, 2022	307,018	0.57	175,000	175,000	350,000
November 12, 2022	380,435	0.46	175,000	175,000	350,000

The expense recognized on the foregoing amounted to nil for both three months ended March 31, 2023 and 2022; and presented as part of "Salaries and employee benefits" account in the unaudited interim consolidated statements of comprehensive income.

20. Revenue from Contracts with Customers

a. Disaggregated revenue information

The Group presented below the disaggregation of revenue from contracts with customers which are based on type of contracts and timing of revenue recognition. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2023	2022
Real estate	**₱20,639**	₱215,296
Hotels and services	**112,086**	82,995
Sale of goods	**66,932**	56,562
	₱199,658	₱354,853

Except for the revenues earned for the sale of real estate, all revenues were earned at the point in time.

Hotel

	2023	2022
Room revenue	**₱53,586**	₱55,649
Food and beverage	**37,353**	21,479
Spa	**3,328**	2,036
Others	**17,819**	3,831
	₱112,086	₱82,995

i. Real Estate

	March 31, 2023						
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	**₱20,418**	**₱–**	**₱–**	**₱–**	**₱–**	**₱220**	**₱20,638**
Geographical markets							
Nasugbu, Batangas	**₱20,418**	**₱–**	**₱–**	**₱–**	**₱–**	**₱220**	**₱20,638**
Timing of revenue recognition							
Goods transferred over time	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱220**	**₱220**
Goods transferred at a point in time	**₱20,418**						**₱20,418**

	March 31, 2022						
Segments	Raw land	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Total
Sale of real estate	₱213,700	₱–	₱–	₱–	₱–	₱1,596	₱215,296
Geographical markets							
Nasugbu, Batangas	₱213,700	₱–	₱–	₱–	₱–	₱1,596	₱215,296
Timing of revenue recognition							
Goods transferred over time	₱–	₱–	₱–	₱–	₱–	₱1,596	₱1,596
Goods transferred at a point in time	₱213,700						₱213,700

ii. Sale of goods

Sale of goods by product type

	2023	2022
Coco milk/cream	**₱9,097**	₱40,464
Coco water concentrate	**22,947**	16,077
Fresh Coconut Meat	**29,994**	**-**
Other Revenue	**4,894**	**-**
Virgin coconut oil	**-**	21
	₱66,932	₱56,562

Sale of goods by sales type

	2023	2022
Export	**₱39,091**	₱55,158
Domestic	**27,841**	1,404

	₱66,932	₱56,562

b. Contract balances

The Company's contract balances as at March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Contract asset	**₱125,634**	₱125,634
Contract liabilities	**133,781**	136,208

Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
Cash received from the sale of real estate properties that does not meet the revenue recognition criteria are recognized in "Customers' deposits" account which is presented as part of "Contract liabilities and customer's deposits" account in the consolidated statements of financial position.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account follows:

	2023	2022
Contract assets - current	**₱96,100**	₱96,100
Contract assets - noncurrent	**21,940**	29,534
	₱118,040	₱117,586

Contract liabilities

a. Deferred income amounting to ₱48.0 million in both 2023 and 2022 pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱91.2 million and ₱96.1 million in 2023 and 2022 respectively, represent noninterest-bearing cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4. Deposits from sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue

c. Guests' deposits pertain to the advance payments of guests for room reservations in the hotels amounting to ₱8.5 million and ₱0.5 million as at period ended March 31, 2023 and year ended December 31, 2022, respectively.

c. Performance Obligations (PO)

The following are the PO of the Company:

Real Estate Sales

(a) House and lot

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) *Residential land*
The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

The developer integrates the saleable lots with the land development to be able to transfer the "residential lot" promised in the CTS.

(c) *Memorial lot*
The Company performs significant activities of land development in accordance with the approved memorial garden plan. This includes grading and landscaping, construction of pathways and interment amenities, and installation of water source. These development activities however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the memorial lot.

Buyer can elect the payment means either as spot cash or in installment for a period ranging from one year to eight years. The Company determines that the payment of the consideration will not coincide with the percentage of completion of the real estate project and concluded that there is a significant financing component for these contracts.

Hotel Revenues
(a) Hotel rooms
The Group also offers hotel room accommodations to customers through the four GoHotels of Roxaco Asia Hospitality Corporation and the resort of Anya Hotels and Resorts Corporation.

(b) Food and beverage
For the sale of food and beverages, the performance obligation is satisfied when the goods are sold. Payment is generally due within 30 days as the customer receives the goods and services except for some customers with specific credit terms. The Company applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

Manufacturing
(a) Sale of coconut products
The Group is involved in manufacturing of coconut products that are being sold either domestic or by export.

21. **Cost and Expenses**

Cost of hotel sales and services consist of:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Depreciation and amortization	**₱14,121**	₱13,084
Food and beverage cost	**12,436**	10,494
Salaries, wages and other employee benefits	**14,969**	9,802
Outside services	**12,761**	8,504
Communication, light and water	**5,113**	5,267
Travel and transportation	**134**	432
Others	**3,969**	932
	₱63,503	₱48,515

Other cost of hotel sales and services are expensed as incurred which are incurred for the generation of revenue from ancillary services like laundry.

Cost of goods sold consist of:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Materials used and changes in inventory	**₱47,821**	₱25,008
Indirect labor	**6,602**	15,464
Communication, light and water	**8,521**	6,302
Depreciation (see Note 11)	**4,520**	5,355
Packaging materials	**1,301**	5,231
Factory supplies	**5,926**	5,137
Direct labor	**3,705**	4,380
Rent expense	**170**	373
Repairs and maintenance	**173**	264
Others	**5,628**	491
	₱84,367	₱68,005

Operating expenses consist of:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
General and administrative expenses	**₱60,389**	₱75,420
Selling expenses	**10,523**	19,165
	₱70,912	₱94,585

General and administrative expenses from consist of:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 22)	**₱23,212**	₱30,744
Yield guarantee	**-**	15,305
Taxes and licenses	**8,758**	7,043
Outside services	**6,470**	6,470
Depreciation and amortization (Note 11)	**6,066**	6,191
Communication, light and water	**7,427**	4,691
Insurance	**451**	1,053
Repairs and maintenance	**1,426**	1,108
Travel and transportation	**1,870**	986
Materials and consumables	**867**	867
Rent	**1,306**	555
Representation and entertainment	**251**	251
Others	**2,285**	156
	₱60,389	₱75,420

Others include professional fees, training and development and other miscellaneous charges.

Selling Expenses

This account mainly pertains to marketing, commission on real estate sales and advertising and promotion expenses.

22. **Personnel Costs**

The components of employee benefits from continuing operations presented under "General and administrative expenses" account (see Note 22) in the consolidated statements of income are as follows:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Salaries and wages	**₱23,212**	₱23,619
Allowances and other employee benefits	**-**	6,040
Retirement benefits (Note 17)	**-**	1,085
	₱23,212	₱30,744

23. **Other Income**

Other income consists of:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Sale of scrap	**₱-**	₱3,239
Penalty for late payment	**-**	206
Rent income	**-**	90
Others	**(59)**	497
	₱(59)	₱4,032

Others include other hotel charges such as shuttle services, laundry services, early and late checkout fees, realty fees, and forfeited reservation deposits.

24. **Income Taxes**

a. Provision for (benefit from) income taxes comprise the following:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Current	**₱821**	₱2,125
Deferred	**–**	–
	₱821	₱2,125

b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
Customers' deposit	**₱26,178**	**₱–**	₱29,832	₱–
Lease liabilities	**692**	**–**	692	–
Retirement liability	**20,554**	**–**	20,554	–
NOLCO	**9,241**	**–**	9,241	–
Excess MCIT over RCIT	**7,330**	**–**	7,330	–
Deferred income	**16,498**	**–**	16,498	–
Allowance for:				
Impairment losses of receivables	**4,295**	**–**	4,295	–
Impairment losses on investments in associates	**-**	**–**	-	–
Net discount on loans payable	**-**		-	
Various accruals	**634**	**–**	634	–
Unrealized foreign exchange loss	**-**	**–**	-	–
	85,422	**–**	89,076	–

Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(6,296)**	–	(6,296)	–
Revaluation increment on land	**(2,549)**	**(98,060)**	(2,549)	(98,060)
Prepaid commissions	**-**	–	-	–
Right-of-use assets	**(538)**	–	(538)	–
Actuarial gain	**(15,478)**	–	(15,478)	–
Rent receivable	**(2,255)**	–	(2,255)	–
	(27,116)	**(98,060)**	(27,116)	(98,060)
Net deferred tax assets (liabilities)	**₱58,306**	**(₱98,060)**	₱61,960	(₱98,060)

25. **Earnings (Loss) Per Share**

Basic/diluted earnings (loss) per share are computed as follows:

	March 31, 2023 (Three months, Unaudited)	March 31, 2022 (Three months, Unaudited)
Net loss attributable to the equity holders of the Parent Company: (Note 17)	**(₱172,462)**	(₱41,756)
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**2,238,565,159**	2,230,193,502
Basic/diluted loss per share:	**(₱0.08)**	(₱0.02)

There are no potential dilutive common shares as at March 31, 2023 and 2022.

26. **Contingencies and Commitments**

Yield Guarantee to Real Estate Buyers
During the year ended March 31, 2014, RLC entered into a yield guarantee agreement with buyers of Anya Resort Suites. The said buyers will be entitled to a yield guaranteed along with the usage allowance for the first five years inclusive of fixtures, furniture and equipment and VAT.

Unused Credit Lines
As at March 31, 2023, the Group has unused lines of credit with local banks amounting to nil (see Notes 14 and 15).

28. **Financial Instruments**

Risk Management, Objectives and Polices
The principal financial instruments comprise of cash in banks, receivables and payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as restricted cash and dividends payable.

The main risks arising from the financial instruments are liquidity risk, interest rate risk and credit risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 14 and 15).

Credit risk
Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to receivables relating to real estate sales.

Credit risks for contract receivables is mitigated as the Group has the right to cancel the sales contract without risk for any court action and can take possession of the subject property in case of refusal by the buyer to pay on time the contracts receivables due. This risk is further mitigated because of the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Collaterals and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Credit quality per class of financial assets
The credit quality of receivables is managed by the Group through its Marketing Department.

High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

Impairment assessment
The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

First, the Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are the accounts that have been endorsed to the legal department, non-moving accounts receivable and other accounts of defaulted counterparties.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect their collectability.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing loans which bear floating interest rate and expose the Group to interest rate risk.

The quantitative disclosures on risks associated with the Group's financial instruments and the related risk management processes and procedures are disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2022.

Capital Management
The primary objective of the capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the three months ended March 31, 2023 and 2022.
Management considers the total consolidated equity reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

The Group is required to maintain a maximum debt-to-equity ratio of 3:1. The Group has the following debt-to-equity ratio:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	**₱5,280,462**	₱5,183,122
Total equity	**8,445,235**	8,631,943
Total liabilities and equity	**₱13,725,697**	₱13,815,065
Debt-to-equity ratio	**0.63:1.0**	0.60:1.0

29. **Fair Value Measurement**

The Group has assets and liabilities that are measured at fair value on a recurring and non-recurring basis in the consolidated statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position at the end of each reporting period. These include AFS financial assets. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position in particular circumstance. These include investment properties and land under property and equipment at revalued amount.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash in banks and short-term placements, receivables, short-term borrowings, current portion of long-term borrowings, accounts payable and accrued expenses, dividends payable and due to related parties
The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Long-term borrowings
Fair values of long-term borrowings as at March 31, 2023 and December 31, 2022 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at March 31, 2023 and December 31, 2022.

Investment Properties
The valuation technique used for the investment properties and land under property and equipment is Sales Comparison Approach which is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

There are no transfers to Level 1 and Level 2 fair value measurement.

30. **Segment Reporting**

The Group's identified operating segments, which are consistent with the segments reported to the BOD, are as follows:

a. Real Estate
RLC is the real estate arm of the Group. RLC acquires, develops, improves, subdivides, leases and sells agricultural, industrial, commercial, residential and other real properties. The Group, through RLC, has subsidiaries namely SMMSI and RAHC.
b. Hotel
RAHC, a subsidiary of RLC, owns and operates four GoHotels in Metro Manila.
Anya Resort Tagaytay, a business segment of RLC, operates the Anya Hotel and Resort in Tagaytay City.

c. Anya Hospitality Group, a business segment of RLC, provides hotel management services to RAHC 4 GoHotels, Anya Resort Tagaytay, and other hotel properties in Batangas.

d. Manufacturing
RSAI, a subsidiary of the Parent Company based in Tupi, South Cotabato, operates a plant primarily to process coconut based products for export.

e. Others
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has one geographical segment with all assets located in the Philippines. The Group operates and derives all revenues from domestic operations. Thus, geographical business information is not required.

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and to assess performance. Segment revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of income.

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments. Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

a. Segment revenue and expenses
The Group's main revenue stream comes from real estate sales, hotel revenues and export of coconut based products. The real estate and hotel operations segment's customers are mainly direct.
b. Segment assets and liabilities
Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals and customers' deposits, and bank loans. Segments assets and liabilities do not include deferred income taxes.

c. Inter-segment transfers
Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unrelated customers or by suppliers for similar goods or services.

The following tables present information about the Group's operating segments:

	March 31, 2023 (Unaudited)					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations**	**Consolidated Balances**
Sales	**₱20,683**	**112,086**	**66,932**	**₱–**	**–**	**₱199,658**
Cost of sales and services	**(10,247)**	**(63,503)**	**(84,367)**	**–**	**–**	**(158,117)**
Interest income	**2,130**	**1,090**	**–**	**1,111**	**(3,114)**	**1,217**
Interest expense	**(12,733)**	**(27,655)**	**(15,846)**	**(16,461)**	**3,114**	**(69,592)**
Others	**(17,215)**	**(44,026)**	**(13,085)**	**(9,167)**	**–**	**(83,497)**
Income (loss) before income tax	**(17,430)**	**(14,965)**	**(46,366)**	**(24,517)**	**–**	**(98,885)**
Loss on discontinued Operations				**(8,826)**		**(8,826)**
Income tax expense	**(652)**	**(169)**	**–**	**–**	**–**	**(821)**
Segment Income (loss)	**(18,082)**	**(15,134)**	**(46,366)**	**(24,517)**	**(4,393)**	**(99,706)**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**(87,000)**	**–**	**(87,000)**
Consolidated Net Income (Loss)	**(₱18,082)**	**(₱15,134)**	**(₱46,366)**	**(₱111,517)**	**(₱4,393)**	**(₱186,706)**
Assets and Liabilities						
Current assets	**₱673,748**	**₱349,893**	**₱202,405**	**₱221,441**	**(₱297,969)**	**₱1,149,517**
Noncurrent assets	**629,232**	**2,272,026**	**689,774**	**10,837,377**	**(1,852,229)**	**12,576,180**
Total Assets	**1,302,979**	**2,621,919**	**892,178**	**11,058,818**	**(2,150,197)**	**13,725,697**
Current liabilities	**61,163**	**1,623,463**	**519,532**	**442,412**	**622,355**	**3,146,599**
Noncurrent liabilities	**726,523**	**792,405**	**702,310**	**1,273,928**	**(1,294,509)**	**2,200,658**
Total Liabilities	**₱665,360**	**₱ 2,415,868**	**₱1,221,842**	**₱1,716,340**	**(₱672,153)**	**₱5,347,257**

	March 31, 2022 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱215,491	95,200	56,562	₱–	(₱3,989)–	₱363,264
Cost of sales and services	(72,108)	(51,968)	(68,005)	–	–	(192,081)
Interest income	2,514	1,554	–	463	(1,091)	3,441
Interest expense	(5,989)	(32,234)	(12,635)	(16,520)	1,091	(66,287)
Others	(38,094)	(38,005)	(8,226)	(6,227)	–	(90,552)
Income (loss) before income tax	101,813	(25,452)	(32,304)	(22,284)	(3,989)–	17,784
Income tax expense	(1,772)	(355)	–	–	–	(2,127)
Segment Income (loss)	100,041	(25,807)	(32,304)	(22,284)	(3,989)	15,657
Equity in net earnings of associates and a joint venture	–	–	–	(69,050)	–	(69,050)
Consolidated Net Income (Loss)	₱100,041	(₱25,807)	(₱32,304)	(₱91,334)	(₱3,989)	(₱53,393)
Assets and Liabilities						
Current assets	₱1,200,031	₱420,402	₱187,284	₱251,242	(₱924,570)	₱1,134,389
Noncurrent assets	1,063,708	2,284,062	785,094	10,303,990	(2,899,198)	11,537,656
Total Assets	2,263,739	2,704,464	972,378	10,555,232	(3,823,768)	12,672,045
Current liabilities	764,007	2,565,157	810,401	375,159	(905,529)	3,609,195
Noncurrent liabilities	561,260	82,562	180,720	983,771	(399,393)	1,408,920
Total Liabilities	₱1,325,267	₱ 2,647,719	₱991,121	₱1,358,930	(₱1,304,922)	₱5,018,115

31. **The Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income, or Cash Flows that are Unusual Because of their Nature, Size or Incidence**

Other than those disclosed in the notes to the unaudited interim consolidated financial statements, there are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.

32. **The Nature and Amount of Changes in Estimates of Amounts Reported in Prior Interim Period of the Current Year or Changes in Estimates of Amounts Reported in Prior Years, if those Changes Have a Material Effect in the Current Interim Period**

There are no significant changes in estimates reported in prior interim periods of the current year or changes in estimates reported in prior years, which are considered to have material effect on the unaudited interim consolidated financial statements.

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

1st Quarter Ended March 31, 2023 and 2022

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS (UNAUDITED) – 1st Quarter ending March 31, 2023

Results of Operation

Consolidated revenues amounted to ₱200 million, a decrease of 44% against Q1 2022's ₱355 million. The Realty unit contributed ₱21 million, hotel services at ₱112 million, and coconut products at ₱67 million.

The overall operating performance decreased vs. 2022 due to deferred sale of Anya Phase 3, slower house and lot sales, and RAHC's lower occupancy. Coconut export growth decreased because of the low working capital, and extended repairs to address equipment failures. This was offset favorably by 89 corporate and social events, staycation rebound, and strong dining and wellness offers of Anya Hotel.

RSAI prospects for long term growth in non-dairy alternatives is sustained as demand for soy, oat, and coconut registered double digit CAGR. Nut prices went down to P6.50/kg, the lowest in three years. RSAI adjusted its list price in April 2022, the first since the start of commercial operations and reflects post-Ukraine pricing dynamics.

Gross income amounted to ₱42 million.

Operating expenses decreased by 18% to ₱71 million from last year's ₱86 million mainly due to lower revenues and the Group's cost reduction programs across business units.

Equity in net loss from the group's 23.05% investment in Roxas Holdings Inc. (RHI) amounted to ₱87 million, lower than last year's ₱69 million due to the lower sales volume generated by its sugar-related business.

Interest cost of ₱62 million was ₱3 million or 5% higher than same period of last year due to higher rate from loan retstructuring.

Net Other income/(loss) of (₱.01) million represents scrap sale, realty fees, penalty for late payment, and forfeited reservation deposits.

Consolidated net loss for the three months ended March 31, 2023 of ₱187 million was higher than last year's loss of ₱53 million. This was mainly due to lower realty asset sales, decline in RAHC hotel room nights and rates, and higher input cost of RSAI coconut production, equity loss from RHI, partly offsetted by improving high-end hospitality revenues in its Anya Hotel.

Financial Position

Consolidated total assets amounting to ₱13,726 million as at March 31, 2023 is lower than ₱13,815 million as at December 31, 2022 mainly due to loss from operations and share in equity loss of investments in RHI.

Current ratio is at 0.51:1 as at March 31, 2023 and 0.52:1.00 as at December 31, 2022.

Debt to equity (D/E) ratio of 0.63:1 as of March 31, 2023 and 0.60:1.00 as of December 31, 2022 but still within the 0.75:1 ratio limit required by some banks for the company's term loans.

To improve the Company's liquidity, the Group will continue to increase its topline and sell non-core assets and investments and use the proceeds to reduce debt.

Book value per share is at ₱3.77 as at March 31, 2023.

Trade and other receivables of ₱230 million increased by 18% from December 31, 2022 balance of ₱195 million.

Total liabilities increased from ₱5,183 million to ₱5,280 million due to increase of trade payables and accruals.

Total equity amounting to ₱8,445 million as at March 31, 2023 decreased by 2% from December 31, 2022 balance of ₱8,632 due to net loss for this quarter.

Other than the matters discussed above, there are no:

- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

1. *Gross profit.* This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

2. *Export sales*. Export sales represent revenues from products sold by the coconut processing business.

3. *Hotel occupancy and average daily room rate (ADR)*. The number represents the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

4. *Earnings before interest, taxes and depreciation (EBITDA)* - This is the measure of cash income from operations.

5. *Return on Equity* - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended March 31, 2023 (Three Months)	December 31, 2022 (One Year)	December 31, 2021 (One Year)
Gross profit	₱41.5 million	₱273.7 million	₱436.5 million
Export sale of coconut products	₱39.1 million	₱88.0 million	₱ 184.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	66% / ₱3,805	60% / ₱4,354	36% / ₱5,755
- *Go Hotels*	45% / ₱1,487	43% / ₱1,429	55% / ₱1,572
EBITDA	(₱8.0) million	₱1,006.7 million	₱683.8 million
Return on equity	(0.70%)	7.22%	3.08%

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation’s continued growth and to ensure its viability, management intends to push raw land sales and development in Nasugbu, Batangas, footprint expansion and luxury offers in Tagaytay.

To secure new customers and increase export and local sales of coconut exports to maximize plant capacity and negotiate for longer terms with suppliers of raw materials and service providers.

The budget hotels will implement aggressive marketing strategies to offset slower industry recovery and manage pricing pressure from competitors. It will also explore strategic asset plays to optimize brand strength and location advantage.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	March 31, 2023	March 31, 2022	December 31, 2022
1. LIQUIDITY RATIO			
Current Ratio	0.51 : 1.00	0.31 : 1.00	0.52 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.63 : 1.00	0.66 : 1.00	0.60 : 1.00
3. Asset to Equity Ratio	1.63	1.66	1.60
4. PROFITABILITY RATIOS			
Return on Assets	(1.36%)	(0.42%)	4.51%
Return on Equity	(22.11%)	(0.70%)	7.22%
Book Value per share	3.77	3.34	3.77

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Aging of Receivables
As at March 31, 2023

in P'000	Total	Not yet due	Current	Past due: 30 days	Past due: 60 days	Past due: 90 days	Past due: Over 90 days
Total trade receivables	120,602	30,789	20,534	11,749	8,384	9,088	40,058
Allowance for impairment losses	(22,766)	-	-	-	-	-	(22,766)
Trade receivables	**97,836**	**30,789**	**20,534**	**11,749**	**8,384**	**9,088**	**17,292**

	Total	Not yet due	Current	Past due: 30 days	Past due: 60 days	Past due: 90 days	Past due: Over 90 days
Non-Trade receivables							
Related parties	65,494	15,654	-	846	7,523	16,989	24,483
Contractors and suppliers	35,174	4,719	-	3,633	-	13,879	12,943
Employees	9,423	9,423	-	-	-	-	-
Others	52,321	44,833	2,025	3,863	109	-	1,491
Total non-trade	162,412	74,630	2,025	8,341	7,632	30,868	38,917
Allowance for impairment losses	-	-	-	-	-	-	(30,428)
Non-Trade receivables	**162,412**	**74,630**	**2,025**	**8,341**	**7,632**	**30,868**	**8,489**

Summary

	Total	Not yet due	Current	30 days	60 days	90 days	Over 90 days
Trade	120,602	30,789	20,534	11,749	8,384	9,088	40,058
Non-Trade	162,412	74,630	2,025	8,341	7,632	30,868	38,917
Total trade and other receivables	283,014	105,419	22,559	20,090	16,016	39,956	78,976
Allowance for impairment losses	(53,194)	-	-	-	-	-	(53,194)
Trade and other receivables	**229,820**	**105,419**	**22,559**	**20,090**	**16,016**	**39,956**	**25,782**

Roxas & Company, Inc.

A N N E X "D"

Financial Schedules

SGV
Building a better working world

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

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

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2022

SCHEDULE B
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/ advances)	₱12,130	₱101	(₱3,681)	₱–	8,550	₱–	₱8,550

SCHEDULE E

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2022

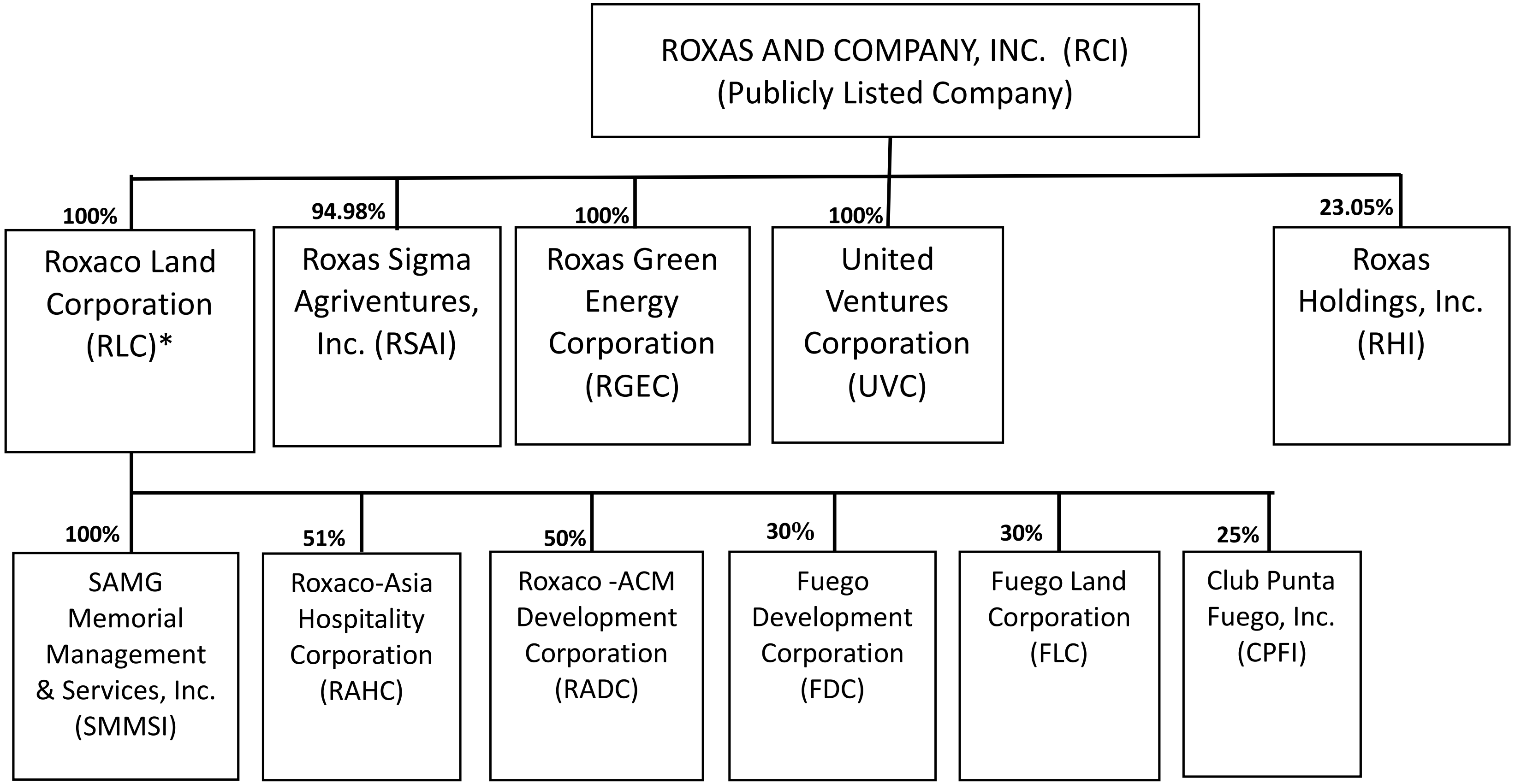
AMOUNTS IN THOUSANDS

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - “Class A” at ₱1 par value	3,375,000	2,222,054	–	–	1,278,963	943,091
Preferred stock at ₱1 par value	1,000,000	200,000	–	–	–	200,000

SCHEDULE II
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022

Ratio	Formula	December 31, 2022	December 31,2021
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.52:1**	0.31:1
Solvency ratio			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.60:1**	0.66:1
Asset to Equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.60:1**	1.66:1
Interest Rate Coverage ratio	$\frac{\text{Net income (loss)} + \text{depreciation expense} + \text{Interest expense}}{\text{Interest expense}}$	**3.69:1**	2.46:1
Profitability ratios			
Return on Assets	$\frac{\text{Net income (loss)}}{\text{Total assets}}$	**4.51%**	1.86.%
Return on Equity	$\frac{\text{Net income (loss)}}{\text{Total equity}}$	**7.22%**	3.08%

SCHEDULE III
ROXAS AND COMPANY, INC., AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2022



** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts and Corporation (AHRC), with RLC as surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
***On July 23, 2018, RLC's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation*

SCHEDULE IV
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2022
IN THOUSANDS

Reported retained earnings at beginning of year	₱4,937,451
Less cumulative gain on changes in fair value of investment properties, at beginning of year	(2,920,690)
Reported retained earnings at beginning of year, as adjusted	2,016,761
Add net income during the year closed to retained earnings	381,508
Less unrealized gain on changes in fair value of investment properties	(2,098,220)
	(1,716,712)
Less treasury stock	(1,144,645)
Less gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	(296,967)
Reported retained earnings available for dividend declaration at end of year	(₱1,141,563)

Roxas & Company, Inc.

A N N E X "E"

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Roxas and Company, Inc.

MANAGEMENT DISCUSSION AND ANAYSIS OR PLAN OF OPERATION

INTERIM RESULTS (UNAUDITED) – 1st Quarter ending March 31, 2023

Results of Operation

Consolidated revenues amounted to ₱200 million, a decrease of 44% against Q1 2022's ₱355 million. The Realty unit contributed ₱21 million, hotel services at ₱112 million, and coconut products at ₱67 million.

The overall operating performance decreased vs. 2022 due to deferred sale of Anya Phase 3, slower house and lot sales, and RAHC's lower occupancy. Coconut export growth decreased because of the low working capital, and extended repairs to address equipment failures. This was offset favorably by 89 corporate and social events, staycation rebound, and strong dining and wellness offers of Anya Hotel.

RSAI prospects for long term growth in non-dairy alternatives is sustained as demand for soy, oat, and coconut registered double digit CAGR. Nut prices went down to P6.50/kg, the lowest in three years. RSAI adjusted its list price in April 2022, the first since the start of commercial operations and reflects post-Ukraine pricing dynamics.

Gross income amounted to ₱42 million.

Operating expenses decreased by 18% to ₱71 million from last year's ₱86 million mainly due to lower revenues and the Group's cost reduction programs across business units.

Equity in net loss from the group's 23.05% investment in Roxas Holdings Inc. (RHI) amounted to ₱87 million, lower than last year's ₱69 million due to the lower sales volume generated by its sugar-related business.

Interest cost of ₱62 million was ₱3 million or 5% higher than same period of last year due to higher rate from loan retstructuring.

Net Other income/(loss) of (₱.01) million represents scrap sale, realty fees, penalty for late payment, and forfeited reservation deposits.

Consolidated net loss for the three months ended March 31, 2023 of ₱187 million was higher than last year's loss of ₱53 million. This was mainly due to lower realty asset sales, decline in RAHC hotel room nights and rates, and higher input cost of RSAI coconut production, equity loss from RHI, partly offsetted by improving high-end hospitality revenues in its Anya Hotel.

Financial Position

Consolidated total assets amounting to ₱13,726 million as at March 31, 2023 is lower than ₱13,815 million as at December 31, 2022 mainly due to loss from operations and share in equity loss of investments in RHI.

Current ratio is at 0.51:1 as at March 31, 2023 and 0.52:1.00 as at December 31, 2022.

Debt to equity (D/E) ratio of 0.63:1 as of March 31, 2023 and 0.60:1.00 as of December 31, 2022 but still within the 0.75:1 ratio limit required by some banks for the company's term loans.

To improve the Company's liquidity, the Group will continue to increase its topline and sell non-core assets and investments and use the proceeds to reduce debt.

Book value per share is at ₱3.77 as at March 31, 2023.

Trade and other receivables of ₱230 million increased by 18% from December 31, 2022 balance of ₱195 million.

Total liabilities increased from ₱5,183 million to ₱5,280 million due to increase of trade payables and accruals.

Total equity amounting to ₱8,445 million as at March 31, 2023 decreased by 2% from December 31, 2022 balance of ₱8,632 due to net loss for this quarter.

Other than the matters discussed above, there are no:
- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

1. *Gross profit.* This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

2. *Export sales*. Export sales represent revenues from products sold by the coconut processing business.

3. *Hotel occupancy and average daily room rate (ADR)*. The number represents the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

4. *Earnings before interest, taxes and depreciation (EBITDA)* - This is the measure of cash income from operations.

5. *Return on Equity* - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended March 31, 2023 (Three Months)	December 31, 2022 (One Year)	December 31, 2021 (One Year)
Gross profit	₱41.5 million	₱273.7 million	₱436.5 million
Export sale of coconut products	₱39.1 million	₱88.0 million	₱ 184.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	66% / ₱3,805	60% / ₱4,354	36% / ₱5,755
- *Go Hotels*	45% / ₱1,487	43% / ₱1,429	55% / ₱1,572
EBITDA	(₱8.0) million	₱1,006.7 million	₱683.8 million
Return on equity	(0.70%)	7.22%	3.08%

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation's continued growth and to ensure its viability, management intends to push raw land sales and development in Nasugbu, Batangas, footprint expansion and luxury offers in Tagaytay.

To secure new customers and increase export and local sales of coconut exports to maximize plant capacity and negotiate for longer terms with suppliers of raw materials and service providers.

The budget hotels will implement aggressive marketing strategies to offset slower industry recovery and manage pricing pressure from competitors. It will also explore strategic asset plays to optimize brand strength and location advantage.

Calendar year 2022

Corporate Updates

The RCI Group continues to reset its businesses in 2022 and generate cash amidst volatile international and local macroeconomic conditions. The overall operating performance decreased vs. 2021 due to deferred sale of Anya Phase 3, slower house and lot sales, and RAHC's earlier than expected transition from quarantine to regular guests. Coconut export growth decreased because of the low working capital, and extended repairs to address equipment failures. This was offset favorably by 266 corporate and social events, staycation rebound, and strong dining and wellness offers of Anya Hotel.

Anya Resort Tagaytay (ART) received the 2022 World Luxury Hotel Awards in the following categories: Luxury Resort Restaurant Global Winner, Regional Award for Luxury Hideaway Resort in Southern Asia, and Luxury Sustainable Spa Global Winner. ART registered its highest occupancy in December 2022 and is expanding with additional villas in the existing area as well as opening a new Phase adjacent to the core resort.

RSAI prospects for long term growth in non-dairy alternatives is sustained as demand for soy, oat, and coconut registered double digit CAGR. Nut prices went down to P6.50/kg, the lowest in three years. RSAI adjusted its list price in April 2022, the first since the start of commercial operations and reflects post-Ukraine pricing dynamics.

RLC sold for P237 million its 14.4-hectare raw land and repaid the BPI loan of P73 million. The progress completion for its key projects were 41% for Montana Phase 2 and 3, 23% for Anya Block 12, and 97% for Landing Townhomes 12, improving after limited activity during 2020-2021 pandemic lockdowns.

P1.6 billion major loans were restructured to 7 years term including 2 years grace period for ChinaBank (P186 million), Land Bank (P672 million), and Robinsons Bank (P778 million). Phase 2 discussions with banks and deleveraging will continue in 2023. AUB approved the P100 million credit line for CTS and end-user financing.

Investment properties market value increased from P7 billion in 2021 to P9 billion in 2022.

<u>Results of Operation</u>

Consolidated revenues for the year amounted to P786 million from real estate sales of P289 million, hotel revenues from Go Hotels and Anya Resort of P409 million, and RSAI's exports of P88 million.

Actual revenues declined 18% against 2021 because of RAHC's lower occupancy and competitive pricing pressure arising from extended recovery of the budget travel sector, RLC's delayed sale of raw lands and lower selling prices, and RSAI's extended shutdown from low working capital and plant reliability challenges.

Gross profit for the year amounted to P274 million or 35% of revenues.

Operating expenses of P704 million versus last year increased due to higher inflation, impairment on the property, plant and equipment of RSAI, and loss on loan modifications.

Equity in net loss of P184 million represents the 23.05% share in the net loss of RHI of P799 million.

Financing cost for the year of P258 million exceeded 2021 due to the higher interest rates on debt to fund working capital and capital assets.

Net other loss of P583 million included the impairment loss in RHI investment, offset by gain from sale of investment property, property management services, and RSAI sale of coconut by-products.

Consolidated net income for the year amounted to P623 million. It included the unrealized fair value gain of Investment Property amounting to P2.1 billion due to the infrastructure push of several conglomerates towards the Group's landholdings in Nasugbu.

Financial Position

Consolidated total assets amounting to P13,815 million as at December 31, 2022 is 8% higher than P12,766 million as at December 31, 2021.

Comparative debt to equity (D/E) ratio as of December 2022 versus December 2021 decreased from 0.66:1 to 0.60:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at P3.77 as at December 31, 2022.

Consolidated long and short term debts slightly decreased to P3.6 billion due to the repayment of long term loans sourced from the sale of real property.

Total equity amounting to P8,632 million as at December 31, 2022 increased mainly due to the net income for the year.

Other than the matters discussed above, there are no significant elements of income or loss that arose from continuing operations and seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company's liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	**For the Period Ended December 31, 2022 (One Year)**	**December 31, 2021 (One Year)**	**December 31, 2020 (One Year)**
Gross profit	P273.7 million	P436.5 million	P57.1 million
Export sales of coconut products	P88.0 million	P184.9 million	P193.3 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	60% / P4,354	36% / P5,755	15% / P5,626
- *Go Hotels*	43% / P1,429	55% / P1,572	51% / P1,587
EBITDA	P1,006.7 million	P683.8 million	(P765.2 million)
Return on equity	7.22%	3.08%	(14.95%)

<u>Key Variable and Other Qualitative and Quantitative Factors</u>

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation's continued growth and to ensure its viability, management intends to push raw land sales and development in Nasugbu, Batangas, footprint expansion and luxury offers in Tagaytay, and to secure new customers and increase export and local sales of coconut exports to maximize plant capacity.

The budget hotels will implement aggressive marketing strategies to offset slower industry recovery and manage pricing pressure from competitors. It will also explore strategic asset plays to optimize brand strength and location advantage.

Calendar year 2021

Corporate Updates

The Group continues to reset its businesses in 2021 and preserve cash amidst the extended impact of Covid-19, demand destruction, and supply chain disruption. The overall operating performance improved vs. 2020 due to a significant raw land sale, occupancy rebound in high-end hospitality, strong take up of quarantine rooms for budget hotels, and lower equity loss on investment in associate. Coconut export growth was flat while margins and manufacturing efficiency were impacted by high nut purchase price and delayed plant repairs and equipment upgrade.

The real estate market is recovering, resulting to new inquiries for land purchase and property development joint ventures during the second half of 2021. The Group finalized the terms for the completion of a new block in Anya Tagaytay. Project feasibility is under way for Phase 3 of the boutique hotel.

Intra-city and provincial travel is slowly rising as a result of improving vaccination from LGU and corporate programs. The Group's budget hotel guest profile is shifting to more regular clientele. Various dormant or quarantine-converted hotels are being refurbished or converted back to private accounts, indicating positive prospects as hotel operators recoup market share in the price-sensitive travel segment.

The Group's Hotel Management and Consultancy unit's 2021 performance was below 2020 and budget from activity slowdown and accounts that opted not to renew. Projects that have been put on hold in 2020-2021 started to revive and are forecast to recover to pre-Covid levels by 2024.

The coconut manufacturing facility added 16 new accounts in 2021 and improved its average throughput year-on-year despite lower production days. Funds were earmarked to increase tonnage and reduce backlog plant maintenance that contributed to product quality incidents. Plant shipments were delayed by the global container disruption and resulted to freight cost escalation. Prospects for long term growth in non-dairy alternatives continue to rise as demand for soy, oat, and coconut register double digit CAGR.

<u>Results of Operation</u>

Consolidated revenues for the year amounted to PhP998 million from real estate sales of PhP408 million, hotel revenues from Go Hotels and Anya Resort of PhP406 million and RSAI's exports of PhP185 million. Actual revenues grew 100% against last year because of RLC sales of Sagbat & Palico to Sta. Lucia for PhP392m and higher hotel revenue with higher room nights and higher room rates from Go Hotels and Anya Resort.

Gross profit for the year amounted to PhP436 million or 44% of sales.

Operating expenses of PhP529 million versus last year increased due to the impairment loss on the property, plant and equipment of RSAI.

Equity in net loss of PhP183 million represents the 23.05% share in the net loss of RHI of PhP206 million and equity gain from RLC associates of PhP23 million.

Financing cost for the year of PhP240 million was due to higher interest rates on debts to fund working capital and capital assets.

Net other income of PhP35 million included the gain from sale of investment property, RLC penalty from late payment of customers, and RSAI sale of coconut by-products.

Consolidated net income for the year amounted to PhP238 million. It includes the unrealized fair value gain for the year amount to PhP766m – P591m from appraisal increase and P175m due to the transfer of property to a subsidiary.

Financial Position

Consolidated total assets amounting to PhP12,766 million as at December 31, 2021 is 2% higher than PhP12,459 million as at December 31, 2020.

Comparative debt to equity (D/E) ratio as of December 2021 versus December 2020 increased from 0.62:1 to 0.66:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at PhP3.38 as at December 31, 2021.

Trade and installment receivables decreased to PhP184 million due to collection on sales of realty and investment property assets and RAHC collection of government receivables.

Consolidated long and short term debts slightly increased to PhP3.7 billion due to the availment of PhP370 million medium term loan partly offset by the repayment of PhP280 million long term loans from sale of real properties.

Total equity amounting to PhP7,702 million as at December 31, 2021 increased by PhP10 million from December 31, 2020, mainly due to the net income for the year.

Other than the matters discussed above, there are no significant elements of income or loss that arose from continuing operations and seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company's liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended December 31, 2021 (One Year)	December 31, 2020 (One Year)	December 31, 2019 (One Year)
Gross profit	PhP436.5 million	PhP57.1 million	PhP328.2 million
Export Sales of coconut products	PhP184.9 million	PhP193.3 million	PhP136.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	36% / PhP5,755	15% / PhP5,626	45% / PhP5,693
- *Go Hotels*	55% / PhP1,572	51% / PhP1,587	59% / PhP1,505
EBITDA	PhP683.8 million	(PhP765.2 million)	PhP229.0 million
Return on equity	3.08%	(14.95%)	2.07%

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

The Group is actively managing COVID-19, extended impact of Taal volcano activity, and the impact of an extended Ukraine-Russia conflict on global commodity prices. The latter is being managed through price escalation clauses and logistics coordination with shippers.

Plan of Operations

To establish the property operation's continued growth and to ensure its viability, management intends to push through with the following plans and projects continue the land development in Nasugbu, Batangas and to develop new customers and increase export and local sales of RSAI to maximize plant capacity.

Calendar year 2020
Corporate Updates

Roxas & Co. is staying the course on its strategy to generate cash from core businesses, honor its commitments, sell assets, and seek partners to help deliver its product and service propositions.

The Taal eruption and Covid-19 adversely affected the hospitality businesses of the company, namely, Anya Hotel of Roxaco Land Corporation and the Go Hotel franchises of Roxaco Asia Hospitality Corporation. Major effects on the hospitality industry were due to government restrictions, but the businesses recovered strongly towards the end of the year when the government eased the restrictions. The Go Hotel properties were used as quarantine facilities by the government.

Despite the pandemic and working capital shortfall, Roxas Sigma Agriventures, Inc. converted 37 potential customers into buying clients and by year-end increased the sales from coconut product by 42% versus 2019.

The Group received the full support of its creditor banks by restructuring its loans worth PhP2.9 billion and granted up to three (3) years additional grace period for the repayment of the loan.

In February 2020, Roxaco-Asia Hospitality Corporation (RAHC), a subsidiary of RLC, sold one of its assets consisting of land and building located in Cubao. This helped the Group raise PhP411 Million, which proceeds were used in pursuit of the Group's strategy to de-leverage. Some realty and asset sales were realized in 2021.

On June 2020, RCI signed a Put Option Agreement with LDA Capital Inc. for a total commitment of PhP800 Million. Under the said agreement, RCI has the right to sell, at its sole option, treasury shares to LDA Capital. Any proceeds that may be raised from this Agreement will be used for working capital and to reduce debt.

Results of Operation

Consolidated revenues for the year amounted to PhP500.2 million from real estate sales of PhP33.8 million, hotel revenues from Go Hotels and Anya Resort of PhP273.0 million and RSAI's exports of PhP193.3 million.

Gross profit for the year amounted to PhP57.1 million or 11.42% of sales.

Operating expenses of Php488.6 million increased due to provision for impairments of assets and recognition of loss on loan modifications.

Equity in net loss of PhP938.0 million represents the 23.08% share in the net loss of RHI.

Financing cost for the year of PhP229.9 million was due to higher interest rates on debts to fund working capital and capital assets.

Net other income of PhP25.6 million represent gain from sale of investment property of PhP25.1 million, income from forfeited and cancelled sales and RSAI sale of coconut by-products .

Net loss from discontinued operations amounted to PhP35.6 million represents loss from asset held for sale.

Consolidated net loss for the year amounted PhP1,150.4 million. Total comprehensive income Php 1,033.5 million is net of other compressive income of P116.9 million from appraisal increases and re-measurement gain (losses) of associates

Financial Position

Consolidated total assets amounting to PhP12,458.9 million as at December 31, 2020 is 8.15% lower than PhP13,564.0 million as at December 31, 2019.

Comparative debt to equity (D/E) ratio as of December 2020 versus December 2019 increased from 0.59:1 to 0.62:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at PhP3.28 as at December 31, 2020.

Trade and installment receivables decreased to PhP272.2 million due to collection on sales of realty and investment property assets and offset by overdue government receivables.

Consolidated long and short term debts slightly increased to PhP3.61 billion due to loan restructuring offsett by repayment from collections and proceeds from sales of certain properties.

Total equity amounting to PhP7,692.6 million as at December 31, 2020 decreased by PhP850.3 million from December 31, 2019, mainly due to the equity in net loss for the year.

Other than the matters discussed above, there are no:

- Significant elements of income or loss that arose from continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company's liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended December 31, 2020 (One Year)	December 31, 2019 (One Year)	December 31, 2018 (One Year)
Gross profit	PhP57.1 million	PhP328.2 million	PhP185.7 million
Export Sales of coconut products	PhP193.3 million	PhP136.9 million	PhP54.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	45% / PhP3,282	45% / PhP5,738	37% / PhP5,472
- *Go Hotels*	51% / PhP1,587	59% / PhP1,505	46% / PhP1,514
EBITDA	(PhP765.2 million)	PhP229.0 million	(PhP181.0 million)
Return on equity	(14.95%)	2.07%	1.94%

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation’s continued growth and to ensure its viability, management intends to push through with the following plans and projects:

- Continue the land development in Nasugbu, Batangas.
- To develop new customers and increase export and local sales of RSAI to maximize plant capacity.

A N N E X "F"

MARKET INFORMATION

Market Price of and Dividends on Common Equity

1. Market Information.

The Company has 2,911,885,870 common shares listed and traded in the Philippine Stock Exchange under the trading symbol "RCI". Out of the total common shares listed, 689,831,368 are treasury shares. The Company also had 500,000,000 preferred shares subscribed and fully paid-up, which has since been reduced to 200,000,000 preferred shares because of the redemption made in March 2021. The preferred shares are not listed with the PSE.

(a) High and low share prices for the year ended December 31, 2022.

	High	**Low**
January 2020 – March 2020	2.29	1.21
April 2020 – June 2020	1.92	1.32
July 2020 – September 2020	1.58	1.10
October 2020– December 2020	1.49	1.16
January 2021 – March 2021	1.35	1.00
April 2021 – June 2021	1.12	1.00
July 2021 – September 2021	1.09	0.72
October 2021– December 2021	0.86	0.62
January 2022 – March 2022	0.78	0.48
April 2022 – June 2022	0.68	0.49
July 2022 – September 2022	0.64	0.51
October 2022– December 2022	0.58	0.45
January 2023 – March 2023	0.49	0.47
31 May 2023	0.49	0.47

Closing Market Price as of 31 May 2023 is at P0.49 per share.

2. Dividends.

The ability of the Company to declare and pay dividends on its common shares is generally governed by the pertinent provisions of the Corporation Code of the Philippines, i.e. prohibition on capital impairment and the limitation on the discretion of the Board of Directors, among others. In the recent past, the Company declared and paid dividends as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
29 June 2006	P0.06	14 July 2006	31 July 2006
5 October 2006	0.06	19 October 2006	10 November 2006
21 June 2007	0.06	13 July 2007	31 July 2007
20 September 2007	0.04	15 October 2007	8 November 2007
26 June 2008	0.06	15 July 2008	31 July 2008
2 October 2008	0.06	15 October 2008	30 October 2008
13 December 2013	0.02	06 January 2014	30 January 2014
12 December 2014	0.02	15 January 2015	30 January 2015
18 December 2015	0.01	15 January 2016	05 February 2016

The Company has not declared dividends to common shares in the recent years. However, it did declare dividends to the preferred shares as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
10 May 2019	P0.04	28 May 2019	31 May 2019
10 May 2019	0.02	08 August 2019	13 August 2019
10 May 2019	0.02	06 November 2019	13 November 2019
	0.02	06 February 2020	13 February 2020
	0.02	07 May 2020	13 May 2020
	0.02	06 August 2020	13 August 2020
	0.02	06 November 2020	13 November 2020
12 August 2020	0.02	03 March 2021	Not yet determined
	0.04	03 September 2021	Not yet determined

The dividends declared in 2021, however, remain unpaid and will be subjected to loan restructuring with a Financial Institution in 2021.

3. Recent Sales of Securities.

In December 2018, Amalgamated Investments Bancorporation subscribed to Five Hundred Million (500,000,000) preferred shares of stock of the Company for P500,000,000.00. In March 2021, RCI redeemed 300,000,000 preferred shares pursuant to its agreement with AIB, leaving only 200,000,000 preferred shares outstanding.

RCI reissued and sold to the stock market 145,201,026 treasury shares at an average price of P1.42 per share for P206.5 Million for the calendar year 2020. Out of this total, 51,093,000 shares were sold pursuant to the Put Option Agreement with LDA Capital.[1] The proceeds were used for the group's working capital and debt servicing. There were no put options exercised in 2021 and 2022.

In 2021, the Parent Company issued 26,041,161 treasury shares based on the average market rate of P1.00 per share aggregating P26.0 million, resulting to a decrease in additional paid-in capital amounting to P18.0 million, net of transaction costs of P0.3 million.

In 2022, the Company issued 16,510,657 treasury shares based on the average market rate of P0.58 per share aggregating P9.6 million, resulting to a decrease in additional paid-in capital amounting to P18.5 million, net of transaction costs of P0.0 million.

4. Description of Registrant's Securities.

The authorized capital stock of the company is P4,375,000,000 divided into 3,375,000,000 common shares with P1.00 par value a share and 1,000,000,000 preferred shares with par value of P1.00 per share.

Preferred shares are non-voting, redeemable at the option of the Board of Directors, with preference over dividends and are re-issuable.

Shareholders have no pre-emptive rights to any issue of shares, of whatever class by the corporation unless otherwise decided by the Board of Directors for the best interest of the corporation (Art. VIII, CADPGC Amended Articles of Incorporation). There is no provision in its charter or by-laws which would delay, defer or prevent a change in control of the Company.

Roxas & Company, Inc.

A N N E X "G"

SUSTAINABILITY REPORT

Roxas and Company, Inc.

Company Details	
Name of Organization	Roxas and Company, Inc. (RCI)
Location of Headquarters	7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City
Location of Operations	Makati City, Quezon City, Manila City, Nasugbu, Batangas; Tagaytay; and Tupi, Cotabato
Report Boundary: Legal entities (e.g. subsidiaries, affiliates, associates) included in this report*	Covered in this sustainability report is Roxas and Company, Inc. (RCI, hereinafter referred to as the "Group") and its subsidiaries and affiliates: Roxaco Land Corporation (RLC) Roxaco-Asia Hospitality Corporation (RAHC) Roxas Sigma Agriventures, Inc. (RSAI) Roxas Green Energy Corporation (RGEC)
Business Model, including Primary Activities, Brands, Products, and Services	RLC is the property development arm of RCI which acquires real estate for investment, development, and/or sale. The Corporation is the registered owner of hectares of land in Nasugbu, Batangas. Subsumed in the Real Estate Corporation are Anya Hospitality Group (Hospitality Solutions), Anya Resort Tagaytay (Leisure & Lodging), and Roxaco-Asia Hospitality Corporation (Hotel & Development Management). RSAI is a wholesale producer of high-quality coconut-based products. Their coconut product portfolio is 100% organic, comprised of Aseptic Coconut Cream and Milk, Extracted Virgin Coconut Oil, and Frozen Coconut Water RGEC is the energy arm of the Corporation in Nasugbu, Batangas. Disclosures under the Environmental and Social sections are not inclusive of RGEC data as the firm has not begun commercial operations.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Melchor J. Manalo

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The material topics were identified through a review of the sustainability-related topics recommended by SEC and determined which of those are deemed relevant by the Group's stakeholders and those which the Group has impact to. These were done through consultations with the Group's business units and its concerned departments.

NOTE: The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. This allows the Group to disclose more streamlined and focused narratives on each material topic, which would also apply to the metrics that correspond under the stated material topic.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	998.46	PhP Million
Direct economic value distributed:		
a. Operating costs (payments to suppliers)	609.69	PhP Million
b. Employee wages and benefits	204.85	PhP Million
c. Dividends given to stockholders and interest payments to loan providers	261.08	PhP Million
d. Taxes given to government	55.13	PhP Million
e. Investments to community (e.g. donations, CSR)	0.23	PhP Million

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

Impacts & Risk; Stakeholders Affected

The economic value generated by RCI flows towards its stakeholders—employees, suppliers and service providers, shareholders, government, and host communities—who drive the success of the Corporation. Through this, the Group enables its stakeholders to facilitate respective contributions to the local economy.

The main risks arising from the financial instruments are liquidity risk, interest rate risk, and credit risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations. Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations. Lastly, interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

Incidences of corruption pose risks that could affect the flow of capital within the Group, depriving the rightful stakeholders. Additionally, while RCI invests in the preparedness for health-related and natural calamities, damages that may exceed the coverage of insurance or investment allocations may materially affect the financial health and operational condition. For example, the Group sustained

losses from the COVID-19 pandemic and the effects of the Taal Volcano eruption, which forced Anya Resort Tagaytay to close down at the beginning of the calendar year 2020.

Management Approach to Identified Impacts and Risks

RCI is able to generate economic value through its subsidiaries' capability to attract and retain locators and tenants in its properties (RLC) as well as customers for its hotel and resorts operations (RAHC, AHG, & ART). Additionally, sales of its finished goods (RSAI) also generate revenue in the form of coconut-based products. These revenue streams are boosted by maintaining amiable business relationships within the stakeholder ecosystem, namely product distributors, suppliers, and service providers. In addition, RCI commits to fulfilling vendor accreditation criteria and ensuring on-time release of payment tranches.

The Group benchmarks itself against best practices of similar industries—ensuring that its customers receive the best value for their money. Meanwhile, the compensation packages of RCI employees are benchmarked against industry and national standards to ensure that the workforce are provided with livable wages. For suppliers and service providers, the Corporation ensures that service agreements are diligently followed by all involved parties.

Risk management is carried out by senior management under the guidance and direction of the Board of Directors of the Parent Corporation. RCI ascertains that the Board and employees are made aware of and are compliant with all related national regulations and stipulations stated in the Group's Corporate Governance Manual and Code of Business Conduct and Ethics.

Opportunities and Management Approach

RCI seeks to continuously innovate its products and services to further establish its brand in the market. The Group intends to explore new investment and growth opportunities as well as identify potential strategic joint venture partners to secure financing strategies for future projects. Moreover, the Group also aims to enhance overall operational efficiency by improving synergies across RCI's subsidiaries.

With the new effects and risks brought by the COVID-19, this is an opportunity for RCI to review its risk management for infectious diseases. Reallocation of budget to prepare for this risk will be reassessed in anticipation for its adverse impacts to the business.

Climate-related risks and opportunities

RCI is in the process of understanding, identifying, and evaluating the climate-related risks and opportunities intrinsic to its businesses. RCI aims to determine how to effectively measure climate change's impact to its operations and core services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts & Risk; Stakeholders Affected

Any form of corruption significantly affects RCI’s means to equitably deliver economic value to all its stakeholders. Corruption incidents would have an adverse impact to the Group’s brand equity, its relationship with customers, and Corporation culture.

Management Approach to Identified Impacts and Risks

All newly-hired employees of RCI are presented with a Corporation Policy and Procedure pertaining to Employee Conduct & Work Expectations - Conflict of Interest Policy, which states that: “The appearance of impropriety must also be avoided. Employees should not appear to be unduly influenced or corrupted by personal favors from a customer or supplier.” This policy is then acknowledged, and signed by every employee during the onboarding process.

Opportunities and Management Approach

RCI shall take measures to effectively evaluate its anti-corruption policies as well as benchmark and adopt local and international best practices on anti-corruption to strengthen our existing processes in preventing such occurrences.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (biomass)	691,060	MT
Energy consumption (gasoline)	19,897	GJ
Energy consumption (LPG)	323.4	GJ
Energy consumption (diesel)	258,111.37	GJ
Energy consumption (electricity)	4,623,880.64	kWh

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's main source of energy comes from electricity consumption, mainly through a local electricity provider. The firm relies on gasoline for the vehicles used in official business and diesel for its generator sets, aimed to offset power interruptions that affect the operations of commercial establishments. However, the Corporation consumes minimal amounts of LPG for several of its kitchen, laundry, and water feature operations.

The Company's overall impact on energy consumption largely depends on the degree of energy consumption of guests, tenants, customers, and employees within its operational establishments.

RSAI

The Firm consumes energy primarily for the sustenance of its operations and facilities. Its main source of energy is electricity, followed by diesel fuel and biomass energy respectively. Energy is integral in ensuring the Company's production year-round.

RAHC

Electricity comprises the majority of the Company's energy consumption. This is sourced mainly through a local electricity provider. Additionally, the Company consumes a minimal amount of diesel for its usage of generator sets during cases of power outages.

Management Approach to Identified Impacts and Risks

RLC

RLC has various energy efficiency practices across its business units, namely: RLC Realty, ART, RAHC, and AHG.

RLC Realty ensures that the use of the vehicles for official business is efficient. It invests in energy efficient equipment to decrease electric consumption for its facilities.

ART is able to effectively monitor the performance and efficiency of its facilities through its maintenance department. The Company has an existing policy to eliminate unnecessary usage of energy by strictly mandating that lights and equipment be turned off when not in use. ART also

reduces its energy consumption through the replacement of old light bulbs with more energy efficient LED lights.

AHG practices proper turning off of facilities and equipment when not in use.

RSAI
As an alternative to fuel, the Company utilizes biomass to fuel the operations of its boiler units. Its biomass power is derived from the coconut shells generated through its operations. In 2021, the firm was able to generate biomass energy from 1,851.60 metric tons of coconut shells.

RAHC
RAHC has designated its engineering officers to implement Enercon Programs to optimize electricity usage across its different properties. These programs aim to streamline responsible usage of energy consuming appliances and facilities.

Water consumption within the organization

Disclosure	Quantity	Units
Water consumption	143,373.94	Cubic Meters
Water recycled and reused	12,766	Cubic Meters

Impacts & Risks; Stakeholders Affected

RLC
Water is consumed for commercial use across the Corporation's properties, offices, and facilities. Its tenants and employees regularly consume water for domestic activities and facility maintenance. Its water supply predominantly comes from water district utilities. The Company also sources minimal amounts of water from a deep-well for its resort operations in Tagaytay. As such, water shortages from these sources may pose substantial risks to the Company, because such disruptions could potentially impede ongoing operations.

RSAI
The Company considers water as a vital resource as it is used for the processing plant's steam generation and maintenance activities. Ensuring a stable water supply is crucial in maintaining the firm's plant operations.

RAHC
Water is consumed by its tenants, guests, and employees.

Management Approach to Identified Impacts and Risks

RCI has been regularly monitoring its water impacts (consumption and discharges) while ensuring that water use is maximized across its owned establishments and commercial properties.

Opportunities

RSAI

The Corporation has identified water efficiency opportunities to be implemented in the near future. These opportunities consist of processes such as recycling coconut water condensate and reusing water for comfort room use and sanitary activities. It is preparing a robust water recycling program to streamline its identified opportunities to implement water efficiency initiatives.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	3,459,828.00	MT
● renewable	795,760.44	MT
● non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services.	23	%

***NOTE**: Unable to acquire quantitative data as procurement of construction materials is outsourced through a third party*

Impacts & Risks; Stakeholders Affected

RLC

Being the property development arm of Roxas and Company, Inc., it is responsible for managing real estate development projects across the Philippines. In 2020, RLC managed construction projects (Orchards, Landing Townhomes and Montana) wherein the contractors used materials, which primarily are steel and cement. However, materials consumed by RLC for its own operations are mainly composed of office and kitchen supplies.

RSAI

As a coconut processing company, RSAI regularly sources agricultural items for its daily production needs. Aside from its raw materials, the Corporation's top procured items are principally paper-based and polyethylene-based, used for packaging purposes.

RAHC

As an operator of hotels, RAHC does not have materials intensive processes in its operations. Its materials procurement is mainly composed of domestic and office items used for its daily hotel operations.

Ecosystems and Biodiversity

***NOTE**: Due to the nature of RCI's operations, this topic is not considered as material for the Group as it currently does not operate within the vicinity of locations with substantial biological diversity.*

Environmental Impact Management

GHG emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	1,259.66	Tonnes CO2e

Energy indirect (Scope 2) GHG Emissions	3,862.96	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Not Applicable	Tonnes

Air pollutants

Disclosure	Quantity	Units
NOx	Not Applicable	kg
SOx	Not Applicable	kg
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	kg
Particulate matter (PM)	Not Applicable	kg

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's primary sources of Scope 1 emissions come from its use of LPG, diesel, and gasoline fuel. It also consumes electricity across its different properties and facilities which contribute to Scope 2 emissions. The extent of RLC's air emissions is directly correlated to the scale of its energy consumption, predominantly from electricity generation and fuel consumption.

RSAI

The Company's primary sources of Scope 1 emissions are from its 18 TPH Biomass (Coconut shell fired) Boiler and its 1.5MVA diesel power generator. For its Scope 2 emissions, it generally consumes electricity to power its facilities.

RAHC

Scope 2 emissions comprise the vast majority of RAHC's GHG emissions as its daily operations rely heavily on electricity. Its scope 1 emissions are very minimal since the Corporation's fuel use is limited to its generator sets for emergency situations.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	27,204	kg
Reusable	500	kg
Recyclable	9,528	kg
Composted	8,076	kg
Incinerated	0	kg
Residuals/Landfilled	9,100	kg

Hazardous waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	2,790.96	kg
Total weight of hazardous waste transported	0	kg

Effluents

Disclosure	Quantity	Units
Average water discharge rate (RSAI)	232.98	Cubic meters/day
Total volume water discharge	182,640.90	cubic meters
Percent of wastewater recycled	0	%

**Scope is limited to RSAI's operations*

Impacts & Risks; Stakeholders Affected

RLC

Solid waste production occurs as a byproduct of the operations of the RLC's various establishments. Generated waste within the Company's scope mainly consists of domestic waste from the guest houses, canteens, and office spaces.

RSAI

In 2021, RSAI generated a monthly average of 6.32 metric tons of solid waste resulting from its manufacturing activities.

RAHC

The Company's generated waste is primarily domestic waste from tenants, guests, and employees' activities across its different properties.

Management Approach to Identified Impacts and Risks

ART

The Company operates a Materials Recovery Facility to responsibly store its solid waste before handing them over to certified waste disposal haulers for proper segregation. Furthermore, ART manages a Hazardous Waste Storage Facility where all hazardous wastes are properly labeled and temporarily stored. The resort has a schedule for proper disposal of hazardous waste, which is conducted by a DENR Certified Transporter and Treater.

To ensure that the Company's activities on handling, storing, and disposing of waste is documented and compliant with pertinent laws, the Pollution Control Officer prepares quarterly Self Monitoring Reports (SMR) and semi-annual Compliance Monitoring Reports (CMR) which are submitted to the Department of Environment and Natural Resources (DENR).

RAHC

Proper segregation is aligned with city ordinances on waste collection. Hazardous waste is also properly stored before being turned over to certified waste disposal haulers.

AHG
Proper segregation is aligned with city ordinances on waste collection.

Environmental compliance

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

Impacts & Risks; Stakeholders Affected

The Group's business units are subject to local and national regulations and policies pertaining to environmental protection. It recognizes the compliance requirements which LGUs and DENR-EMB have on the respective parts of its business. The Group also acknowledges the risks that non-compliance of regulations pose to the continuity of its operations.

Management Approach to Identified Impacts and Risks

The Group has set in place governance measures and working teams who are responsible for ensuring that each of its operating assets are in full compliance with all relevant local and national environmental regulations.

RSAI

Management has engaged a third party provider, duly accredited by the DENR, to ensure continuous compliance with the requirements of the DENR for its WWTP.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	152	#
a. Number of female employees	45	#
b. Number of male employees	107	#
Attrition rate	30%	rate
Ratio of lowest paid employee against minimum wage	0:0	ratio

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	30%	%
% of male workers in the workforce	70%	%
Number of employees from indigenous communities and/or vulnerable sector*	6	#

* *Inclusive of PWDs, people of retirement age, and solo parents.*

Impacts & Risk; Stakeholders Affected

RCI provides market competitive compensation and benefits to its employees. The firm attracts both fresh and tenured talents of various industries to join its talent pool made evident by a benchmark entry-level basic pay that is 16% greater than the regional minimum wage.

Its operations primarily impact local constituencies by producing opportunities to the communities around RCI's commercial properties. Despite the downturn in business due to the pandemic, a total of 68 new jobs were generated from its core businesses.

The Company also has a healthy male-to-female social portfolio at 59% and 41% respectively. RCI does not discriminate in terms of age, gender or physical disabilities in hiring.

Management Approach to Identified Impacts and Risks

To remain competitive, the Group dedicates itself to improving business performance through provisions to assist employee needs. This is conducted through various assistance programs such as a streamlined Financial Assistance Plan, a performance recognition and rewards system, and early retirement benefits.

Scenario adjustments have also been made, in order to accommodate the impact of Covid-19 in daily operations. Some regulations implemented to ensure business continuity are shortened office hours and remote work set-up. As feasible, properties are opened and strictly managed within the bounds of public government guidelines.

Opportunities and Management Approach

With the unparalleled economic downturn brought about by the Covid-19 pandemic, the Group is continuously improving their business continuity plan incrementally as more national guidelines are progressively cascaded. From an employee management standpoint, it is clear that management has to adapt an agile approach to craft a strategy that would protect their employees and business operations from further negative economic and social impact. It is ideal for the strategic planning team to have short-, mid-, and long-term plans as the industry slowly recovers from the economic downturn that the pandemic has caused.

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	8,661	hours
a. Female employees	3,637	hours
b. Male employees	5,024	hours
Average training hours provided to employees	25	
a. Female employees	26	hours/employee
b. Male employees	24	hours/employee

Impacts & Risk; Stakeholders Affected

Capability building is recognized to be a key driver both to individual and organizational success. RCI recognizes its responsibility to empower its employees, so that they are able to deliver world-class services to their customers. To address social-distancing constraints, alternative training methods like online learning were explored and availed. For the last fiscal year, an average of 25 working hours per capita has been allocated specifically for training and development with a focus on improving customer service and experience.

Spearheaded by the Human Resources department, a total of 8,661 hours have been devoted for the upskilling of the group's human capital.

Management Approach to Identified Impacts and Risks

Given the speed with which things are changing, combined with the limitations brought about by the pandemic, the workforce needs specialized training to apply new knowledge and best practices. Aside from providing in-house training to empower its employees, RCI has been in constant coordination with different government offices and entities like the Department of Tourism, Bureau of Quarantine and TESDA to avail of relevant trainings for its employees. Noteworthy learning sessions attended and held last 2021 were Customer Service Training, Housekeeping Refresher Courses, New Normal Protocols, Training for Front Office Services and Workplace Communication, Fire Safety Seminars, Good Manufacturing Practices (GMP) Awareness Training, Hazard Analysis Critical Point Awareness (HACCP) Training.

Furthermore, RCI proactively conducts regular alignment on training needs to assess current skills inventory and identify existing skills gaps. These are then mapped against functional requirements and customer demands. Thereafter, programs are formed and executed either solely by an internal team or in partnership with external experts who specialize in those pre-determined competencies.

These avenues allow for growth both professionally and personally as employees to contribute more substantially to the company’s business objectives while giving each a degree of personal satisfaction.

Opportunities and Management Approach

In lieu of the new emerging environment shaped by the global pandemic, RCI is presented with an opportunity to re-invest resources in training and development to future proof its social capital in preparation for the new ways of working that the post-covid scenario will bring to the tourism, agriculture, and energy industries.

It is significant to understand the shifts and changes that will occur in the value chains of the said industries. Ventures into agriculture may not retain conventional value chains post-COVID as there is a rising demand in the market for farm-to-table models. Energy is also at the forefront of change, even prior to the quarantines, as prices in renewable energy (mainly solar) have plunged significantly cheaper than traditional coal-generated electricity. Lastly, social distancing and the potential spread of a highly contagious disease has brought about innovations in lifestyle, the tourism industry moreso. With the countless facets that are affected, a review and evaluation of strategy and forecasts is highly recommended, as the Group is well-positioned to integrate training and performance at the core of the changing environment. However, the implementation team must take extra caution in defining appropriate performance indicators in order to achieve the aspired behavior of learned skills application.

Labor-management relations

NOTE*: This topic is not considered as material for the Group as it currently does not have labor unions across its subsidiaries.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	323,256	Man-hours
No. of work-related injuries	4	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

**Note: The No. of work-related injuries are minor injuries that does not cause lost manhours.*

Impacts & Risk; Stakeholders Affected

The employees of RCI's business units are exposed to various health and safety risks due to the nature of their operations. For RAHC, RSAI, and RLC, the majority of the headcount comes from the local labor force, which poses an evident risk in the form of a large dependency on the general health and wellness of the areas in which these employees occupy. This was proven true by the recent COVID-19 pandemic, which caused the cessation of tourism and hospitality-related operations due to the threat of the virus to public health. Over 50 percent of RCI's workforce were directly affected.

Management Approach to Identified Impacts and Risks

RCI’s team of professionals is committed to ensuring that hazards and risks are recognized and identified in order to guide and direct employees to work safely, thereby preventing injuries and other issues in the workplace. This is conducted by ensuring that Occupational Safety and Health (OSH) standards are observed and government requirements concerning health and safety are consistently met. As an example, RSAI, AHG, and ART mandate their employees to undergo an 8-hour OSH training during onboarding, which is conducted by an in-house Safety and Security Manager.

In the event of work-related accidents, RCI ensures that all identified safety hazards are reported to the management.

The Group is also active in participating with the local government initiatives on health and safety, such as joining community-initiated fire and earthquake drills.

Opportunities and Management Approach

A more frequent periodic assessment of the Group’s readiness in terms of compliance with OSH standards can be pursued. With the COVID-19 pandemic, regulators, employees, and customers will place a premium on the health and safety of RCI’s premises. As such, RCI will be reassessing its current OHS systems in order to fulfill its promise to its stakeholders of their excellent product and service delivery.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	From RCI’s Code of Business Ethics (COBE): Section on Harassment and Bullying under Rules and Regulations of Code of Conduct

Impacts & Risk; Stakeholders Affected

Incidences of forced labor and child labor and violations of human rights violates labor-related laws and policies provided by the government. Allegations of abuse of human rights can escalate and develop into negative public perception, which impacts brand equity and customer loyalty. This is applicable across all RCI subsidiaries and, if present, must therefore be handled diligently.

Management Approach to Identified Impacts and Risks

RCI ensures that its businesses are compliant to and operate only within the boundaries and standards as stipulated in regulations provided by both the national and local governments. RCI has a Code of Business Ethics which is communicated to employees during onboarding to make them aware of their rights as an employee. This process aims to prevent RCI's operations from incidences of labor laws violations and abuse of human rights.

Opportunities and Management Approach

The Group will be benchmarking best business practices in disallowing forced labor, child labor, and \protecting human rights to further strengthen RCI's labor-related policies. RCI will review its operations and assess where these violations are prone to happen, and identify how to mitigate occurrences of the same.

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Forced labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Child labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Human rights	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Bribery and corruption	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form

Impacts & Risk; Stakeholders Affected

The Group ensures that they will not be involved or exposed to various human rights risks and environmental risks within its supply chain giving importance on the sustainability topics when accreditating and screening suppliers and by documenting these criteria in the Purchasing Policy and

Guidelines to ensure consistent implementation.

Management Approach to Identified Impacts and Risks

RCI conducts regular assessments of suppliers' performance—ensuring their compliance with all labor-related laws and regulations. Suppliers are flagged should any notable actions be discovered during the review.

Opportunities and Management Approach

RCI is considering these ESG criteria (e.g. suppliers' social and governance performance) in its supplier accreditation process. A revision of the existing Purchasing Policy will be done, if needed to document any change or inclusion for consistent implementation.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community
RLC - Residential/housing projects 1. Landing Townhomes and Shophouses 2. Montana @ Hacienda Palico 3. Orchards @ Balayan	Nasugbu and Balayan, Batangas	Not Applicable	N	Right to Housing; Local employment
RLC - Memorial Project (San Antonio Memorial Gardens)	Nasugbu, Batangas	Not Applicable	N	Right to Burial
RSAI - Coconut harvesting and Processing plant operations	Tupi, Cotabato	Not Applicable	N	Pleasant smell and minimal noise within plant proximity; Local employment

Impacts & Risk; Stakeholders Affected

Through RLC's housing projects, the developer is able to provide a nurturing community to families that could help elevate their lifestyles and boost the local economy. Furthermore, they are able to provide decent jobs for the local community through construction and maintenance of these projects.

For its memorial park, it gives families a serene space where loved ones are always remembered in an atmosphere of togetherness.

Meanwhile, RSAI's business operations that are tied with the communities are coconut harvesting and its processing plant. The business relies heavily on the produce of local farms for the procurement of its raw materials. As such, they are strategically placed within the vicinity of numerous coconut farms, which it can potentially partner with. Additionally, the Company's operations are mostly carried out by local workers, enabling them to provide livelihood opportunities for its provincial location as well.

Furthermore, the processing plant's processes may generate loud noise and pungent smells in the surrounding areas, resulting in disruption of BAUs of other adjacent establishments.

Management Approach to Identified Impacts and Risks

The business operations of RCI's subsidiaries are placed across Makati City, Quezon City, Manila City, Tagaytay City, Batangas and Cotabato. The Group ensures that it employs people from the host community to provide decent work and improve the local economy.

To prevent adverse social and environmental impacts to the host communities, the Group ensures that periodic consultations are done with the concerned LGUs and civil society organizations before and during project operations. This helps in identifying the pain points as well as finding ways on how to address them. Through this, the Group aims to establish good relationships at all times with the local community.

For RCI's construction projects, the pool of partners consists of a select set of contractors who are proven reliable to complete projects' within the expected period of time.

Meanwhile RSAI, through its Trade Fair arrangements with its partner farmers, ensures equitable and transparent business partnerships with them. RSAI assists those farmers to increase coconut yield and improve their land fertility through employing new technologies and conducting training programs. In addition, the Company also partners with nearby schools for its immersion and OJT programs, which provides students with insights on the work opportunities in the food sector.

Opportunities and Management Approach

RCI is continually exploring opportunities in partnering with the local organizations and private companies which would help in community capacity building and improving social welfare of the host communities. As an example, RLC is exploring joint venture projects with other developers and/or contractors. Through this, more housing units will be made available in the locality. RAHC and RSAI will be working closely with the LGUs in identifying key opportunity areas where these business units may contribute the most.

Customer Management

Customer Satisfaction

Disclosure	Company	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	RAHC ***	**(Overall)**	**N/A**
		(GO Hotel North Edsa)	N/A
		(GO Hotel Timog)	N/A
		(GO Hotel Ermita)	N/A
		(GO Hotel Manila Airport Rd.)	N/A
	ART	93.10%	N/A
	AHG *	Not Applicable	N/A
	RLC **	Not Applicable	N/A
	RSAI	Not Applicable	N/A

NOTES:

** Currently, there is no feedback system yet for AHG. As a hospitality consultancy and management group, AHG rarely receives feedback in writings or score ratings. AHG performance is currently based on the profitability and efficiency of managed properties. Concerns / comments are raised verbally. In the event that hotel owners are not satisfied with AHG's service, management contracts may not be renewed.*

*** The need for a third party to conduct customer satisfaction in the realty business is not yet being considered. Internally, customer satisfaction is gauged primarily through feedback, sales performance, and reorders.*

**** Due to the pandemic, Go Hotels have operated mainly as quarantine facilities. Because of this, there has been no online reviews for the majority of the year except for a handful that were posted prior to the declaration of ECQ. These handful reviews do not reflect the overall operations as it is just a small percentage of the total number of guests accommodated in 2020.*

Guest surveys were also not collected directly from the guests to comply with the IATF ruling of minimal contact. These would also not be able to reflect the service of the hotels as the guests would have minimal to zero contact with the staff during their quarantine.

Impacts & Risk; Stakeholders Affected

Customer feedback serves as the gauge by which RCI determines how effective the group’s products and services are in terms of delivering a premier customer experience (CX). Scores can be viewed as a representation of customer sentiment and leveraged on as a key channel to draw out insights from. Utilized well, the scores safeguards the company from failure to engage with its customers effectively.

At present, two hospitality developments (RAHC and ART) have existing mechanisms to measure CX, the former subscribing to a net promoter score (0-10) system and the latter ascribing to a the more conventional Customer Satisfaction Score (0-100%). In addition, other engagement channels like emails, phone numbers (mobile or landline), social media, sms, were communicated to the customers should they have any concerns

Both scores are essential to monitor as negligence risks loss of customer trust and bad public reviews, which negatively impacts brand equity.

Management Approach to Identified Impacts and Risks

The Customer Care Department, guided by its policy on Handling Customer Feedbacks, endeavors to ensure that all feedbacks are addressed properly in consultation with the management. The aggregated feedback is then integrated into training and employee development plans. Guest experiences, in the form of reviews, are used as references in workshops to address and improve experience.

Also, regular reviews of policies and procedures are conducted periodically and these are amended as necessary.

Opportunities and Management Approach

Opportunities present themselves in two fronts. The first is in furthering customer personalization. The prominent consumer behavior of the rising generation is authenticity. This entails that it would be essential for both RAHC and ART to craft their brands and customer journeys towards a highly personal experience. Secondly, reinforcing the first, the opportunity to digitize will drive growth and improvement in marketing and core services with the implementation of digital solutions to strengthen RCI's position. Such programs could range from developing an omni-channel approach to adapting a cloud-based Customer Relationship Management platform

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

As a business who provides tangible assets as a form of product and service delivery, RCI aims for its customers to have an enjoyable experience when availing its products and services.

When receiving customer complaints regarding health and safety, it is essential that these are handled properly due to the large impact on customer loyalty. Mishandling of complaints also pose reputational risk—dissatisfied customers may share their unfortunate experience with their networks, resulting in less patrons and repeat customers.

Management Approach to Identified Impacts and Risks

RCI upholds its products and services' safety of use in the highest regard. The Group established proper quality assurance protocols which seek to communicate its standards on health and safety

from inbound logistics to product and service delivery. Furthermore, RCI ensures that its communication channels are open for complaints on products or services' health and safety. All filed complaints are coursed through the proper channel and delegated to their concerned departments.

Opportunities and Management Approach

Due to the COVID-19 pandemic, RCI anticipates that customers will now place an even higher regard for the cleanliness and safety of products and services. With this, the Company is exploring how to re-skill its employees in order to keep up with the higher standards brought by the pandemic. Moving forward, this also provides RCI an opportunity to update its health and safety management systems through third-party audits and certifications.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

The Group exposes itself to brand and reputational risk should there be proven misrepresentation on RCI's products and services. Mislabeled communication materials to RCI's customers may result in their disappointment when expectations on the brand are not met. Given the current digital age, there is ease also in spreading misinformation to people's networks. Hence, RCI shall be wary of all the advertisements and promotional materials that are being communicated to its customers.

Management Approach to Identified Impacts and Risks

It is RCI's due diligence to provide true and accurate information at all times. To support this, there are dedicated Marketing units who have been tasked to ensure that only correct marketing media will be used for the promotion of the projects through authentic RCI channels. This is done through regular conduct of reviews on RCI's product and service portfolio.

Furthermore, relationship managers are tasked to be transparent to potential clients on the Group's products and services to avoid setting unsuitable expectations from them.

Opportunities and Management Approach

The Group considers all feedback as an opportunity for improvement. Should the need arise, the Group shall engage the services of marketing and product design consultants to boost its marketing and advertising strategies.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Impacts & Risk; Stakeholders Affected

As part of ensuring operational excellence to deliver customer delight, collection of Personal Identity Information (PII) is fundamental. RCI primarily collects PII values such as names, dates of birth, addresses, ID information, contact numbers, credit card numbers, corporate Tax Identification Number (TIN), personal food preferences for Food & Beverage (F&B) services, and other health-related information among others. The PII information allows the operations team to consider and assess customer needs and preferences to give a top-of-class experience and provide relevant services and products.

Management Approach to Identified Impacts and Risks

In consideration of the synergy between customer PII data and organizational proprietary data, the Corporation decided to protect privacy by storing data in a password encrypted property management system. The system is sourced from an external provider, where RCI has entered into a user data agreement with affiliates such as Review Pro, SABA, Global Payments, INFOR, and Rate Gain to build layers of protection.

Furthermore, RCI complies with the Data Privacy Act of 2012 by gathering the consent of customers at the point of data collection and augments their protection by having a social media and data handling agreement signed by employees which clearly stipulates the scope of what they can and cannot do with data that customers and guests entrusted RCI with. Moreover, cybersecurity measures comprising equipment and processes have been set in place to tighten security, some of which are dual firewalls for work tools and routers; network isolation for guests and employees; and cctv and telephone lines using VLAN. The company strictly implements policy on internet usage and other applications, to reduce risks and prevent breaches while providing the appropriate training of responsible usage.

Other noteworthy actions are as follows: (1) for credit card information handling, only the last 4 digits are kept visible in the system and the rest are masked to secure the data; (2) for proprietary

information handling, most USB ports have been disengaged - especially at the Front Desk so as to keep any virus from being transferred and to protect the unauthorized sharing of confidential information; (3) Firewall licenses are being monitored regularly; (4) CCTV cameras are installed; and (5) internet access restrictions are found on most of the working tools of RCI employees.

Opportunities and Management Approach

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
All Subsidiaries - Human capital plays an integral role in delivering the RCI's key products and services. Thus, acquiring and retaining its talent pool goes hand in hand with the Group's ability to sustain and grow its businesses.	**SDG Contribution:** Goal 5 - Gender Equality The Group currently employs almost 50-50 male to female ratio for its workforce. RCI does not show discrimination against women and vulnerable groups in its hiring process as well as in the workplace. Goal 8 - Decent Work and Economic Growth The Group's ability to provide employment opportunities through its different business units contributes to local economic development. The Group currently employs 381 workers across its subsidiaries, providing decent work in the local regions where it operates.	Unequal pay and poor labor conditions; unheard employee grievances	Complaints are managed by the manager-in-charge and then to the HR. The HR Team then delegates the complaint to the right department to address the issue.
RSAI - Coconut-based products	**SDG Contribution:** Goal 2- Zero Hunger. Leveraging on its modern coconut processing technologies and the region's abundant supply of coconuts, RSAI was able to produce 2,600 tons of coconut-based products in 2021. These products provide nutritious, high-quality food options to the market.		

	Furthermore, RSAI's business is involved in fair-trade agreements with local farmers, augmenting livelihoods in the process. Through these fair-trade agreements, local farmers are also provided access to training and technologies to help boost their productivity. <u>Relevant SDG 2 Targets:</u> *SDG 2.1* - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. *SDG 2.3* - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.		

Roxas & Company, Inc.

A N N E X "H"

MINUTES OF ANNUAL STOCKHOLDERS' MEETING DATED 29 JUNE 2022

ROXAS AND COMPANY, INC.
MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
Held on 29 June 2022 at 10:00am
Via Video Conference

	NUMBER OF SHARES	PERCENTAGE
Total Number of Shareholders by Proxy and in Person	**1,725,553,109**	**77.35%**
Total Issued and Outstanding Shares	**2,230,711,002**	**100.00%**

PROCEEDINGS

I.
CLOSURE OF REGISTRATION

Registration started at 9:00 a.m. and ended at 10:00 am. The Corporate Secretary, Atty. Peter D.A. Barot, then declared that the registration for the Annual Stockholders' Meeting of Roxas and Company, Inc. officially closed.

II.
CALL TO ORDER

The Chairman, Mr. Pedro O. Roxas, called the meeting to order and welcomed the attendees to the meeting. The Assistant Corporate Secretary, Atty. Melchor J. Manalo, recorded the minutes of the meeting.

III.
CERTIFICATION OF NOTICE AND QUORUM

Atty. Peter D.A. Barot certified that the Notices, Agenda, Information Statement (SEC Form 20-IS), and the Annual Report were sent to all stockholders in accordance with the Securities Regulations Code, SEC Notice dated March 16, 2021, and Memorandum Circular No. 6, Series of 2020. He also certified, that there were present, in person or by proxy, stockholders representing **77.35%** or **1,725,553,109** shares of the total issued and outstanding shares of the Company, and that a quorum exists for the valid transaction of business in the meeting.

IV.
READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL MEETING OF THE STOCKHOLDERS HELD ON 16 JUNE 2021

The Chairman proceeded to the next item in the agenda which is the reading and approval of the Minutes of the Annual Stockholder's Meeting held on 16 June 2021. Copies of the Minutes were distributed to the stockholders by posting the same on the company's website. These have been published since June 18, 2021 on the company website.

The Chairman stated that a vote was taken in absentia for the approval of the Minutes of the Annual Stockholder's Meeting held on 16 June 2021 and asked the Corporate Secretary to tally votes . The Corporate Secretary reported that based on the votes taken and cast in absentia, 100% of the shareholders present in person or by proxy voted to approve the Minutes of the Meeting held on 16 June 2021.

V.

PRESENTATION AND APPROVAL OF THE ANNUAL REPORT OF MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Chairman presented the Annual Report for the calendar year 31 December 2021 to the shareholders. Copies of the Annual Report were furnished to the stockholders prior to the meeting and published in the Company's website.

The Chairman's Message

Mr. Pedro O. Roxas delivered his message to the stockholders. He expressed that that the year 2020 was a difficult year not only for Roxas And Company, Inc. but to the rest of the world as well. While certain measures were adopted and implemented in order to mitigate its impact, COVID-19 remains to be a threat even up this time.

He then followed that 2021 is a year of recovery and opportunity for Roxas And Company, Inc., as Roxaco-Asia Hospitality Corporation's Go Hotels generated revenues as quarantine facilities. Anya Resort Tagaytay on the other hand, was granted tourism awards and was able to double its revenues vs 2020. Roxaco Land Corporation also improved its revenues vs 2020 with the sale of its raw lands and that Anya Hotel Group is set to secure new accounts with the easing of community restrictions. Roxas Sigma Agriventures, Inc.'s performance, on the other hand, was slightly down vs 2020 due to the impact of pandemic, high raw nut price, and slow production days.

Mr. Roxas went on to inform that RCI recorded a 100% increase in revenues vs 2020 which was partly offset by higher operating expense to support the revenue growth.

He concluded his speech by thanking the stockholders for their continued faith and trust. He also thanked the members of the Board and all of RCI group employees and stakeholders for their support, passion and resilience in delivering results, and meeting targets throughout this trying times.

The Chairman then turned over the floor to the President and CEO, Mr. Edgar P. Arcos, for his report.

President and CEO's Message

Mr. Edgar P. Arcos, President and CEO of RCI, delivered the President's Report as follows:

"In 2020, the world grappled with the worst of Covid-19. Economies were decimated by recession while corporates struggled with supply chain disruptions and debt. In the Philippines, the national government rolled out the Bayanihan assistance program while local governments rushed to inoculate their constituents. Almost 2 years later and after billions of vaccinations and hundreds of millions of booster shots globally, health restrictions and movement constraints eased and allowed commerce and people mobility to recover. However, the increase in cases at the end of 2021 and early 2022 reminded us that the pandemic is still a threat with new variants.

For Roxas and Company, Inc. (RCI), 2021 was a year of recovery and an opportunity to strengthen our fundamentals. Our Roxaco-Asia Hospitality Corporation (RAHC) budget hotels generated steady revenues as quarantine facilities, helping returning Filipino workers stay in safe, clean, and affordable facilities. Our Go Hotel team worked with our OWWA and OCD counterparts to fast track payments and reduce government receivables in 2021 by 40% from the 2020 peak of more than P100 million.

CONSOLIDATED STATEMENT OF INCOME
For the period ended 31 December 2021

Roxas & Company, Inc.

(in Php M)	2021	2020	Inc(Dec)
SALES	998	539	85%
COST OF SALES	(562)	(472)	
GROSS PROFIT	**436**	**68**	545%
GP Margin	44%	11%	
OPERATING EXPENSES	(529)	(509)	
OPERATING LOSS	**(93)**	**(431)**	78%
FAIR VALUE GAIN	766	398	
EQUITY LOSS - RHI	(183)	(938)	
INTEREST EXPENSE	(240)	(256)	
OTHER INCOME	42	29	
INCOME TAX EXP. (BENEFITS	(54)	49	
NET INCOME (LOSS)	**238**	**(1,150)**	121%
EBIT	**532**	**(918)**	
Depreciation	**152**	**153**	
EBITDA	**684**	**(765)**	

8

Our high-end Anya Resort Tagaytay (ART) enjoyed a resurgence of bookings in 2021 as staycation staged a major comeback, doubling revenues vs. 2020 as the hotel operated more days vs. the eight months closure due to the Taal explosion and tight Covid lockdowns. It continued to garner tourism awards and ended 2021 with the highest month revenue performance in its four years. ART's expansion plans will be completed in 2023.

Roxaco Land Corporation's (RLC) real estate picked up and concluded sales of major properties, improving top line seven-fold vs. 2020. It also received expressions of interest for raw land and joint venture projects from developers on its land portfolio in Nasugbu.

Anya Hotel Group (AHG), our hotel management company, consolidated its assets and is prospecting for leads in the hotel and restaurant space. It is well positioned to capture new accounts given the anticipated resumption of planning, construction, and operation of deferred and new hotel, resort, and F&B developments.

Coconut product exports were down slightly vs. 2020 due to the impact of the pandemic on manufacturing, high raw nut prices, and plant reliability gaps. Roxas Sigma Agriventures, Inc. (RSAI) secured funding to improve its average daily tonnage and address backlog maintenance and repairs.

The RCI overall turn-around resulted to a 100% increase in revenues to P1 billion with a 44% gross profit margin, partly offset by higher operating expense to support the revenue growth. RCI's appraisal increase in 2021 and lower losses from its minority shareholding in Roxas Holdings, Inc. (RHI) generated Net Income After Tax of P238 million compared to the P1.2 billion loss in 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended 31 December 2021

(in Php M)	2021	2020	Inc(Dec)	(in Php M)	2021	2020	Inc(Dec)
ASSETS				LIABILITIES			
Current assets				Current liabilities			
Cash & Receivables	248	303	-18%	Short & current portion-loans	2,460	519	374%
Inventories	472	573	-18%	Trade and other payab;es	1,196	929	29%
Other current assts	416	292	42%	Liab. Assoc. w/ assets held for	0	397	-100%
Asset held for sales	0	606	-100%	Total current liabilities	3,656	1,846	98%
Total current assets	1,136	1,775	-36%				
				Non-current liabilities			
				Long-term loans	1,206	2,716	-56%
Non-Current				Other non-current liab.	201	204	-2%
Investment in shares	1,023	1,149	-11%	Total non-current	1,407	2,921	-52%
Investment properties	7,179	6,413	12%	TOTAL LIABILITIES	5,063	4,766	6%
Property & equiptment	3,205	2,705	18%				
Other non-current	224	417	-46%	EQUITY			
	11,630	10,684	9%	Capital stocks	5,674	5,303	7%
				Treasury shares	(1,173)	(1,217)	-4%
				Retained earnings	3,201	3,606	-11%
				TOTAL EQUITY	7,702	7,693	0%
TOTAL ASSETS	12,766	12,459	2%	TOTAL LIAB & EQUITY	12,766	12,459	2%

9

The Roxas Companies continue to prioritize employee welfare and have transitioned to a hybrid work set-up. There were no serious or fatal pandemic or safety issues, stressing our priority of No Harm to People. We've driving a performance and results-based culture, grounded on passion, honesty, and accountability. He thanked the companies' Shareholders, Board of Directors, industry associates, and media partners for the strong support amidst a turbulent 2020 and throughout a steadier, but still challenging 2021

After the President's message and report, the Chairman stated that a vote was taken in absentia for the approval of the Annual Report for the period ended 31 December 2021. The Corporate Secretary then reported that based on the votes taken and cast in absentia, 100% of the shareholders present in person or by proxy voted to approve the Annual Report.

VI.
RATIFICATION OF ALL ACTS, PROCEEDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE ANNUAL STOCKHOLDERS' MEETING ON 16 JUNE 2021

The next item on the agenda was the ratification of all acts of management and of the Board from 16 June 2021 up to the present. The Chairman added that these acts and resolutions were disclosed in the Information Statement on SEC Form 20-IS which was published on PSE Edge and posted on the Company's website.

The Chairman reported that a vote was taken in absentia for the ratification of all acts, proceedings and resolutions adopted by the Board of Directors and Management since the Annual Stockholders' Meeting on 16 June 2021. Atty. Barot then confirmed that based on the votes taken and cast in absentia, 100% of the shareholders present in person or by proxy voted to approve and ratify the acts of the Board and Management.

VII.
ELECTION OF THE BOARD OF DIRECTORS

The next item on the agenda was the election of the Board of Directors. The Chairman reported that pursuant to Sec. 3, Article III of the By-Laws of the company, nominations for the election of members of the Board of Directors should be submitted to the Chairman of the Board of Directors at least 15 working days prior to any meeting of the shareholders called for the election of the Directors. The following persons, whose qualifications were set forth in the Information Statement provided to shareholders, have been nominated and endorsed by the Nominations Committee for election to the Board of Directors of the Corporation:

1. Mr. Gerardo C. Ablaza Jr. (Independent)
2. Mr. Edgar P. Arcos
3. Ms. Corazon S. De La Paz-Bernardo (Independent)
4. Mr. Francisco Jose R. Elizalde
5. Mr. Santiago R. Elizalde
6. Mr. Aurelio R. Montinola III (Independent)
7. Mr. Pedro O. Roxas

The Chairman reported that a vote was taken in absentia for the election of the following nominees to the Board of Directors of the Company.

Atty. Barot then confirmed that based on the votes taken and cast in absentia, 100% of the shareholders present in person or by proxy voted to elect the above-named nominees to the Board of Directors of the company to serve as such until the next annual meeting of the shareholders.

VIII.
ELECTION OF EXTERNAL AUDITORS

The Chairman asked the Chairperson of the Audit and Risk Committee to take the floor for the next item in the agenda, which was the Election of External Auditors. Director Corazon De La Paz-Bernardo, Chairperson of the Audit and Risk Committee, stated that in accordance with the Company's Manual on Corporate Governance, the Board of Directors, after consultation with the Audit and Risk Committee, recommends the election of the auditing firm of Sycip Gorres Velayo and Co., otherwise known as SGV & Co., as external auditors of the company for the calendar year 2022.

The Chairman reported that a vote was taken in absentia for the election of SGV & Co. as the company's external auditor for the calendar year 2022. Atty. Barot then confirmed that based on the votes taken and cast in absentia, 100% of the shareholders present in person or by proxy voted to elect SGV & CO. as the Company's external auditors for the calendar year 2022.

IX.
OTHER MATTERS

The Chairman stated that as provided for in the procedure published for the conduct of the virtual meetings, all shareholders were requested to send their queries or comments to the Company's Investor Relations Officer on or before 9:00 a.m. of June 16, 2021. He then asked the Investor Relations Officer, Atty. Melchor J. Manalo, to read out any questions sent by the shareholders

Atty. Manalo confirmed that he did not receive any questions from shareholders for discussion in today's meeting.

Since there were no questions, the Chairman advised the stockholders that a link to the recorded webcast of the ASM will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted. For any clarifications, shareholders may contact the Investor Relations Officer, Atty. Manalo.

X.
ADJOURNMENT

There being no other matter left for discussion, the Chairman adjourned the Annual Stockholders' Meeting.

CERTIFIED TRUE AND CORRECT:

ATTY. MELCHOR J. MANALO
Assistant Corporate Secretary

Roxas & Company, Inc.

A N N E X "I"

TABULATION OF VOTES

ANNUAL STOCKHOLDERS' MEETING DATED 29 JUNE 2022

Roxas & Company, Inc.

RESULTS OF VOTES TAKEN AT THE ANNUAL STOCKHOLDERS MEETING

JUNE 29, 2022

Item in the Agenda	YES	NO	Abstaining
Approval of the Minutes of the Annual Stockholders' Meeting held on 16 June 2021	**1,725,553,109** Shares	0	0
Approval of the Annual Report and Financial Statement for the year ending 31 December 2021	**1,725,553,109** Shares	0	0
Ratification of all the acts and resolutions of the Board of Directors and Management from June 16, 2021 up to present.	**1,725,553,109** Shares	0	0
Election of the Board of Directors			
a. Gerardo C. Ablaza, Jr. (Independent Director)	**1,725,553,109** Shares	0	0
b. Edgar P. Arcos	**1,725,553,109** Shares	0	0
c. Corazon De La Paz-Bernardo (Independent Director)	**1,725,553,109** Shares	0	0
d. Francisco Jose R. Elizalde	**1,725,553,109** Shares	0	0
e. Santiago R. Elizalde	**1,725,553,109** Shares	0	0
f. Aurelio R. Montinola III (Independent director)	**1,725,553,109** Shares	0	0
g. Pedro O. Roxas	**1,725,553,109** Shares	0	0
Election of the external auditors – SGV & Co.	**1,725,553,109** Shares	0	0

Roxas & Company, Inc.

A N N E X "J"

CERTIFICATION ON THE ATTENDANCE OF BOARD OF DIRECTORS FOR YEAR 2022

REPUBLIC OF THE PHILIPPINES }
CITY OF MAKATI }

SECRETARY'S CERTIFICATE

I, **MELCHOR J. MANALO,** of legal age, Filipino, with business address at 7th Floor Cacho-Gonzales Building, 101 Aguirre St., Legaspi Village, Makati City, under oath, hereby depose and state that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **ROXAS AND COMPANY INC.,** a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with business address at 7th Floor Cacho-Gonzales Building, 101 Aguirre St. Legaspi Village, Makati City (the "Corporation").

2. As the Assistant Corporate Secretary, I have the custody and access to the corporate records of the Corporation;

3. Based on the Corporation's records, the meetings of the Board of Directors and the Board Committees for the calendar year 2022 were attended, via videoconference, by the following:

REGULAR MEETINGS OF THE BOARD OF DIRECTORS					
Directors	**02 May**	**20 May**	**11 Aug**	**10 Nov**	**09 Dec**
Mr. Roxas, Pedro O.	√	√	√	√	√
Mr. Ablaza Jr., Gerardo C.	√	√	√	x	√
Mr. Arcos, Edgar P.	√	√	√	√	√
Ms. De La Paz-Bernardo, Corazon S.	√	√	√	√	√
Mr. Elizalde, Francisco R.	√	X	√	√	√
Mr. Elizalde, Santiago R.	√	√	√	√	√
Mr. Montinola III, Aurelio R.	√	√	√	√	√

AUDIT AND RISK COMMITTEE MEETINGS				
Directors	**25 Apr**	**17 May**	**08 Aug**	**08 Nov**
Ms. De La Paz-Bernardo, Corazon S.	√	√	√	√
Mr. Elizalde, Francisco R.	√	√	√	√
Mr. Montinola III, Aurelio R.	√	X	X	X

ANNUAL STOCKHOLDERS' MEETING	
Directors	**29 June**
Mr. Roxas, Pedro O.	√
Mr. Ablaza Jr., Gerardo C.	√
Mr. Arcos, Edgar P.	√
Ms. De La Paz-Bernardo, Corazon S.	√
Mr. Elizalde, Francisco R.	√

Mr. Elizalde, Santiago R.	√
Mr. Montinola III, Aurelio R.	√

ORGANIZATIONAL MEETING	
Directors	**29 June**
Mr. Roxas, Pedro O.	√
Mr. Ablaza Jr., Gerardo C.	√
Mr. Arcos, Edgar P.	√
Ms. De La Paz-Bernardo, Corazon S.	√
Mr. Elizalde, Francisco R.	√
Mr. Elizalde, Santiago R.	√
Mr. Montinola III, Aurelio R.	√

NOMINATION, ELECTION & GOVERNANCE COMMITTEE MEETINGS	
Directors	**26 May**
Mr. Montinola III, Aurelio R.	√
Mr. Roxas, Pedro O.	√
Mr. Elizalde, Santiago R.	√
Ms. De La Paz-Bernardo, Corazon S.	√
Mr. Ablaza Jr., Gerardo C.	√

COMPENSATION COMMITTEE MEETINGS - NONE

4. At least one (1) independent director was present in each of the Board meetings for the calendar year 2022.

5. I certify that the above listed attendance of the Board of Directors in the said Board and Committee meetings for the calendar year 2022 is true and correct based on the Corporation's records.

MAY 17 2023

IN WITNESS WHEREOF, I have hereunto set my hand, this ____ day of May 2023 at Makati City.

MELCHOR J. MANALO
Assistant Corporate Secretary

MAY 17 2023

SUBSCRIBED AND SWORN TO before me this _____ day of _________ 2023, affiant having exhibited to me his IBP ID No. 62499.

Notary Public

Doc. No. 67;
Page No. 19;
Book No. 262;
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-068 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Roxas & Company, Inc.

A N N E X “K”

BOARD OF DIRECTORS’ EVALUATION FORMS

ANNEX "K-1"

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management's succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being "Strongly Disagree" and 4 being "Strongly Agree" please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.				✓
2	The Board reviews and approves the organization's strategy, corporate goals and objectives.				✓
3	The Board focuses on strategic issues and spends adequate time to address them.				✓
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.			✓	
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.			✓	
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.				✓
7	The Board reviews and approves the senior management succession plan.			✓	
8	The Board reviews the integrity and effectiveness of the organization's financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				✓
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.				✓
10	The Board maintains an investor relations program that keeps the Company's stockholders informed of important developments in the business.			✓	

11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.			✓	
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.				✓
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.			✓	

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.			✓	
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.			✓	
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			✓	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			✓	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			✓	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.			✓	

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	liquidity management
2	Debt reduction
3	Turnaround of RSA1

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				✓
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.				✓
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.			✓	
5	The Board provides support and appropriate challenges to senior management.			✓	
6	The Board has an adequate policy for the orientation and continuing education of its members.			✓	
7	The Board calendar is organized effectively as to number and schedule of meetings.			✓	
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.			✓	
9	The Board regularly reviews its performance and measures its effectiveness in governance work.			✓	
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			✓	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.				✓
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.				✓

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.				✓

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(Audit and Risk Committee, Nomination, Election and Governance Committee, Compensation ~~Committee, Executive Committee and~~ Related Party Transaction Committee)**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.			✓	
2	The composition of the Committee is based on experience and credentials.			✓	
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.			✓	
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.				✓

5	The amount of information received is appropriate for discussion and decision-making purposes.				✓
6	The materials are received in advance to adequately prepare for meetings.			✓	
7	The Committee regularly reviews its mandate and performance.			✓	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			✓	
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.			✓	

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4

NAME OF BOARD MEMBER PER

MEMBERSHIP IN BOARD COMMITTEES: ____________

Governance Role

1	I understand my responsibilities and my statutory and fiduciary roles.				✓
2	I have high ethical standards in my personal and professional dealings.				✓
3	I fully support Board decisions and maintain their confidentiality.				✓
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.				✓
6	I commit the time required and participate actively to fulfill my governance responsibilities.				✓

Knowledge of the Company and the Environment

7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				✓
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				✓
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				✓
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				✓

Effective Behavior and Relationship

11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.				✓
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				✓

Contribution

13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.				✓
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.				✓

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1.

2.

ANNEX "K-2"

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

GERARDO C. ABLAZA, JR.

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management's succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

☐
11

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being "Strongly Disagree" and 4 being "Strongly Agree" please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					

2	The Board reviews and approves the organization's strategy, corporate goals and objectives.				✓
3	The Board focuses on strategic issues and spends adequate time to address them.				✓
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.				✓
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.				✓
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.				✓
7	The Board reviews and approves the senior management succession plan.			✓	
8	The Board reviews the integrity and effectiveness of the organization's financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				✓
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.			✓	
10	The Board maintains an investor relations program that keeps the Company's stockholders informed of important developments in the business.			✓	
11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.			✓	
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.				✓
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.			✓	

G.C. ABLAZA, JR. (P.2)

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area? THE BOARD FOCUSES THE APPROPRIATE TIME & ATTENTION ON THE PERFORMANCE OF AC'S GROUP AND ITS OPERATING BUs vs BUDGET AND STRATEGIC OBJECTIVES.
2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

☐

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					

G.C. ABLAZA, JR. (P.3)

	regulatory & compliance, strategic, and reputational risks.				✓
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.			✓	
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			✓	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			✓	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.				✓
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.				✓

THE BOARD HAS A CLEAR UNDERSTANDING OF THE KEY RISKS OF THE BUSINESS, ESP. OPERATING/EXECUTION RISKS, REVENUE AND CASH FLOW RISKS, AND BUSINESS MODEL RISK. AND REVIEWS THESE REGULARLY.

IT WOULD BE GOOD TO ESTABLISH A FORMAL ENTERPRISE RISK MGT. FRAMEWORK TO INSTITUTIONALIZE THE PROCESS.

☐
11

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	RE-PIVOT OF THE RAHC/GO HOTELS BUSINESS MODEL, FROM BUDGET HOTEL TOWARDS A MORE UPSCALE, FULL-SERVICE HOTEL ALA ANYA RESORTS.
2	STABILIZE THE COCONUT BUSINESS OPERATING PLATFORM AND ACHIEVE THE EFFICIENCY AND PRODUCTION STANDARDS THAT WILL MAKE RSAI SUSTAINABLE AND PROFITABLE.
3	ACHIEVE THE REVENUE GROWTH TARGETS FOR 2023/24 TOWARDS CLOSING THE GAP BETWEEN CURRENT ASSETS + CURRENT LIABILITIES.

☐
11

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				✓

G.C. ABLAZA, JR. (P.4)

	independence.				
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.				
5	The Board provides support and appropriate challenges to senior management.				✓
6	The Board has an adequate policy for the orientation and continuing education of its members.			✓	
7	The Board calendar is organized effectively as to number and schedule of meetings.				✓
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.				✓
9	The Board regularly reviews its performance and measures its effectiveness in governance work.				✓
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			✓	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.				✓
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.				✓

☐

11

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.				✓

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

☐

PART 2 – BOARD COMMITTEE EVALUATION

G.C. ABLAZA, JR. (p.5)

		1	2	3	4
					✓

BOARD COMMITTEES

Identify the Board Committee (s) of which you are a member:
COMPENSATION COMMITTEE
(Audit and Risk Committee, Nomination, Election and Governance Committee, Compensation Committee, Executive Committee and Related Party Transaction Committee)

		1	2	3	4
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.				✓
2	The composition of the Committee is based on experience and credentials.				✓
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.				✓
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.				✓

☐

11

		1	2	3	4
5	The amount of information received is appropriate for discussion and decision-making purposes.				✓
6	The materials are received in advance to adequately prepare for meetings.				✓
7	The Committee regularly reviews its mandate and performance.			✓	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			✓	
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.				✓

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

THE DISCUSSIONS OF THE COMPENSATION COMMITTEE IN THE PAST YEAR WERE UNDERTAKEN THROUGH EXCHANGES IN PRESENTATIONS BY THE MANAGEMENT AND THE COMMITTEE VIA EMAIL. THE TOPICS HAVE FOCUSED ON THE RCI GROUP PERFORMANCE MANAGEMENT SYSTEM (2022), AND THE PROPOSED COMPENSATION INCREASE PROGRAM FOR 2023.
NO PHYSICAL MEETINGS WERE UNDERTAKEN.

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

WE WILL PLAN ON SCHEDULING PHYSICAL MEETINGS IN 2023, ON TOP OF PRESENTATIONS AND DISCUSSIONS CONDUCTED BY ELECTRONIC COMMUNICATION.

G.C. ABLAZA, JR. (p.6)

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
	NAME OF BOARD MEMBER: GERARDO C. ABLAZA, JR. MEMBERSHIP IN BOARD COMMITTEES: COMPENSATION COMM.				
	Governance Role				
1	I understand my responsibilities and my statutory and fiduciary roles.				✓
2	I have high ethical standards in my personal and professional dealings.				✓
3	I fully support Board decisions and maintain their confidentiality.				✓
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.				✓
6	I commit the time required and participate actively to fulfill my governance responsibilities.				✓
	Knowledge of the Company and the Environment				
7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				✓
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				✓
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				✓
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				✓
	Effective Behavior and Relationship				
11	I respect other's ideas and perspectives during				✓

12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				✓

G.C. ABLAZA, JR. (P.7)

Contribution

13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.			✓	
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.			✓	

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1. I WILL PLAN ON GAINING BETTER KNOWLEDGE AND UNDERSTANDING OF THE COCONUT MANUFACTURING BUSINESS AND OPERATING MODEL, SO THAT I CAN BETTER CONTRIBUTE TO MAKING THE RSAI BUSINESS SUSTAINABLE AND PROFITABLE.
2. I WILL STRIVE TO UNDERTAKE FIELD AND PLANT VISITS TO ANNA RESORTS, GO HOTELS AND RSAI TO GET A FIRST-HAND IMPRESSION OF THE OPERATIONS OF THESE BUSINESSES.

ANNEX "K-3"

For Calendar Year - 2022

Roxas & Company, Inc.

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

(Confidential)

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management's succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being “Strongly Disagree” and 4 being “Strongly Agree” please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.				✓
2	The Board reviews and approves the organization's strategy, corporate goals and objectives.				✓
3	The Board focuses on strategic issues and spends adequate time to address them.				✓
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.				✓
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.			✓	
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.				✓
7	The Board reviews and approves the senior management succession plan.			✓	
8	The Board reviews the integrity and effectiveness of the organization's financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				✓
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.			✓	
10	The Board maintains an investor relations program that keeps the Company's stockholders informed of important developments in the business.				✓

SUBMITTED BY: G.S. DE LA PAZ-BERNARDO

11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.				✓
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.				✓
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.			✓	

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area?
   The board's most significant concern has to do with the working capital problem that is affecting its operations. It is envisioned that this concern will be addressed in 2023.
2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?
   The assessment criteria are quite comprehensive.

By: CS de la Paz-BERNARDO

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.				✓
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.				✓
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			✓	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			✓	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			✓	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.			✓	

By: C. S. de la Paz-Bernardo

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	Inadequacy of working capital. This issue is top of mind for the board and management.
2	Recruitment of certain key personnel to run the different businesses of the group. This is also hampered by the working capital issue.
3	Focus to be given to line of business with more chance of success.

By: C.G. de la Paz-Bernardo

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				✓
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.				✓
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.			✓	
5	The Board provides support and appropriate challenges to senior management.				✓
6	The Board has an adequate policy for the orientation and continuing education of its members.			✓	
7	The Board calendar is organized effectively as to number and schedule of meetings.				✓
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.			✓	
9	The Board regularly reviews its performance and measures its effectiveness in governance work.			✓	
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			✓	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.				✓
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.				✓

By: C. S. de la Paz - Bernardo

13.	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.				✓

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

   the board is clear as to how it should function and acts accordingly.

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

   None.

- By: C.S. de la Paz-Bernardo

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(Audit and Risk Committee, Nomination, Election and Governance Committee, Compensation Committee, Executive Committee and Related Party Transaction Committee)**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.				✓
2	The composition of the Committee is based on experience and credentials.				✓
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.				✓
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.				✓

Same rating for all 3 committees above identified.

By: C. S. de la Paz - Bernardo

5	The amount of information received is appropriate for discussion and decision-making purposes.			✓	
6	The materials are received in advance to adequately prepare for meetings.			✓	
7	The Committee regularly reviews its mandate and performance.			✓	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			✓	
9	The Committee has access to sufficient resources, both internal and outside advisers, (*) to function effectively.			✓	

(*) No need to avail.

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

   Yes.

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

   It will help if audit and risk committee materials are sent earlier than what we experienced this month. Cause of the delay is staff shortage.

By: C. S. de la Paz-Bernardo

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4

NAME OF BOARD MEMBER C. S. de la Paz - Bernardo

MEMBERSHIP IN BOARD COMMITTEES: ____________

Governance Role

1	I understand my responsibilities and my statutory and fiduciary roles.				✓
2	I have high ethical standards in my personal and professional dealings.				✓
3	I fully support Board decisions and maintain their confidentiality.				✓
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.				✓
6	I commit the time required and participate actively to fulfill my governance responsibilities.				✓

Knowledge of the Company and the Environment

7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				✓
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				✓
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				✓
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				✓

Effective Behavior and Relationship					
11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.				✓
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				✓
Contribution					
13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.				✓
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.				✓

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1. As I did this year, I'd like to, again, visit the coconut processing operation in Tupi.

2. I will continue to spend more time with the internal audit team outside of the audit committee meetings.

By: C. S. de la Paz- Bernardo

ANNEX "K-4"

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being "Strongly Disagree" and 4 being "Strongly Agree" please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.				✓
2	The Board reviews and approves the organization's strategy, corporate goals and objectives.				✓
3	The Board focuses on strategic issues and spends adequate time to address them.				✓
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.				✓
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.				✓
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.			✓	
7	The Board reviews and approves the senior management succession plan.			✓	
8	The Board reviews the integrity and effectiveness of the organization's financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.			✓	
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.			✓	
10	The Board maintains an investor relations program that keeps the Company's stockholders informed of important developments in the business.			✓	
11	The Board has a clear policy on effectively dealing with				

	the business' stakeholders in the community.			✓	
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.			✓	
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.				✓

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.				✓
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.				✓
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			✓	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			✓	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			✓	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.			✓	

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				✓
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.				✓
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.			✓	
5	The Board provides support and appropriate challenges to senior management.			✓	
6	The Board has an adequate policy for the orientation and continuing education of its members.			✓	
7	The Board calendar is organized effectively as to number and schedule of meetings.				✓
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.				✓
9	The Board regularly reviews its performance and measures its effectiveness in governance work.			✓	
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			✓	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.				✓
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.				✓

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.			✓	

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(Audit and Risk Committee, Nomination, Election and Governance Committee, Compensation Committee, Executive Committee and Related Party Transaction Committee)**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.			✓	
2	The composition of the Committee is based on experience and credentials.			✓	
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.			✓	
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.			✓	

5	The amount of information received is appropriate for discussion and decision-making purposes.			✓	
6	The materials are received in advance to adequately prepare for meetings.			✓	
7	The Committee regularly reviews its mandate and performance.			✓	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			✓	
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.			✓	

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
NAME OF BOARD MEMBER ________________					
MEMBERSHIP IN BOARD COMMITTEES: ________________					
Governance Role					
1	I understand my responsibilities and my statutory and fiduciary roles.				✓
2	I have high ethical standards in my personal and professional dealings.				✓
3	I fully support Board decisions and maintain their confidentiality.				✓
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.				✓
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.			✓	
6	I commit the time required and participate actively to fulfill my governance responsibilities.				✓
Knowledge of the Company and the Environment					
7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				✓
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				✓
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				✓
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				✓
Effective Behavior and Relationship					

11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.				✓
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				✓

Contribution

13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.				✓
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.				✓

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1.

2.

ANNEX “K-5”

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management’s succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being “Strongly Disagree” and 4 being “Strongly Agree” please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.				X
2	The Board reviews and approves the organization’s strategy, corporate goals and objectives.				X
3	The Board focuses on strategic issues and spends adequate time to address them.				X
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.				X
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.				X
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.				X
7	The Board reviews and approves the senior management succession plan.			X	
8	The Board reviews the integrity and effectiveness of the organization’s financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				X
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.				X
10	The Board maintains an investor relations program that keeps the Company’s stockholders informed of important developments in the business.				X

11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.				X
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.				X
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.				X

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area? NO SUGGESTIONS

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board? NO ADDITIONS

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.				X
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.				X
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.				X
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			X	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			X	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.				X

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	
2	
3	

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				X
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.			X	
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				X
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.				X
5	The Board provides support and appropriate challenges to senior management.				X
6	The Board has an adequate policy for the orientation and continuing education of its members.				X
7	The Board calendar is organized effectively as to number and schedule of meetings.				X
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.			X	
9	The Board regularly reviews its performance and measures its effectiveness in governance work.				X
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.				X
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.				X
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.				X

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.				

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(<u>Audit and Risk Committee</u>, Nomination, Election and Governance Committee, Compensation Committee, <u>Executive Committee</u> and Related Party Transaction Committee)**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.				X
2	The composition of the Committee is based on experience and credentials.				X
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.				X
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.				X

5	The amount of information received is appropriate for discussion and decision-making purposes.			X	
6	The materials are received in advance to adequately prepare for meetings.				X
7	The Committee regularly reviews its mandate and performance.				X
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.				X
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.				X

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?
   YES

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
NAME OF BOARD MEMBER _FRANCISCO JOSE R. ELIZALDE **MEMBERSHIP IN BOARD COMMITTEES: AUDIT AND RISK COMMITTEE**					
<u>Governance Role</u>					
1	I understand my responsibilities and my statutory and fiduciary roles.				X
2	I have high ethical standards in my personal and professional dealings.				X
3	I fully support Board decisions and maintain their confidentiality.				X
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.				X
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.				X
6	I commit the time required and participate actively to fulfill my governance responsibilities.				X
<u>Knowledge of the Company and the Environment</u>					
7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				X
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				X
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				X
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				X

Effective Behavior and Relationship					
11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.				X
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				X
Contribution					
13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.				X
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.			X	

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1. I WOULD LIKE TO CONTRIBUTE MORE TO THE STRATEGIC DIRECTION OF THE COMPANY

2.

ANNEX "K-6"

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management's succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being “Strongly Disagree” and 4 being “Strongly Agree” please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.				X
2	The Board reviews and approves the organization’s strategy, corporate goals and objectives.			X	
3	The Board focuses on strategic issues and spends adequate time to address them.			X	
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.		X		
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.				X
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.			X	
7	The Board reviews and approves the senior management succession plan.			X	
8	The Board reviews the integrity and effectiveness of the organization’s financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				X
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.			X	
10	The Board maintains an investor relations program that keeps the Company’s stockholders informed of important developments in the business.			X	

11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.			X	
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.			X	
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.			X	

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area?

   The post-investment evaluation can be made into a formal review, 18 months after completion.

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

   None.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.				X
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.			X	
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			X	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.				X
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			X	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.			X	

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	Group Strategy
2	Operating and Financial Performance
3	People Plan

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.			X	
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.				X
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.				X
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.			X	
5	The Board provides support and appropriate challenges to senior management.			X	
6	The Board has an adequate policy for the orientation and continuing education of its members.			X	
7	The Board calendar is organized effectively as to number and schedule of meetings.				X
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.		X		
9	The Board regularly reviews its performance and measures its effectiveness in governance work.			X	
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			X	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.			X	
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.			X	

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.			X	

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

   None.

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

   Assess risks like AI, workforce shift, cybersecurity, etc.

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(Audit and Risk Committee, Nomination, Election and Governance Committee, Compensation Committee, Executive Committee and Related Party Transaction Committee)**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.			X	
2	The composition of the Committee is based on experience and credentials.			X	
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.			X	
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.			X	

5	The amount of information received is appropriate for discussion and decision-making purposes.			X	
6	The materials are received in advance to adequately prepare for meetings.		X		
7	The Committee regularly reviews its mandate and performance.			X	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			X	
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.			X	

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

   Yes.

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

   None.

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
NAME OF BOARD MEMBER Edgar P. Arcos					
MEMBERSHIP IN BOARD COMMITTEES: Executive Committee					
<u>Governance Role</u>					
1	I understand my responsibilities and my statutory and fiduciary roles.				X
2	I have high ethical standards in my personal and professional dealings.				X
3	I fully support Board decisions and maintain their confidentiality.				X
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.			X	
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.				X
6	I commit the time required and participate actively to fulfill my governance responsibilities.				X
<u>Knowledge of the Company and the Environment</u>					
7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				X
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				X
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing				X

	situations and reaching conclusions.				
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.			X	
<u>Effective Behavior and Relationship</u>					
11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.				X
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				X
<u>Contribution</u>					
13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.				X
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.			X	

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1. Training on IT opportunities and threats
2. *Executive Leadership Course*

ANNEX “K-7”

BOARD OF DIRECTORS, COMMITTEE AND SELF-EVALUATION

Background

As required by regulatory authorities and as a measure of good corporate governance practice, the Board of Directors conducts on a periodic basis, a review of its performance, its committees as well as the performance of its individual board members vis-a-vis established criteria, for purposes of assessing their effectiveness and as a tool to improve their structure, composition, and practices and procedures.

Assessment Criteria

The following criteria are used in the assessment:

- Leadership
- Stewardship
- Contribution to achievement of corporate objectives
- Review and approval of strategic and operational plans, objectives, budgets
- Review of corporate results against projections
- Identification, monitoring and mitigation of significant risks
- Review of management’s succession plan
- Effective meetings
- Governance
- Accountability
- Clear definition of roles and monitoring activities of committees
- Ethical conduct

PART 1 – BOARD OF DIRECTORS EVALUATION

Rating Scale:

On a scale of 1 to 4 with 1 being "Strongly Disagree" and 4 being "Strongly Agree" please rate the Board's performance against the following criteria.

Note: Additional comments are welcome at the end of the rating sheet.

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Strategic Decision-Making and Performance					
1	The Board understands the vision, mission and objectives of the organization.			✓	
2	The Board reviews and approves the organization's strategy, corporate goals and objectives.			✓	
3	The Board focuses on strategic issues and spends adequate time to address them.			✓	
4	The Board does a post-evaluation review on the execution of the strategy, corporate goals and objectives of the organization.			✓	
5	The Board understands the statutory and regulatory requirements and obligations of the business and ensures business compliance with prevailing laws, rules and regulations.				✓
6	The Board ensures proper implementation and compliance with its Code of Business Conduct and Ethics.				✓
7	The Board reviews and approves the senior management succession plan.			✓	
8	The Board reviews the integrity and effectiveness of the organization's financial reporting; regularly monitors and reviews actual operating results against budget as reported by senior management, and takes appropriate action.				✓
9	The Board oversees that appropriate internal control system, enterprise risk management and corporate governance framework are in place and implemented.				✓
10	The Board maintains an investor relations program that keeps the Company's stockholders informed of important developments in the business.			✓	

11	The Board has a clear policy on effectively dealing with the business' stakeholders in the community.			✓	
12	The Board approves the appointment and assesses the overall performance of the organization's senior management led by the President/CEO.			✓	
13	The Board has a good understanding of the performance of the business vis-à-vis competition and the industry.			✓	

Additional Comments:

1. Do you have suggestions/comments regarding the performance of the Board on this area?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board's Oversight of Risks					
1	The Board has a clear understanding of the significant business risks that the organization faces, including, but not limited to, credit, market, liquidity, operational, legal, regulatory & compliance, strategic, and reputational risks.			✓	
2	The Board reviews, understands and approves the organization's risk appetite and risk tolerance (i.e., the type and level/amount of risks the business is willing to take) in order to achieve its strategic objectives, as proposed by Management.			✓	
3	The Board reviews and approves the risk management policies and processes implemented by Management to effectively identify, assess, measure, monitor, and control the key risks.			✓	
4	The Board receives periodic reports on the risk profile of the business, which includes all material risk exposures and actions taken to reduce exposures, where applicable and necessary.			✓	
5	The Board is updated on issues, changes and developments in the regulatory, industry and competitive environment relevant to risk management.			✓	
6	The Board reviews and approves proposed major acquisitions or strategic initiatives, including the risks related thereto.			✓	

List the top three priorities requiring attention in order for the Board of Directors to function more effectively.

1	
2	
3	

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
Board of Directors Organization					
1	The Board has the right size and diversity to effectively govern the organization.				✓
2	The Board functions independently of management and has the mechanisms in place to maintain that independence.			✓	
3	The Board understands the distinction between the board's role to set direction and provide oversight and management's role to lead and direct operations.			✓	
4	The Board maintains a system of alternative dispute resolution whereby conflicts and differences between and among them, the Company's stockholders and even third parties are amicably threshed out and settled.			✓	
5	The Board provides support and appropriate challenges to senior management.			✓	
6	The Board has an adequate policy for the orientation and continuing education of its members.			✓	
7	The Board calendar is organized effectively as to number and schedule of meetings.			✓	
8	The Board members receive meeting agenda and supporting materials in advance for adequate review.			✓	
9	The Board regularly reviews its performance and measures its effectiveness in governance work.			✓	
10	The Board reviews, approves and acts upon plans and programs identified as gaps based on its performance evaluation.			✓	
11	The Board meetings have a clear focus on the issues facing the organization and allows full and open discussion and participation by its members before major decisions are taken.			✓	
12	The Board meeting presentations and discussions are consistently adequate and appropriate for decision-making purposes.			✓	

13	The Board reviews and approves related party transactions. Conflicts of interest are properly disclosed in accordance with established guidelines.			✓	

Additional Comments:

1. Do you have suggestions/comments for improving the way in which the Board functions?

2. Do you have any suggested additions/amendments on the assessment criteria regarding the performance of the Board?

PART 2 – BOARD COMMITTEE EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4
BOARD COMMITTEES **Identify the Board Committee (s) of which you are a member:** **(Audit and Risk Committee, ~~Nomination, Election and Governance~~ Committee, Compensation Committee, Executive Committee and Related Party ~~Transaction Committee)~~**					
1	The Committee structure and its functions as found in the Company's Revised Manual of Corporate Governance provide an appropriate framework for the Committee's responsibilities and in accordance with regulatory requirements.			✓	
2	The composition of the Committee is based on experience and credentials.			✓	
3	The number and length of Committee meetings are appropriate to allow for sound decision-making by the Committee.			✓	
4	The meetings are conducted in a manner that ensures open communication and meaningful participation.			✓	

5	The amount of information received is appropriate for discussion and decision-making purposes.			✓	
6	The materials are received in advance to adequately prepare for meetings.			✓	
7	The Committee regularly reviews its mandate and performance.			✓	
8	Each committee's reports (oral and written) to the Board reflect an adequate degree of diligence and deliberation and provide the full Board with an adequate understanding of the Committee's rationale for its recommendations.			✓	
9	The Committee has access to sufficient resources, both internal and outside advisers, to function effectively.			✓	

Additional Comments:

1. Do you think the Committee(s) is effective in carrying out its mandate?

2. Do you have suggestions or feedback on improving the effectiveness of the Committee (s) of which you are a member?

PART 3 – BOARD MEMBER SELF-EVALUATION

	Assessment Criteria	Strongly Disagree 1	Disagree 2	Agree 3	Strongly Agree 4

NAME OF BOARD MEMBER SRE

MEMBERSHIP IN BOARD COMMITTEES: ____________________

Governance Role

1	I understand my responsibilities and my statutory and fiduciary roles.			✓	
2	I have high ethical standards in my personal and professional dealings.				✓
3	I fully support Board decisions and maintain their confidentiality.			✓	
4	I understand the distinction between the Board's role to set direction and provide oversight and management's role to lead and direct operations.			✓	
5	I understand the Board's role in overseeing and assessing the annual performance of the Senior Management team led by the President/CEO.			✓	
6	I commit the time required and participate actively to fulfill my governance responsibilities.			✓	

Knowledge of the Company and the Environment

7	I understand the Company's strategic plan, including its mission, vision and core values statements, and consider these when making decisions.				✓
8	I demonstrate a good understanding of the Company's financial performance and condition including key areas of risk and associated risk mitigation strategies.				✓
9	I effectively apply my knowledge, experience and expertise in deciding on matters presented to the Board, and bring strategic focus in assessing situations and reaching conclusions.				✓
10	I exercise sound and balanced judgment considering all sides of the issues on matters presented to the Board for deliberation.				✓

Effective Behavior and Relationship

11	I respect other's ideas and perspectives during deliberation of matters presented to the Board and Committee meetings.			✓	
12	I am a team player; I work effectively with fellow Directors and strive to build consensus.				✓

Contribution

13	I contribute meaningfully and knowledgeably to Board and Committee discussions; I make useful suggestions.			✓	
14	Overall, I make a valuable contribution to the functioning of the Board and the Committees.			✓	

Additional Comments:

Kindly identify areas that you would like to personally focus on next year in terms of furthering your professional development as a Director and contributing more to the Board:

1.

2.

Roxas & Company, Inc.

A N N E X “L”

SEC Form 17A for the period ending

31 December 2022

SEC Registration Number

P W - 0 0 0 0 0 8 3 4

Company Name

R O X A S   A N D   C O M P A N Y ,   I N C .   A N D   S U B S I
D I A R I E S

Principal Office (No./Street/Barangay/City/Town) Province)

7 t h   F l o o r ,   C a c h o - G o n z a l e s   B u i l d i n
g ,   1 0 1   A g u i r r e   S t r e e t ,   L e g a s p i   V i
l l a g e ,   M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
SEC Form 17-A	**C R M D**	**Not Applicable**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
rci@roxascompany.com.ph	**(02) 8810-8901 to 06**	**–**

No. of Stockholders	Annual Meeting Month/Day	Calendar Year Month/Day
3,297	**Last Wednesday of May**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Melchor J. Manalo	**melchor.manalo @roxascompany.com.ph**	**(632) 8751-9537**	**–**

Contact Person's Address

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. As of and for the year ended: **31 December 2022**

2. SEC Identification Number: **PW- 00000834**

3. BIR Tax Identification No. : **000-269-435-000**

4. Exact name of issuer as specified in its charter: **ROXAS AND COMPANY, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of
   Incorporation or Organization

6. (SEC Use Only)
   Industry Classification Code

7. **7th Floor Cacho-Gonzales Building, 101 Aguirre Street**
   Legaspi Village, Makati City 1229
   Address of Principal Office

8. **(632) 8810-89-01 to 06**
   Registrant's telephone number, including area code

9. CADP GROUP CORPORATION
   6th Floor Cacho-Gonzales Building, 101 Aguirre Street
   Legaspi Village, Makati City 1229
   Former name and former address.

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

Title of Each Class and Amount of Debt Outstanding	Number of Shares of Stock Outstanding
Authorized Capital Stock	
Common	**P4,375,000,000**
Preferred	**1,000,000,000**
No. of shares subscribed & outstanding:	
Common-Issued	**2,911,885,870**
Common-Outstanding	**2,238,565,158**
Preferred	**200,000,000**

Amount of loans outstanding as of December 31, 2022 **P3,673,409,009**

Of the 2,238,565,158 outstanding shares, 673,320,711 common shares and 200,000,000 preferred shares were exempt securities under Section 10.1 of the SRC.

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

Yes [√] No [ ]

2,911,885,870 common shares are listed with the Philippine Stock Exchange (PSE).

12. Check whether the issuer:

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

Yes [√] No [ ]

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

Yes [√] No []

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

Assuming that the number of stockholdings of non-affiliates as of 31 December 2022 is 2,238,565,158 common shares and assuming further that the market bid price of the shares as of same date is P0.475 then the aggregate market value of the voting stocks held by non-affiliates as of said date is P1.1 Billion.

14. Documents incorporated by reference. (Briefly describe them and identify the part where they are incorporated).

(a) Incorporated by reference in Part III on Financial Information is the Consolidated Financial Statements of Roxas and Company, Inc. and subsidiaries as at and for the year ended 31 December 2022.

PART I – BUSINESS

1. Business Development

Roxas And Company, Inc. ("RCI") is the holding company for a group of companies with interests in (i) the real estate and hotel development, operations, and property management through its subsidiary, Roxaco Land Corporation ("RLC"), (ii) a minority stake in the sugar milling and ethanol manufacturing businesses of Roxas Holdings, Inc. ("RHI"), (iii) in coconut processing and exports through its subsidiary, Roxas Sigma Agriventures, Inc. ("RSAI") and in (iv) renewable energy development. In addition to its various business interest, RCI holds approximately 2,494 hectares of investment property landholdings located in Nasugbu, Batangas with significant areas under negotiation for exemption under the Comprehensive Agrarian Reform Program ("CARP").

In November, 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd., a Hongkong based company but remained its biggest shareholder with 36% equity interest. RCI's equity interest was diluted to 23% as of December 2019 when it did not exercise its Stock Rights Option in 2016 and in the conversion of RHI's debt securities into common shares in 2017.

In December 2018, the SEC approved the corporate reorganization of RLC. The reorganization included the merger of RLC and Anya Hotels and Resorts Corporation with RLC as the surviving corporation. As part of the reorganization, RCI increased its equity in RLC by P60 million via conversion of its outstanding advances to common shares. In February 2019, Anya Hospitality Corp. ("AHC"), RLC's hotel management company was also merged with RLC. After the reorganization was completed, Anya Hotel and Resort Tagaytay and Anya Hospitality Corp operated as business units within RLC. Anya Hotel and Resort Tagaytay opened in 2017 with 80 hotel suites and a hotel core that operates its high-end facilities which include premium restaurants, heated pools, wellness center, a library, function rooms, and lounges.

In December 2013, RLC and Singapore based VH Select Investments (Phil) Pte. Ltd. (VH Select) formed the joint venture company, Roxaco-Vanguard Hotel Corporation ("RVHC") to build a minimum of five budget hotels under the "Go Hotels" brand through a franchise agreement with Robinsons Land Corporation. By 2017, five (5) Go Hotel sites located in Manila Airport Road, Cubao, Ermita, North EDSA and Timog were completed. In April 2018, VH Select sold its shareholdings to Asia Hospitality Private Capital Ltd., Singapore with RLC still maintaining 51% control of the JV Company. Consequently, the corporate name was changed to Roxaco-Asia Hospitality Corporation ("RAHC") and was approved by the SEC in October 2018. In December 2019, RAHC signed an agreement to sell its Go Hotel Cubao site for P411 million in order to reduce debt and improve profitability. The property was sold in February 2020.

RLC also has investments in Fuego Development Corporation ("FDC"), Fuego Land Corporation ("FLC"), Club Punta Fuego, Inc. ("CPFI"), Roxaco-ACM Development Corporation ("RADC"), and SAMG Memorial Management and Services, Inc. ("SMMSI").

RLC manages all its Go Hotel sites, Anya Hotel and Resort Tagaytay, and Club Punta Fuego as well as third party hotels and resorts under various management agreements.

After completing most of its real property projects, RLC in 2016 started the development of Montana Residences, an 8.2 hectare housing project located in Palico, Nasugbu, Batangas.

In May 14, 2015, RCI established Roxas Green Energy Corporation ("RGEC"), a wholly owned subsidiary to venture in renewable power generation. RGEC planned to develop solar power plants using the real properties owned by RCI in Nasugbu, Batangas. However, after completing the initial predevelopment requirements, permits and land preparations, RGEC deferred full development of the project and shifted to look for possible joint venture arrangements with major power firms. The pre-development cost was written down in 2021.

In October 8, 2015, RCI entered into a Shareholders Agreement with Sigma Xynergies Corporation (SXC), a Filipino-owned company and formed Roxas Sigma Agriventures, Inc. (RSAI) for the development of a 300 tons-per-day coconut processing plant in Tupi, South Cotabato. The plant is an advanced processing facility to produce coconut cream/milk, virgin coconut oil, and coconut water concentrate primarily for export. In 2016, RCI initially invested P215.0 Million in RSAI for 81.13% control of the company. RCI infused P21.5 Million additional capital in 2017 and another P200 Million in 2018, increasing its total equity to P436.5 million or 88.81% control of the company. Plant testing and commissioning started on the 3rd quarter of 2017. Commercial operations began in January 2018. By March 2019, RSAI secured all key major international production, food, and safety certifications required in the European, North and South American markets that will enable it to fully market its products.

In December 2018, SEC approved RCI's application to increase its authorized capital from 3.375 Billion to 4.375 Billion shares. The increase in capital stock reflected the creation of 1 Billion preferred shares with a par value of P1.00 per share.

In December 2018, RCI raised P500 million new equity through the issuance of preferred shares with a par value of P1.00 per share. The shares are redeemable after 2 years, with an option to extend by another 2 years. Dividend rate for the 1st years is at 8.5%. Proceeds from the equity raised were used to reduce bank debts and fund the group's operating requirements.

The BOD, in its Special Meeting held on March 12, 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of P1.00 per share. The Articles of Incorporation of the Parent Company provides that the preferred shares are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The BOD has yet to determine the terms of re-issuance of the said preferred shares.

In August 2021 and October 2021, RCI converted its advances to RSAI amounting to P354 million and P53 million, respectively, that increased the equity interest in RSAI from 88.81% to 94.98%.

Distribution Methods of the Products or Services

RLC offers its various properties to potential buyers through its authorized sales agents and brokers.

RAHC through its hotel management, Anya Hospitality Group, uses online digital channels, corporate and government direct selling, enrollment in online and local travel agencies and marketing direct to walk-in customers to generate hotel bookings.

RSAI, as a bulk producer, markets its products by initially positioning itself as a major ingredient supplier to branded manufacturers, international brokers for its products, and food service companies. It will evaluate options for its own brand and toll manufacturing when volumes have been developed and expanded for retail sale.

Competition

For RLC

RLC's real estate projects are located in Nasugbu, Batangas using its land bank to develop commercial,residential and memorial lot projects for the local area market. Anya Resort and Residences project in Tagaytay is its entry into the high-end residential and luxury hotel market outside Batangas.

The local property competitors in the area are Ayala Land, Robinsons Land, SM Investments, and Sta. Lucia Realty and Development, Inc.

For RAHC

All four (4) Go Hotels are classified in the hotel and tourism industry as Economy or Budget Hotels. Major competitors considered in this category are the likes of Red Planet,Hop Inn International chains, Hotel 101, local established chains such as Eurotel and other location – centric hotels with similar price points.

For RSAI

RSAI was established in 2015 to process 300 Metric Tons per day of raw coconuts to produce three major products for export: Coconut Water Concentrate; Virgin Coconut Oil, and Coconut Milk/Cream. Major competitors within the region include Franklin Baker Inc., Peter Paul Philippines, Inc., Century Pacific Agri Ventures., Primex Foods, Inc., Celebes Foods, Inc., and Axelum (Fiesta Foods).

Sources and Availability of Raw Materials and Names of Principal Suppliers

For its hotel operations, RAHC and Anya use accredited third-party service providers for its laundry service requirements, security, and housekeeping.

RSAI's main raw materials of dehusked coconuts, are sourced from farmers, buying stations or consolidators within the area of South Cotabato, Saranggani, North Cotabato, and Lanao del Sur. Packaging materials such as drums and corrugated boxes are purchased locally, while aseptic bags are secured overseas.

Patents, Trademarks and Copyrights

RLC secured registration of its trademark project "Anya Resort and Residences" and has a pending trademark application for its mark "NIYAMA" with the Intellectual Property Office of the Philippines.

RLC also owns the trademarks for all the logos of "Anya" and "Fuego" brands.

For RAHC, the use of "Go Hotels" Trademark/Logo is covered by the terms and conditions of the Franchise Agreement with Robinsons Land Corporation.

Need for Government Approvals of Principal Products or Services

As part of the normal course of business, RLC secures all the necessary permits such as but not limited to development permits from the local government, Certificate of Registration and License to Sell from the Department of Human Settleents and Urban Development (fomerly, Housing and Land Use Regulatory Board) ("DHSUD"), and the Environmental Compliance Certificate from the Department of Environment and Natural Resources.

RSAI secured approval from Food and Drug Administration in order to operate and sell products legally. It has likewise secured various international certifications as required by foreign buyers such as USFDA, Halal, HACCP, Kosher, Organic, GMP, Food Safety System Certification ("FSSC"), and BRC Certification.

RGEC secured a service contract with Department of Energy to have the exclusive right to explore, develop or utilize a particular renewable energy (i.e. solar energy) contract area in Nasugbu, Batangas. It has likewise secured BOI registration to qualify for tax incentives for the project.

Effect of Existing or Probable Governmental Regulations

For RLC
The real estate business is subject to a number of laws including the Civil Code of the Philippines, Presidential Decree Nos. 957 and 1216, the Maceda Law, and certain provisions of the Local Government Code. The industry is primarily regulated by the policies and rules and regulations issued by the DHSUD.

Value Added Tax System

The present value-added tax (VAT) system imposes a 12% VAT on Sale of Real Properties. Section 4.106-3 of Revenue Regulations No. 16-2005 – Sale of real properties held primarily for sale to customers or held for lease in the ordinary course of trade or business of the seller shall be subject to VAT.

For RGEC
RGEC, being in the Renewable Energy (RE) industry, is covered by the *Renewable Energy act of 2008* (Republic Act No.9513) which provides substantial incentives and privileges such as VAT zero-rated sales and income tax holiday for a period of 7 years from the start of commercial operations.

For RSAI
RSAI, being a BOI-registered company, is entitled to import duty exemption of its capital equipment and income tax holiday for six (6) years from the start of commercial operations or January 2018, whichever is earlier. RSAI is also entitled to zero-rated VAT on export sales.

For the Group
The CREATE Law will affect the taxes due from the whole Group for the calendar year 2022. This includes corporate income tax, minimum corporate income tax, and income tax holiday.

Costs and Effects of Compliance with Environmental Laws

RLC secures the required Environmental Compliance Certificates for all of its real property developments.

RGEC, RAHC, and RSAI also secured the required Environmental Compliance Certificates before commencement of commercial operations.

Total Number of Employees and Number of Full-Time Employees

As of 31 December 2022, RCI, the Holding Company has three (3) executives and thirteen (13) employees.

RLC, on the other hand, has two (2) executives and thirty eight (38) employees, including the real estate and Anya Hospitality Group while Anya Resort Hotel Tagaytay has 1 executive and 93 employees.

RAHC has 70 employees. RSAI has 2 executives and 151 employees.

RGEC has no full-time employees yet as it is still at the pre-operating stage.

Property

The Company's investment property landholding located in Nasugbu, Batangas has an approximate land area of more or less 2,494 hectares with total appraised value of P9.285 Billion as of December 2021 and P7.179 Billion as of December 31, 2020. About 2,300 hectares of these properties were covered by the Comprehensive Agrarian Reform Program (CARP) with a significant portion currently under an application for exemption with the Department of Agrarian Reform.

The Company is likewise the registered owner of a 1,030 sqm office condominium unit located at the 7th Floor of Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City. It has a carrying value of P526,872.90 while fair market value is at P79.31 million as of December 31, 2022. The property is currently used as collateral for the long-term loan of its subsidiary, RLC.

Real Estate
As of December 31, 2022, RLC's real estate for sale and development, consisting of real estate properties for sale, raw land and land improvements, amounted to P288.64 Million. Certain properties are also used as collateral to secure the loan obligations of the Company.

RAHC
RAHC's four (4) Go Hotels have a total land area of 4,105.6 sqm located in Parañaque, Malate, North EDSA, and Timog, Quezon City. The four Go Hotels are situated on these sites and have total appraised values P1.851 billion as at December 31, 2022 These properties were used as collateral for the long-term borrowings of the Company.

RSAI
RSAI is the owner of the 21,945 sqm property, plant and equipment with appraised value of P817 million as of November 2022 located in Purok 10, Poblacion, Tupi, South Cotabato wherein the Coconut Processing Plant is situated and used as collateral for the long-term borrowings of the Company.

Legal Proceedings

RCI is a party to various legal proceedings mostly involving the coverage of its properties in Nasugbu, Batangas under the CARP.

Sometime in 1993, the Company filed a case questioning the Department of Agrarian Reform's (DAR) acquisition of its landholdings and asking for the cancellation of the Certificates of Land Ownership Awards (CLOAs) issued by the DAR in favor of the farmer-beneficiaries. On 17 December 1999, the Supreme Court promulgated its Decision in GR No. 127876 nullifying the DAR acquisition proceedings over haciendas Palico, Banilad and Caylaway/Carmen. The High Tribunal ruled that the Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOAs that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Company filed with the DAR an application for CARP exemption of its three Haciendas in Nasugbu based on Presidential Proclamation No. 1520 which declared the entire municipality of Nasugbu as a tourist zone. RCI likewise filed exemption applications for smaller areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that PP No. 1520 did not automatically reclassify the agricultural lands in Nasugbu, Batangas to non-agricultural lands[1]. However, the Court noted that RCI "can only look to the provisions of the Tourism Act and not to PP No. 1520, for possible exemption".

On February 08, 2011, the Supreme Court denied the Company's Second Motion for Reconsideration and affirmed with finality its December 2009 Decision.

Consistent with the 2009 Supreme Court Decision that "Roxas and Co. can only look to the provisions of the Tourism Act, and not to PP 1520, for possible exemption", RCI filed in April 2010 with the Tourism Infrastructure and Enterprise Zone Authority ("TIEZA") an application to declare fourteen (14) Specific Geographic Areas located in the RCI landholdings as Tourism Enterprise Zones ("TEZs"). This application was based on the Tourism Act of 2009.

To date, the said application has not been acted upon, primarily because it took the DOT some time to promulgate the Implementing Rules and Regulations ("IRR"). However, in July 2011, the IRR was published in newspapers of general circulation and the same took effect on 01 August 2011. At present, RCI's application is still pending with the TIEZA.

On 20 September 2011, RCI received from the Supreme Court a Decision dated 05 September 2011[2] affirming the exemption of a 21.1236-hectare property from CARP. The exempt property consists of 27 parcels of land located in Barangay Aga, Nasugbu, Batangas.

There are three[3] other CARP-related cases that are pending with the Provincial Adjudicator (PARAD) of Western Batangas and the Department of Agrarian Reform (DAR).

On 22 October 2012, the DAR published a Notice of Coverage over approximately 2,514.76 hectares of the Company's properties. The Company has filed its Protest with the DAR against this wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage) and the applicable law (RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Company filed a Motion for Reconsideration (MR) with the DAR. On April 15, 2014, the DAR denied the MR of RCI.

---

[1]The 04 December 2009 Decision in SC GRN 149548, 165450, 167453, 179650, 167845 AND 169163 may be accessed at http://sc.judiciary.gov.ph/jurisprudence/2009/december2009/149548.htm.

[2]Agapito Rom, et. al. vs. Roxas and Company, Inc., G.R. No. 169331.

[3] These cases are: (i) DAR Adm. Case No. A-9999-100-97, which is an application for exemption from CARP coverage of a 45.97 hectare property in Brgy. Aga on the ground that the said property has a slope of at least 18%. The DAR granted RCI's application. However, the farmer-beneficiaries filed a Motion for Reconsideration, to which RCI filed an opposition. This case is now final and executory but the DAMBA filed a Petition for Relief from Judgment which is still pending resolution of the Office of the Secretary of DAR; (ii) Petitions for the cancellation of CLOA No. 6646 covering a 21-hectare property. These cases stemmed from a Certificate of Finality issued by DAR exempting the subject property from CARP coverage. The Provincial Adjudicator of Batangas (PARAD) decided in favor of the Company and cancelled the CLOA. The farmers' Motion for Reconsideration was subsequently denied by the PARAD. The cases are now with the Department of Agrarian Reform Adjudication Board (DARAB) in view of the appeal filed by the farmers; and (iii) DAR Case Nos. R-0401-0021 to 0058-2009 stems from a final and executory Supreme Court ruling exempting from CARP coverage a 30.1685-hectare property in Barangay Banilad, Batangas. As such, the Company filed with the PARAD Petitions for cancellation of CLOA 5189 insofar as the exempted area is concerned.

On June 27, 2014, RCI filed a Petition for Certiorari with the Court of Appeals (CA). On 25 October 2017, the CA rendered a Decision on the Petition for Certiorari filed by RCI. In its Decision, the Court of Appeals partially granted RCI's Petition. In particular, the CA nullified and set aside the Order and Resolution dated 16 October 2013 and 15 April 2014, respectively, of the Department of Agrarian Reform. It also nullified the Notice of Coverage published by the DAR on 22 October 2012. The CA further remanded the case back to the DAR for purposes of issuing a new Notice of Coverage after determining specific portions of the haciendas that should be covered by the Agrarian Reform Law. However, the CA did not order the cancellation of the existing CLOAs over the properties of RCI that were issued pursuant to the nullified Notice of Coverage. Thus, RCI filed a partial Motion for Reconsideration of the Decision of the CA on 22 November 2017. In its MR, RCI prayed that: (i) the CA cancel all the CLOAs covering the properties covered by the 1999 Roxas case; (ii) To order the DAR to act on the pending applications for exemption/exclusion/conversion; and (iii) For Respondents to cease and desist from committing any act that involves the coverage of the subject properties pending the final resolution of the applications of RCI with the DAR.

On 05 June 2017, the DAR dismissed the application of RCI for exemption/exclusion of a total of 685 h.a. from CARP coverage. The DAR dismissed the application on purely technical grounds. Thus, RCI filed a Motion for Reconsideration on 14 August 2017. This MR has not been resolved by the DAR to date.

On 29 November 2017, the DAR denied RCI's Motion for Reconsideration of the denial of an application for exemption over a total of 285 h.a. for being agricultural in nature. The DAR found that there was no reversible error that would justify a reconsideration of the denial of exemption. Consequently, RCI filed an Appeal with the Office of the President on 22 January 2018. On May 21, 2022, the Office of the Prsident denied RCI'a appeal explaining that the findings of facts of the Administrative Agencies should be respected. RCI timely filed its Motion for Reconsideration which remains pending as of this date

The DAR approved the conversion application filed by RCI and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors but the MR was denied and the order of conversion was affirmed by the DAR in November 2020. On November 2021, the Office of the President issued an Order denying the appeal filed by the oppositors and affiriming the DAR Decision. A Motion for Reconsideration ("MR") was thereafter filed by the oppositors on December 2021. RCI filed its Comment on the said MR On April 29, 2022 the Office of the President issued a resolution denying the oppositor's MR.

The Company shall account for any legal and financial liabilities arising from the land properties subject to CARP upon the resolution of ownership by the Court.

There are other pending legal cases as of December 31, 2022. None of these contingencies are material and discussed in detail so as not to seriously prejudice the Group's position in the related disputes.

<u>Real Estate</u>

In the ordinary course of its business, RLC is engaged in litigation either as complainant or defendant. RLC believes that these cases do not have any material adverse effect on it.

Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders at the last annual meeting.

PART II – SECURITIES OF THE REGISTRANT

Market Price of and Dividends on Common Equity and Related Stockholder Matters

1. Market Information.

The Company has 2,911,885,870 common shares listed and traded in the Philippine Stock Exchange under the trading symbol "RCI". Out of the total common shares listed, 689,831,368 are treasury shares. The Company also had 500,000,000 preferred shares subscribed and fully paid-up, which has since been reduced to 200,000,000 preferred shares because of the redemption made in March 2021. The preferred shares are not listed with the PSE.

(a) High and low share prices for the year ended December 31, 2022.

	High	Low
January 2020 – March 2020	2.29	1.21
April 2020 – June 2020	1.92	1.32
July 2020 – September 2020	1.58	1.10
October 2020– December 2020	1.49	1.16
January 2021 – March 2021	1.35	1.00
April 2021 – June 2021	1.12	1.00
July 2021 – September 2021	1.09	0.72
October 2021– December 2021	0.86	0.62
January 2022 – March 2022	0.78	0.48
April 2022 – June 2022	0.68	0.49
July 2022 – September 2022	0.64	0.51
October 2022– December 2022	0.58	0.45

(b) Holders. There are 3,297 holders of the Company's listed shares as of 31 December 2022. The top twenty (20) holders of the Company's common shares as of said date are:

	STOCKHOLDERS	NATIONALITY	TOTAL SHARES	%
1	SPCI Holdings, Inc.	Philippine National	710,350,473	31.73%
2	Pesan Holdings, Inc.	Philippine National	542,266,292	24.22%
3	PCD Nominee Corporation (Non-Filipino)	Other Alien	276,989,373	12.37%
4	PCD Nominee Corporation	Philippine National	215,709,836	9.64%
5	Cisco Holdings, Inc.	Philippine National	112,500,000	5.03%
6	CRE Holdings, Inc.	Philippine National	112,500,000	5.03%
7	IÑIGO Holdings, Inc.	Philippine National	112,500,000	5.03%

8	SRE Holdings, Inc.	Philippine National	112,500,000	5.03%
9	Pedro O. Roxas	Filipino	12,591,080	0.56%
10	Rizal Commercial Banking Corporation	Philippine National	3,048,161	0.14%
11	Antonio Roxas Chua	Filipino	2,379,610	0.11%
12	Francisco R. Elizalde	Filipino	2,112,152	0.09%
13	Santiago R. Elizalde	Filipino	1,910,630	0.09%
14	Mari Carmen R. Elizalde	Filipino	1,361,241	0.06%
15	Carlos Antonio R. Elizalde	Filipino	1,358,517	0.06%
16	Central Azucarera dela Carlota Retirement Trust Fund	Philippine National	1,178,400	0.05%
17	Equitable Securities FAO Inigo Elizalde	Filipino	933,810	0.04%
18	Severo A. Tuazon & Company, Inc.	Filipino	537,000	0.02%
19	Dolores Teus De M. Vara Rey	Filipino	488,020	0.02%
20	Concepcion Teus Vda. De M. Vara De Reu	Filipino	445,650	0.02%
	SUBTOTAL		**2,223,660,245**	**99.33%**
	OTHER STOCKHOLDERS		14,904,914	0.67%
	GRAND TOTAL		**2,238,565,159**	**100.00%**

2. Dividends.

The ability of the Company to declare and pay dividends on its common shares is generally governed by the pertinent provisions of the Corporation Code of the Philippines, i.e. prohibition on capital impairment and the limitation on the discretion of the Board of Directors, among others. In the recent past, the Company declared and paid dividends as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
29 June 2006	P0.06	14 July 2006	31 July 2006
5 October 2006	0.06	19 October 2006	10 November 2006
21 June 2007	0.06	13 July 2007	31 July 2007
20 September 2007	0.04	15 October 2007	8 November 2007
26 June 2008	0.06	15 July 2008	31 July 2008
2 October 2008	0.06	15 October 2008	30 October 2008
13 December 2013	0.02	06 January 2014	30 January 2014
12 December 2014	0.02	15 January 2015	30 January 2015
18 December 2015	0.01	15 January 2016	05 February 2016

The Company has not declared dividends to common shares in the recent years. However, it did declare dividends to the preferred shares as follows:

Declaration Date	*Dividend Per Share*	*Record Date*	*Payment Date*
10 May 2019	P0.04	28 May 2019	31 May 2019
10 May 2019	0.02	08 August 2019	13 August 2019
10 May 2019	0.02	06 November 2019	13 November 2019
	0.02	06 February 2020	13 February 2020
	0.02	07 May 2020	13 May 2020
	0.02	06 August 2020	13 August 2020
	0.02	06 November 2020	13 November 2020

12 August 2020	0.02	03 March 2021	Not yet determined
	0.04	03 September 2021	Not yet determined

3. Recent Sales of Securities.

In December 2018, Amalgamated Investments Bancorporation subscribed to Five Hundred Million (500,000,000) preferred shares of stock of the Company for P500,000,000.00. In March 2021, RCI redeemed 300,000,000 preferred shares pursuant to its agreement with AIB, leaving only 200,000,000 preferred shares outstanding.

RCI reissued and sold to the stock market 145,201,026 treasury shares at an average price of P1.42 per share for P206.5 Million for the calendar year 2020. Out of this total, 51,093,000 shares were sold pursuant to the Put Option Agreement with LDA Capital.[4] The proceeds were used for the group's working capital and debt servicing. There were no put options exercised in 2021 and 2022.

In 2021, the Parent Company issued 26,041,161 treasury shares based on the average market rate of P1.00 per share aggregating P26.0 million, resulting to a decrease in additional paid-in capital amounting to P18.0 million, net of transaction costs of P0.3 million.

In 2022, the Company issued 16,510,657 treasury shares based on the average market rate of P0.58 per share aggregating P9.6 million, resulting to a decrease in additional paid-in capital amounting to P18.5 million, net of transaction costs of P0.0 million.

4. Description of Registrant's Securities.

The authorized capital stock of the company is P4,375,000,000 divided into 3,375,000,000 common shares with P1.00 par value a share and 1,000,000,000 preferred shares with par value of P1.00 per share.

Preferred shares are non-voting, redeemable at the option of the Board of Directors, with preference over dividends and are re-issuable.

Shareholders have no pre-emptive rights to any issue of shares, of whatever class by the corporation unless otherwise decided by the Board of Directors for the best interest of the corporation (Art. VIII, CADPGC Amended Articles of Incorporation). There is no provision in its charter or by-laws which would delay, defer or prevent a change in control of the Company.

Calendar Year 2022
Corporate Updates

The RCI Group continues to reset its businesses in 2022 and generate cash amidst volatile international and local macroeconomic conditions. The overall operating performance decreased vs. 2021 due to deferred sale of Anya Phase 3, slower house and lot sales, and RAHC's earlier than expected transition from quarantine to regular guests. Coconut export growth decreased because of the low working capital, and extended repairs to address equipment failures. This was offset favorably by 266 corporate and social events, staycation rebound, and strong dining and wellness offers of Anya Hotel.

Anya Resort Tagaytay (ART) received the 2022 World Luxury Hotel Awards in the following categories: Luxury Resort Restaurant Global Winner, Regional Award for Luxury Hideaway Resort in Southern Asia, and Luxury Sustainable Spa Global Winner. ART registered its highest occupancy in December 2022 and is expanding with additional villas in the existing area as well as opening a new Phase adjacent to the core resort.

RSAI prospects for long term growth in non-dairy alternatives is sustained as demand for soy, oat, and coconut registered double digit CAGR. Nut prices went down to P6.50/kg, the lowest in three years. RSAI adjusted its list price in April 2022, the first since the start of commercial operations and reflects post-Ukraine pricing dynamics.

RLC sold for P237 million its 14.4-hectare raw land and repaid the BPI loan of P73 million. The progress completion for its key projects were 41% for Montana Phase 2 and 3, 23% for Anya Block 12, and 97% for Landing Townhomes 12, improving after limited activity during 2020-2021 pandemic lockdowns.

P1.6 billion major loans were restructured to 7 years term including 2 years grace period for ChinaBank (P186 million), Land Bank (P672 million), and Robinsons Bank (P778 million). Phase 2 discussions with banks and deleveraging will continue in 2023. AUB approved the P100 million credit line for CTS and end-user financing.

Investment properties market value increased from P7 billion in 2021 to P9 billion in 2022.

Results of Operation

Consolidated revenues for the year amounted to P786 million from real estate sales of P289 million, hotel revenues from Go Hotels and Anya Resort of P409 million, and RSAI's exports of P88 million.

Actual revenues declined 18% against 2021 because of RAHC's lower occupancy and competitive pricing pressure arising from extended recovery of the budget travel sector, RLC's delayed sale of raw lands and lower selling prices, and RSAI's extended shutdown from low working capital and plant reliability challenges.

Gross profit for the year amounted to P274 million or 35% of revenues.

Operating expenses of P704 million versus last year increased due to higher inflation, impairment on the property, plant and equipment of RSAI, and loss on loan modifications.

Equity in net loss of P184 million represents the 23.05% share in the net loss of RHI of P799 million.

Financing cost for the year of P258 million exceeded 2021 due to the higher interest rates on debt to fund working capital and capital assets.

Net other loss of P583 million included the impairment loss in RHI investment, offset by gain from sale of investment property, property management services, and RSAI sale of coconut by-products.

Consolidated net income for the year amounted to P623 million. It included the unrealized fair value gain of Investment Property amounting to P2.1 billion due to the infrastructure push of several conglomerates towards the Group's landholdings in Nasugbu.

Financial Position

Consolidated total assets amounting to P13,815 million as at December 31, 2022 is 8% higher than P12,766 million as at December 31, 2021.

Comparative debt to equity (D/E) ratio as of December 2022 versus December 2021 decreased from 0.66:1 to 0.60:1 and continues to be within the allowable 0.75:1 DE ratio required by banks for term loans.

Book value per share is at P3.77 as at December 31, 2022.

Consolidated long and short term debts slightly decreased to P3.6 billion due to the repayment of long term loans sourced from the sale of real property.

Total equity amounting to P8,632 million as at December 31, 2022 increased mainly due to the net income for the year.

Other than the matters discussed above, there are no significant elements of income or loss that arose from continuing operations and seasonal aspects that had a material effect on the financial condition or results of operations.

Top Five Performance Indicators

The Group's financial performance is determined to a large extent by the following key results:

Gross profit. This is recognized in full when the collection of the total contract price reached 10% on real estate sales. At this stage, it is reasonably assured that the risks and benefits over the developed assets have been transferred to the lot buyer. In manufacturing and hotel industry, this is the margin on the revenue net of cost of sales.

Export Sales and lots sold. Export sales represent revenues from products sold by its Coconut processing business while lot sold and the terms of the sale will determine when income would be recognized and how much is the potential income to the Group.

Hotel occupancy and average daily room rate (ADR). These represent the key factors that determines the average rental income per paid occupied room in a given time period. ADR along with the property's occupancy are the foundations for the property's financial performance.

Earnings before interest, taxes and depreciation (EBITDA) - This is the measure of cash income from operations and company's liquidity.

Return on Equity - denotes the capability of the Group to generate returns for the shareholders.

The table below presents the top five performance indicators of the Group:

Performance Indicator	For the Period Ended December 31, 2022 (One Year)	December 31, 2021 (One Year)	December 31, 2020 (One Year)
Gross profit	P273.7 million	P436.5 million	P57.1 million
Export sales of coconut products	P88.0 million	P184.9 million	P193.3 million

Hotel occupancy and average daily room rate			
- *Anya Hotel*	60% / P4,354	36% / P5,755	15% / P5,626
- *Go Hotels*	43% / P1,429	55% / P1,572	51% / P1,587
EBITDA	P1,006.7 million	P683.8 million	(P765.2 million)
Return on equity	7.22%	3.08%	(14.95%)

Key Variable and Other Qualitative and Quantitative Factors

- The Group is not aware of any known trends, events or uncertainties that will result in or that are reasonably likely to result in any material cash flow or liquidity problem.
- The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.
- The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- The Group is not aware of any known trend, events or uncertainties that will have material impact on sales.
- Other than matters previously discussed, the Group is not aware of causes for any material changes from period to period in the financial statements.

Plan of Operations

To establish the property operation’s continued growth and to ensure its viability, management intends to push raw land sales and development in Nasugbu, Batangas, footprint expansion and luxury offers in Tagaytay, and to secure new customers and increase export and local sales of coconut exports to maximize plant capacity.

The budget hotels will implement aggressive marketing strategies to offset slower industry recovery and manage pricing pressure from competitors. It will also explore strategic asset plays to optimize brand strength and location advantage.

PART III – MANAGEMENT AND SECURITY HOLDERS

1. Incumbent Directors and Officers of the Issuer

Board of Directors

Pedro O. Roxas, Filipino, is the Chairman of the Board of Directors. Mr. Roxas is the Chairman of the Executive Committee and is a member of the Compensation Committee and Nomination, Election & Governance Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and held the position of President and Chief Executive Officer of the Company until 16 December 2016. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Club Punta Fuego, Inc., Roxaco Land Corporation and Fundacion Santiago. He is an Independent Director of Brightnote Assets Corporation, Meralco, CEMEX Holdings, Inc., OONA (MAPFRE) Insular Insurance Corporation and Metro Pacific Investment Corporation. Mr. Roxas was educated at Portsmouth Abbey School, USA and at the University of

Notre Dame, USA where he obtained his degree in Business Administration. Mr. Roxas is married to Regina Tambunting and they have three (3) children.

Edgar P. Arcos, Filipino, is the President and Chief Executive Officer. He was previously Chief Financial Officer, Treasurer, and Risk Management Officer of RCI. He held senior roles in Oil & Gas, Construction, and FMCG entities in the Philippines, Singapore, South Africa, and Ghana. Prior to joining RCI, he was the COO of Jospong Group of Companies (Ghana), VP Finance of Citadel Pacific Ltd., Supply Chain Finance Manager of Coca Cola Bottlers Philippines, Supply and Retail Finance Manager of Shell for East Asia and Africa, Finance Manager of Otis Elevator Company (Philippines), Inc., and FP&A Manager for Otis Asia Pacific. He earned his BS Business Administration and Accounting degree from University of the Philippines, Certificate with Distinction Strategic Business Economics from University of Asia and the Pacific, and is pursuing MS HRMD at the University of Salford.

Corazon S. de la Paz-Bernardo is Honorary President of the Swiss-based International Social Security Association (ISSA), where she served as President from 2004 to 2010. She served as the first woman President of the Social Security System of the Philippines and Vice-Chairman of the Social Security System Commission from 2001 to 2008. She is also the first woman partner of Price Waterhouse International and was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) from 1981 to 2001. She was in the World Board of Price Waterhouse World Firm from 1992 to 1995. Mrs. de la Paz-Bernardo was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served as a member of the board of The Philippine Health Insurance Corporation, the Home Development Mutual Fund (PAGIBIG), San Miguel Corp., PLDT, Ayala Land, Ionics Inc., Phinma Energy Inc., Phinma Petroleum & Geothermal Inc. and Philex Mining and was Chairman of NAMFREL for the 2013 elections. She is a member of the boards of directors of Del Monte Philippines, Inc., Republic Glass Holdings, Inc., D&L Industries, Inc., Roxas & Co., Inc. and Phinma Education Holdings Inc. She is an advisor to the board and audit committee of BDO Unibank, Inc. and advisor to the board audit committee of PLDT. She is Vice-Chairman of Jaime V. Ongpin Foundation and Chairman of Jaime V. Ongpin Microfinance Foundation. She is also a life member of the Cornell University Council, a member of the boards of trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, the Philippine Business for Education and MFI Polytechnic Institute, among others. She had served as National President of the Philippine Institute of CPAs (PICPA), the Management Association of the Philippines, the Financial Executives Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service (TOWNS), the Rizal High School Alumni Association and the Philippine Fulbright Scholars Association. She had been a trustee of the Makati Business Club, the Philippine Business for the Environment, the Philippine Business for Social Progress and Children's Hour. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, The Outstanding Women in the Nation's Service (TOWNS), the Outstanding Professional in Public Accounting by the Professional Regulatory Commission, and the Philippine Fulbright Program and PICPA's highest award Parangal San Mateo. A Certified Public Accountant, she graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fulbright grantee and UE CPA topnotcher scholar. She was awarded a Doctor of Humanities degree (Honoris Causa) by the University of the Cordilleras in 2017.
On March 17, 2023, Mrs. de la Paz-Bernardo was one of the recipients of the Accountancy Centenary Award of Excellence by the Board of Accountancy (BOA) and other professional accounting organizations. According to the BOA, these were given to the 100 Filipino CPAs who demonstrated unquestionable integrity, contributed immensely to the advancement of the accountancy profession and participated remarkable in national development.

Francisco Jose R. Elizalde, Filipino, was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the President and CEO of Elro Retail Corporation, Vice President/Managing Director of ELRO Corporation. He is Chairman of ASpace Corporation, a Director in SPCI Holdings, Inc., ELRO Land, Inc., Roxaco Land Corporation, Club Punta Fuego, Inc., and Hoppler Corporation. Mr. Elizalde was educated at Portsmouth Abbey School, USA and at the University of Vermont, USA where he obtained a degree as Bachelor of Science.

Aurelio R. Montinola III, Filipino, is Chairman and Trustee of Far Eastern University (FEU) and FEU High School and Vice Chairman and Trustee of the Philippine Business for Education (PBED) Inc. He served as the President and CEO of Bank of the Philippine Islands from 2005 - 2013, and exited with BPI as the only Philippine bank rated Investment Grade by Fitch Ratings. He was twice awarded (2005 and 2009) the Asian Banker Leadership Achievement Award for the Philippines, and served as President of the Bankers Association of the Philippines from 2008 - 2012. Among others, he remains Director of BPI, BPI Family Savings Bank, Inc., BPI Capital Corporation, BPI Direct BanKO, Inc. and BPI/MIS Insurance Corp. and Director of Western Resources Corporation and AIA Philippines Life and general Insurance Company. He is the Chairman of Nicanor Reyes Education Foundation, Inc., East Asia Computer Center Inc. He is also the Chairman and Director of FEU Alabang, Amon Trading Corporation, Armon Realty, Inc. Monti-Rey, Inc., Derrc, Inc, Desrey, Inc. and Seyrel Investment & Realty Corporation. Other affiliations include: Chairman, Roosevelt College, Inc.; Vice Chairman and Director of Mere, Inc.; Chairman, President and Director of Amanda Carina Holdings, Inc.; Trustee, Pres. Manuel A. Roxas Foundation and Anita Magsaysay Ho Foundation; Member of Philippine Trade Foundation, Inc., and Vice President, Management Association of the Philippines where he received the MAP Management Man of the Year Award in 2012. He graduated BS Management Engineering at the Ateneo de Manila in 1973, and MBA at the Harvard Business School in 1977.

Santiago R. Elizalde, Filipino, is the President/CEO of the Company's wholly-owned subsidiary, Roxaco Land Corporation. Mr. Elizalde is likewise the President and Chief Operating Officer of Roxaco-Asia Hospitality Corporation. He also serves as the Chairman of the 24 Hour Vendo Machine Corporation, Vice-Chairman and member of the Executive Committee of ELRO Corporation and Club Punta Fuego, Inc., President of CGB Condominium Corporation, Chairman of Roxas Foundation, Inc., and Director of ELRO Land Corporation, Punta Fuego Village Homeowners Association, Inc., Punta Fuego Village Foundation and Terrazas de Punta Fuego Village Homeowners, Inc. and Fundacion Santiago. Mr. Elizalde obtained his Bachelor of Arts in Economics from Denison University in Ohio, USA.

Gerardo C. Ablaza, Filipino, was elected as Independent Director of company 16 June 2021. Mr. Ablaza is a Director of a publicly listed company, Manila Water Company. He also holds Directorship with BPI Capital, BPI Family Bank, Advanced Info Services, PLC, AC Enegry, AC Energy Phil., Inc, iPeople, Inc., AC Health, Ac Infrastructure and Ayala Foundation. He is also a Board of Trustee of Gawad Kalinga Foundation. He is a member of International Water Association, Makati Business Club and Asean Business Club. In 2004, Mr. Ablaza was recognized by CNBC as the Asia Business Leader of the Year, making him the first Filipino CEO to win the award. In the same year, he was awarded by Telecom Asia as the Best Asian Telecom CEO. In 2013, he was recognized for his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries through the Citi Distinguished Alumni Award for Leadership and Ingenuity. He graduated from De La Salle University with a degree in LiberalArts, major in Mathematics Summa Cum Laude, Department Honors in Mathematics, Jose Rizal Honor Society, Jose Rizal Scholarship, Dean's list. He obtained his MBA in the University of the Philippines, College of Business Administration.

The directors hold office for a term of one (1) year until their successors are elected and qualified.

Corporate Officers

Roswell Delos Reyes, Filipino, is the Chief Finance Officer of the Company. He obtained his degree in Accountancy at the University of the East. He finished his MBA and is also a Certified Public Accountant, Certified Management Accountant, and a Certified Financial Consultant. He has over 27 years of finance and accounting experience gained from various industries. His expertise includes controllership, advanced financial modelling and analysis, budget management and strategic planning, among others.

Peter D. A. Barot, Filipino, is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

Mechor J. Manalo, Filipino, is the Assistant Corporate Secretary, Compliance Officer, Corporate Information Officer, Investment Relations Officer, and Head of the Legal and Compliance Department of the Company. He is also the Corporate Secretary of Roxaco Land Corporation. Prior to joining the Company, he worked as a Senior Associate Lawyer in the De Guzman San Diego Mejia & Hernandez Law Offices and served as Director and Corporate Secretary for several domestic corporations, including different condominium associations. He has vast experience in real estate developments, estate settlement and management, civil and criminal litigation, labor cases and corporate-in-house matters. He obtained his Bachelor's Degree in Political Science from the University of Makati and thereafter obtained his Bachelor of laws from the Polytechnic University of the Philippines. He became a member of the Philippine Bar in April 2013.

Significant Employees

While the Company is not highly dependent on the services of an employee who is not an Executive Officer, the Company values its human resources and expects them to do their share in achieving its objectives.

Family Relationships

Messrs. Pedro O. Roxas, Carlos R. Elizalde, and Francisco Jose R. Elizalde are related to each other within the fourth degree of consanguinity.

Messrs. Santiago R. Elizalde (President of RLC), Francisco Jose R. Elizalde and Carlos R. Elizalde are brothers.

Legal Proceedings

No director, independent director, executive officer or senior officer of the company, during the past five (5) years, has been subject to:

(a) any bankruptcy petition filed by or against any business of which a director/independent director, officer or person nominated for election as director/independent director was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;

(b) any conviction by final judgment in a criminal proceeding, domestic or foreign;

(c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director, officer or persons nominated for election as director/independent director in any type of business, securities, commodities or banking activities; and

(d) any final finding by a domestic or foreign court, the Securities and Exchange Commission or comparable foreign body, or any quasi-judicial or regulatory body, that any director / independent director, officer or any person nominated for election as director / independent director, has violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

As part of the corporate reorganization of the Roxas Group, the Company's stockholders approved the following in 2008: (i) the sale to Roxas Holdings, Inc. (RHI) of sugar-related assets, liabilities and all interests of CADPGC in sugar-related operating subsidiaries and associate; and (ii) the merger of RCI and CADPGC.

Messrs. Pedro O. Roxas and Francisco Jose R. Elizalde, who are incumbent directors of the Company, were also directors of the absorbed company, RCI. They, together with director Carlos R. Elizalde, are members of the Roxas family which owned RCI prior to its merger with CADPGC.

Messrs. Pedro O. Roxas is also a director of RHI. As of 31 December 2022, the Company owns 23.05% of the total issued and outstanding capital of RHI.

The Parent Company settles director's remuneration through cash compensation and issuance of treasury shares for each regular board meeting attended by a director amounting to P25,000 cash and P25,000 worth of treasury shares. As directors of the Parent Company, Messrs. Pedro O. Roxas, Francisco Jose R. Elizalde, and Santiago R. Elizalde were paid directors fees as above-stated.

Parent Company

As of 31 December 2022, the Company directly owns 100% of the issued and outstanding shares of Roxaco Land Corporation (RLC), Nasugbu Feeds Corporation, United Ventures Corporation and Roxas Green Energy Corporation, 94.98% of the issued and outstanding shares of Roxas Sigma Agriventures, Inc. and 23.05% of the total issued and outstanding shares of Roxas Holdings. Inc. (RHI).

As of 31 December 2022, RLC owns 100% of the total and outstanding shares of SAMG Memorial Management and Services, Inc. It has interests in Fuego Development Corporation (30%), Fuego Land Corporation (30%), Roxaco-ACM Development Corporation (50%), Club Punta Fuego, Inc. (25%), Roxaco-Asia Hospitality Corporation (51%) and Brightnote Assets Corporation (10%).

RHI, a publicly-listed company, owns 100% of the issued and outstanding shares of Central Azucarera Don Pedro, Inc. (CADPI). It also has interests in San Carlos Bioenergy, Inc. (93.35%) and Roxas Power Corporation (50%).

Disagreement with the Company

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the Company on any matter relating to its operations, policies and practices.

2. Executive Compensation

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

a) Section 7 of Art. 3 of the Amended By-Laws of the Company provides that the members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two (2%) of the net income of the Company before tax. Presently, the members of the Board of Directors receive P50,000 for every regular meeting attended, broken down as follows: P25,000 in cash and shares in such numbers equivalent to the P25,000 balance. For special meetings of the Board, a director will be given a per diem of P25,000 cash. A director of the Company who attends all meetings receives a total of roughly P200,000 annually. Each of the members of the four committees--(i) Audit and Risk; (ii) Nomination, Election and Governance; (iii) Compensation; and (iv) Related Party Transactions--also receive a per diem of P20,000 per meeting. No warrants and options have been granted to the directors and officers within the past three (3) years.

b) Compensation of Executive Officers

	Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation***
		FY 2022			
A	Pedro O. Roxas – Executive Chairman		P -	P -	P410,000
E	CEO and Top Four Executives		P23,927,078	P2,406,863	
F	All officers & directors as group unnamed		P28,956,273	P2,824,363	P2,225,000

*Director's fees

c) Estimated Compensation and Bonus for CY 2023

The estimated compensation and bonus of the directors and present officers of the Company for calendar year 2023 are as follows:

		Salary	Bonus	Other Annual Compensation
A	Pedro O. Roxas – Executive Chairman	P -	P-	P410,000
D	CEO and Top Four Executives	P24,000,000	P2,400,000	
E	All officers & directors as group unnamed	P29,000,000	P2,800,000	P2,200,000

3. **Security Ownership of Certain Record and Beneficial Owners and Management**

(a) Security ownership of certain record and beneficial owners of more than 5% of the Company's securities, both listed and not listed, as of December 31, 2022:

Title of Class	*Name and Address of Owner/Relationship with Issuer*	*Name of Beneficial Ownership and Relationship with Record Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*[5]
Common	SPCI Holdings, Inc. 4F New Solid Bldg. 357 Sen Gil Puyat Ave. Makati City	SPCI Holdings, Inc.[6]	Philippine National	710,350,473 (direct & indirect)	31.73%
Common	Pedro O. Roxas 7/F CG Bldg., 101 Aguirre St., Legaspi Village, Makati City Executive Chairman	Pedro O. Roxas/ Pesan Holdings, Inc.	Filipino/ Philippine National	554,857,372 (direct & indirect)	24.79%
Common	PCD Nominee (Non-Filipino)		Other Alien	276,989,373	12.37%
Common	PCD Nominee Corporation (Filipino)		Philippine National	215,709,836	9.64%
Common	CISCO Holdings Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Francisco R. Elizalde	Philippine National	112,500,000	5.03%
Common	CRE Holdings, Inc. Unit 1701, The Peak Tower 107 Leviste St., Salcedo Village, Makati City	Carlos R. Elizalde	Philippine National	112,500,000	5.03%
Common	IÑIGO Holdings, Inc.	Iñigo R. Elizalde	Philippine National	112,500,000	5.03%
Common	SRE Holdings, Inc.[7]	Santiago R. Elizalde	Philippine National	112,500,000	5.03%
TOTAL				**2,207,907,054**	**98.63%**

[5]The percentages of shareholding were arrived at by dividing the number of shares owned, directly and indirectly, by the shareholders over 2,238,565,159 common shares, the total outstanding shares as of 31 December 2022.

[6]Messrs. Francisco Jose R. Elizalde and Carlos R. Elizalde, directors of the Company, and their brothers Inigo Elizalde and Santiago Elizalde, each owns 24.99% of the total outstanding shares of SPCI Holdings, Inc. (SPCI). Collectively, the Board of Directors of SPCI has the power to decide on how the shareholdings of SPCI in the Company shall be voted.

[7]SRE Holdings, Inc., INIGO Holdings, Inc., CRE Holdings, Inc., and CISCO Holdings, Inc. are the personal holding companies of the respective indicated beneficial owners, who in turn are the stockholders of SPCI Holdings, Inc.

Except as stated above and in the related footnotes, the Board of Directors and the Management of the Company have no knowledge of any person who, as of 31 December 2022, was directly or indirectly the beneficial owner of, or who has voting power or investment power with respect to, shares comprising more than five percent (5%) of the Company's outstanding common stock.

(b)Security Ownership of Management as of 31 December 2022.

The following table sets forth the number of shares, listed and not listed, owned of record and/or beneficially owned by the directors, independent directors, the Chief Executive Officer and the key officers of the Company, and the percentage of shareholdings of each as of December 31, 2022:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature Of Ownership*	*Percent of Class*
Common	*Pedro O. Roxas* *Executive Chairman*	*Filipino*	554,857,372 (*direct & indirect)*	*24.79%*
Common	*Santiago R. Elizalde*	*Filipino*	*1,212,170* *(direct)* *698,460* *717,688,124* *(indirect)*	*0.05%* *0.03%* *32.06%*
Common	*Francisco Jose R. Elizalde*[8] *Director*	*Filipino*	*1,978,765* *(direct)* *909,139* *717,688,124* *(indirect)*	*0.09%* *0.04%* *32.06%*
Common	*Corazon S. De la Paz-Bernardo* *Independent Director*	*Filipino*	*599,583* *(direct & indirect)*	*0.02%*
Common	*Gerardo C. Ablaza* *Independent Director*	*Filipino*	*159,667* *(indirect)*	*0.01%*
Common	*Edgar P. Arcos* *Director* *President & CEO*	*Filipino*	*138,807* *(indirect)*	*0.01%*
Common	*Aurelio R. Montinola, III* *Independent Director*[9]	*Filipino*	*392,687* *(indirect)*	*0.02%*

[8]Please see footnote no. 10.

[9] Mr. Aurelio Montinola III was appointed as Independent Director on 16 December 2016.

Common	*Peter D. A. Barot* *Corporate Secretary*	*Filipino*	*0*	*0.00%*
Common	*Melchor J. Manalo* *Asst. Corp. Secretary*	*Filipino*	*0*	*0.00%*
Common	*Directors and Officers* *As a Group*		*1,278,364,774*	*57.12%*

(c) Voting Trust Holders of 5% or More.

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

d) Change in Control

There has been no change in control since the beginning of the last fiscal year. The Company is also not aware of the existence of any change in control agreements.

PART IV-CORPORATE GOVERNANCE

The Board approved the Company's Revised Manual on Corporate Governance on 08 December 2009 in conformity with Memorandum Circular No. 6, Series of 2009 issued by the Securities and Exchange Commission (SEC). Since the effectivity of the Company's original Manual on Corporate Governance on 01 January 2003, the Company has complied with the principles contained in the Manual, both the original and the revised, insofar as they may be relevant to the Company's business. The Company likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. The evaluation system consists of determining the Company's compliance with certain best practices, such as the observance of the basic rights of shareholders, equitable treatment of shareholders, recognizing the shareholders' role in corporate governance, timely disclosure and transparency and Board responsibility. Measures are also being undertaken by the Company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Audit & Risk Committee, Compensation Committee, and Governance, Nomination and Election Committee, the election of the required number of independent directors to its Board of Directors, the amendment of Section 2 of Article II of its By-Laws dealing on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual which deal on the qualifications and disqualifications of directors.

On 07 August 2014, upon the directives of the SEC through Memorandum Circular No. 9, Series of 2014, the Board approved the revised Manual on Corporate Governance.

On 12 May 2017, the Board approved the Revised Manual on Corporate Governance. The revisions in the updated Manual included revisions recommended for Publicly Listed Companies as provided in SEC MC No. 19, Series of 2016.

The Company has not deviated from nor violated the provisions of the Manual. The Company undertakes to improve its corporate governance practices as may be required by law or the exigency of the business.

PART V - EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C.

(a) Exhibits

Certified Consolidated Financial Statements as of and for the year ended December 31, 2022.

b) Reports on SEC Form 17-C.

The following were filed in the last 6-month period covered by this report, to wit:

1. On 29 June 2022, the shareholders of Roxas And Company, Inc., representing 77.35% of its total outstanding capital stock (77.24% represented by proxies and 0.10% attended in person) attended the annual shareholders meeting held today, 29 June 2022. All votes were taken in absentia through the voting portal sent to registered shareholders entitled to vote. Based on the tally of votes, the shareholders present and represented by proxy, unanimously elected the following persons to the Board of Directors of RCI to serve as such until their successorsare elected:

   Mr. Gerardo C. Ablaza, Jr. (Independent Director)
   Mr. Edgar P. Arcos
   Ms. Corazon De La Paz-Bernardo (Independent Director)
   Mr. Francisco Jose R. Elizalde
   Mr. Santiago R. Elizalde
   Mr. Aurelio R. Montinola III (Independent Director)
   Mr. Pedro O. Roxas

   The shareholders also unanimously elected the auditing firm of Sycip Gorres Velayo & Co. (SGV & Co.) as external auditors of RCI for the calendar year 2022.

   Further, the shareholders approved the Consolidated Annual Report and consoldated financial statement of RCI for the calendar year ended 31 December 2022. Moreover, the shareholders ratified and approved all the acts and resolutions of the board of directors and of management from June 16, 2021 to present (June 29, 2022). The table below shows how the shareholders voted their shares during the annual meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 16 June 2021	**1,725,553,109** shares	NONE	NONE
Approval of the Annual Report and Financial Statement for the year ending 31 December 2021	**1,725,553,109** shares	NONE	NONE
Ratification of all the acts and resolutions of the Board of Directors and	**1,725,553,109** shares	NONE	NONE

Management from June 16, 2021 up to present.			
Election of the Board of Directors	**1,725,553,109** shares	NONE	NONE
Election of the external auditors	**1,725,553,109** shares	NONE	NONE

Immediately after the stockholders' meeting, the newly-elected members of the Board of Directors held an organizational meeting where they elected the following officers:

Pedro O. Roxas	-	Chairman
Edgar P. Arcos	-	President & CEO
Corazon De La Paz-Bernardo	-	Lead Independent Director
Atty. Peter D. Barot	-	Corporate Secretary
Atty. Melchor J. Manalo	-	Assistant Corporate Secretary Compliance Officer/ Corporate Information Officer/ Investment Relations Officer

They also elected the following Directors to the (a) Audit & Risk, (b) Compensation, (c) Nomination, Election & Governance Committees, and (d) Related Party Transaction Committee and (e) Executive Committee:

Audit & Risk Committee:

Corazon S. De La Paz-Bernardo	-	Chairperson (Independent Director)
Aurelio R. Montinola III	-	Member (Independent Director)
Francisco Jose R. Elizalde	-	Member

Compensation Committee:

Gerardo C. Ablaza, Jr.	-	Chairperson (Independent Director)
Corazon S. De La Paz-Bernardo	-	Member (Independent Director)
Pedro O. Roxas	-	Member

Nomination, Election & Governance Committee:

Aurelio R. Montinola III	-	Chairperson (Independent Director)
Pedro O. Roxas	-	Member
Santiago R. Elizalde	-	Member
Corazon S. Dela Paz-Bernardo	-	Member (Independent Director)
Gerardo C. Ablaza, Jr.	-	Member (Independent Director)

Related Party Transaction Committee:

Aurelio R. Montinola III	-	Chairperson (Independent Director)
Corazon S. De La Paz-Bernardo	-	Member (Independent Director)
Francisco R. Elizalde	-	Member

Executive Committee

Pedro O. Roxas	-	Chairperson
Francisco Jose R. Elizalde	-	Member
Aurelio R. Montinola III	-	Member (Independent Director)

2. On 11 August 2022, the Board of Directors of RCI, in its regular board meeting, approved the RCI's consolidated financial report for the 2nd quarter of CY2022, quarter ended 30 June 2022.

3. On 19 August 2022, the Company informed the PSEi and SEC that RCI's subsidiary Roxaco Land Corporation's Anya Resort Tagaytay (ART) launches expansion projects.

   Anya Resort Tagaytay broke ground on Block 12, the latest addition to its current 80-room luxury hotel in Tagaytay. The sold out eight-unit expansion coincides with the Resort's fifth year anniversary and strongly positions the Roxas and Company Inc. (RCI) subsidiary as a serious player in the premiere staycation space. It supports the strong demand for the hospitality market as shown in the robust take up of investment villas. The selling prices of the units rose to an all-time high post-Covid. Completion is slated by end-2022.

   ART offers rooms, restaurants, spa, as well as meetings and events venues for local and international guests. The hotel has won various accolades and garnered several nominations from prestigious bodies such as the World Hotel Luxury Awards, Agoda, World Travel and Tourism, and the Department of Tourism.

   Roxaco Land Corporation (RLC), RCI subsidiary, has finalized development plans and will be launching the Anya Resort Villas project by Q4 2022. The 28 villas cater to the market interest for high-end second homes outside Metro Manila. Spread over a 1.4-hectare property adjacent to Anya Resort Tagaytay, the fully-furnished units will be competitively priced and will come with a revenue share rental plan option to be managed by Anya Resort. The accessibility to the Resort and future villas improved with the completion of the Cavite-Laguna Expressway (CALAX), cutting travel time from Manila to the property to 1 hour 15 minutes.

4. On 10 November 2022, the Board of Directors of RCI in its regular board meeting, approved the consolidated financial report of the company for the 3rd quarter of CY2022, quarter ended 30 September 2022 and the SEC Form 17-Q.

5. On 09 December 2022, the Board of Directors of RCI in its special board meeting approved the proposed 2023 Budget and Business Plan of the Company, as presented.

6. On 02 February 2023, the Board of Directrors of RCI informed the PSEi and SEC that RCI's subsidiary RLC's launches new projects.

   Roxaco Land Corporation (RLC), a subsidiary of Roxas and Company, Inc. (RCI) ushered 2023 with an aggressive expansion program in its real estate and hospitality units.

   RLC will launch land development projects in the Tagaytay to Nasugbu corridor, buoyed by strong demand and accelerating property prices. The town of Nasugbu, Batangas has been identified by large infrastructure groups as a prime destination and access point into Western Batangas from Metro Manila, attracting locators and home buyers. The planned extension of the CTBEX toll road and the emergence of the CBEX alternative route will substantially reduce travel time from Metro Manila to Nasugbu to just over an hour. Roxaco Land resumed land development and construction of sold units in its low cost and mid-market open lot and housing projects in Nasugbu. These were stalled during the pandemic but are back on track.

In Tagaytay, plans are being finalized to launch the Anya Villa Project, a low density offer that targets the higher end segment of the property market. The success of the Roxaco Land-owned Anya Resort Tagaytay gave rise to a strong brand for boutique residential resort developments that can be replicated throughout the country's many prime tourist destinations.

Roxaco Land is leveraging on the recovery of local travel and tourism, boosting occupancy levels in all of its budget hotels located in Metro Manila. Guests are returning and pushing bookings to near pre-pandemic levels. Roxaco is implementing phased renovations of its hotels as well as targetted marketing programs to strengthen its customer proposition

OTHER MATTERS

The following reports/minutes of meetings will be submitted for ratification/approval by the stockholders in the next Annual Stockholders' Meeting, which is scheduled on the last Wednesday of May:

a) Chairman's Report and the Consolidated Audited Financial Statements for the calendar year ended 31 December 2022.

b) Minutes of the Annual Meeting of Stockholders held on 29 June 2022.

   The minutes of meeting of the 29 June 2022 annual meeting of shareholders will be made available to all shareholders on the day of the annual meeting but have also been published in the company website immediately after the annual meeting. Essentially, the minutes of the annual meeting contains the following:

   (i) reading and approval of the minutes of the 16 June 2021 annual meeting of shareholders;

   (ii) presentation and approval of the Annual Report of Management for the year ended 31 December 2021;

   (iii) approval and ratification of all acts and resolution of the Board of Directors since the annual meeting of shareholders on 16 June 2021;

   (iv) the elected members of the Board of Directors for calendar year 2022;

   (v) the election of external auditor for calendar year 2022.

c) Acts/Resolutions of the Board of Directors since the 29 June 2022 annual meeting of shareholders, which include the following:

   1. Acts/resolutions approved during the 11 August 2022 regular meeting of the Board of Directors:
      a. Approval of the Minutes of the Meeting held on 02 May 2022 and Special Board Meeting held on 20 May 2022;

b. Financial Report for the Period Ended 30 June 2022;
c. Approval of the 2nd Quarter Report 17-Q;

2. Acts/resolution approved during the 10 November 2022 regular meeting of the Board of Directors:
    a. Approval of the Minutes of the Meeting held on 11 August 2022;
    b. Approval of the 3rd Quarter Report 17Q;

3. Acts/resolution approved during the 09 December 2022 special meeting of the Board of Director:
    a. Approval of the 2023 Budget.

VOTING PROCEDURES

(a) The vote required for the:

    (1) Approval of the Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting
    (2) Approval of the Chairman's and President's Report - majority of the shares represented at the meeting
    (3) Approval of the Audited Financial Statements - majority of the shares represented at the meeting
    (4) Approval of All Acts and Resolutions of the Board of Directors and Management - majority of the shares represented at the meeting
    (5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares
    (6) Election of External Auditors - plurality of the shares represented at the meeting
    (7) Extension of corporate term - at least 2/3 of the outstanding capital stock

(b) The method by which votes will be counted - Subject to cumulative voting in the election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro as the Company's stock transfer agent, representatives of SGV& Co., and the Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY, 7/F CG BULDING, 101 AGUIRRE ST., LEGASPI VILLAGE, MAKATI CITY 1229.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS AND COMPANY, INC.
(formerly **CADP GROUP CORPORATION**)

By:

ATTY. MELCHOR J. MANALO
Assistant Corporate Secretary

Issuer

ROXAS AND COMPANY, INC.

Pursuant to the requirements of Section 17 of Revised Securities Act, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
President and CEO

MELCHOR J. MANALO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 02 2023 in Makati City affiants exhibiting to me their respective competent ID's as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Melchor J. Manalo	IBP ID No. 62499		

Doc. No. 23
Page No. 06
Book No. 261
Series of 2023.

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-168 / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260808 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

Roxas & Company, Inc.

ANNEX "A"

AUDIT COMMITTEE REPORT

Audit and Risk Committee Report

02 May 2023

The Board of Directors
Roxas and Company, Inc.!

Further to our compliance with applicable corporate governance laws and rules, we confirm that for the period of 01 January to 31 December 2022:

- The Chairman of the Audit and Risk Committee is an independent director as determined by the Board of Directors;
- We had four (4) regular meetings during the said period;
- We have discussed with RCI's internal audit group and Sycip Gorres Velayo & Co. ("SGV & Co."), RCI's external auditor, the overall scope and plans for their respective audits, and the results of examinations, their evaluations of the internal controls and the overall quality of the financial reporting of Roxas and Company, Inc. and its subsidiaries (the Roxas Group);
- We have reviewed and approved all audit services rendered by SGV & Co. to the Roxas Group, the related fees for such services, and concluded that the fees are not significant to impair their independence;
- We have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standards, and we have received written disclosures and the letter from SGV & Co. as required by the prevailing applicable Independence Standards (Statements as to Independence) and have discussed with SGV & Co. its independence from the Roxas Group and Roxas Group's management;
- In the performance of our oversight responsibilities, we have reviewed and discussed the audited financial statements of the Roxas Group as of and for the year ended 31 December 2022 with the Roxas Group's management, which has the primary responsibility for the financial statements, and with SGV & Co., the Roxas Group's independent auditor, who is responsible for expressing an opinion on the conformity of the Roxas Group's audited financial statements with Philippine Financial Reporting Standards ("PFRS");
- Based on the reviews and discussions referred to above, in reliance on the Roxas Group's management and SGV & Co. and subject to the limitations of our role, we recommended to the Board of Directors and the Board has approved, the inclusion of the Roxas Group's audited financial statements as of and for the year ended 31 December 2022 in the Roxas Group's Annual Report to the Stockholders and to the Philippines Securities and Exchange Commission (SEC) on Form 17-A; and
- Based on a review of SGV & Co.'s performance and qualifications, including consideration of management's recommendation, we approved the appointment of SGV & Co. as the Roxas Group's independent auditor.

CORAZON DE LA PAZ-BERNARDO
Chairperson

FRANCISCO R. ELIZALDE
Member

AURELIO R. MOTINOLA III
Member

ANNEX "B"

Statement of Management Responsibility for Consolidated Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Retained Earnings Available for Dividend Declaration

Index to Consolidated Financial Statements

Organizational Structure

Roxas & Company, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

PEDRO O. ROXAS
Chairman

EDGAR P. ARCOS
President and CEO

ROSSWELL C. DELOS REYES
Group CFO

Signed this **2nd day of May, 2023**.

Roxas & Company, Inc.

SUBSCRIBED AND SWORN to before me this MAY 02 2023 in Makati City, affiants exhibiting to me their respective competent ID as follows:

Names	Competent ID	Date of Issue/Expiry	Place of Issue
Pedro O. Roxas	Passport No. P0388893B	24 Jan. 2019 - 23 Jan. 2029	DFA Manila
Edgar P. Arcos	Passport No. P7030824A	03 May 2018 – 02 May 2028	DFA NCR South
Rosswell C. Delos Reyes	Professional Driver's License No. N04-05-000742	01 July 2019 – 06 August 2024	DOT-LTO

Doc. No. 21
Page No. 06
Book No. 261
Series of 2023

ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-06_ / MAKATI CITY
UNTIL December 31, 2023
PTR No. 9565652 / 01-03-2023 /MAKATI CITY
IBP No. 260608 /01-05-2023 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 106-099-102-000
Unit G-14 Makati Executive Tower 3
Sen. Gil Puyat Avenue, Pio del Pilar,
Makati City, Metro Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	0	0	0	0	0	8	3	4

COMPANY NAME

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

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

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
rci@roxascompany.com.ph	(02) 8810-8901 to 06	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
3,297	Last Wednesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Melchor J. Manalo	melchor.manalo@roxascompany.com.ph	(632)-8751-9537	N/A

CONTACT PERSON's ADDRESS

7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City

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

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building, 101 Aguirre Street
Legaspi Village, Makati City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Roxas and Company, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022, and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Group's Real Estate Segment, on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Going Concern Assessment

The Group's consolidated total current liabilities exceeded its consolidated total current assets by ₱1,468.2 million. The Group's ability to generate sufficient operating cash flows and availability of sufficient funding to enable the Group to meet its currently maturing obligations are important considerations in the assessment of the appropriateness of the going concern assumption used in the preparation of the consolidated financial statements and as such, are significant to our audit. This assessment is based on management's expectations of and estimates of future cash flows of the Group. Estimated future cash flows are based on management assumptions, such as growth rate in sales of coconut products and food and beverage revenue, growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio, and sale of certain raw land properties and properties, plant and equipment.

Refer to Note 5 to the consolidated financial statements for the discussion of significant judgment, accounting estimates and assumptions, and Note 1 for the disclosure about the Group's status of operations and management's plans.

Audit Response

We obtained an understanding of management's going concern assessment, taking into consideration the current business environment to corroborate our review of the key assumptions used by management. We evaluated the reasonableness of the key assumptions used, such as growth rate in sales of coconut products and food and beverage revenue and growth in hotel occupancy rate, coconut plant' operating statistics, including plant utilization, manufacturing cost ratio and operating expenses ratio against the Group's historical performance, current industry outlook and other relevant external data.

We also compared the significant assumptions on the Group's planned investing and financing activities against minutes of meetings of Board of Directors, shareholders, and audit committee, and significant agreements entered into by the Group until the date of our auditor's report. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions. We reviewed the management plans and the related financial impact of these plans in the forecasts of future cash flows. We reviewed the adequacy of the relevant disclosures in the consolidated financial statements relating to these management assessment and plans.

Impairment testing of property, plant, and equipment

The Group assesses at the end of its reporting period whether there is any indicator that its property, plant and equipment may be impaired. Management assessed that there are indicators of impairment of the coconut processing plant and the assets related to the budget hotel business, thus, the Group performed an impairment testing. For the year ended December 31, 2022, the Group recognized impairment loss on the coconut processing plant amounting to ₱298.0 million, while there was no impairment loss for the budget hotel business. As of December 31, 2022, the carrying values of the coconut processing plant and the hotel assets amounted to ₱478.2 million and ₱1,785.90 million, respectively.

We considered the impairment testing of property, plant and equipment as a key audit matter because of the materiality of the amounts involved. In addition, management's assessment process requires significant judgment in determining the discount rates and assumptions on cash flows for its coconut processing plant and hotel business. Management used significant assumptions relating to the sales growth rate, plant capacity utilization rate, gross profit ratio, operating expenses ratio, and earnings before interest and taxes over the forecast period for the coconut processing business; and growth rate, occupancy rate, food and beverage revenue, gross profit ratio, operating expenses ratio and salvage value of the cash generating unit for the hotel business.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgment, accounting estimates and assumptions, and Note 12 for the disclosures relating to property, plant, and equipment.

Audit Response

We reviewed the propriety of management's assessment of the presence of indicators of impairment that would require the impairment testing of the property, plant, and equipment. With the involvement of our internal specialist, we evaluated the methodologies and key assumptions used to estimate the discounted cash flows of the cash generating units (CGUs) where these property, plant and equipment belong based on our understanding of the Group's business plans. We compared the assumptions relating to the sales growth rate, plant capacity utilization rate, gross profit ratio, operating expenses ratio, and earnings before interest and taxes over the forecast period for the coconut processing business; and growth rate, occupancy rate, food and beverage revenue, gross profit ratio, operating expenses ratio and salvage value against the historical performance of the CGUs and other relevant external data, as applicable, using different possible scenarios. 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 testing is most sensitive; specifically, those that have the most significant effect in the determination of the recoverable amount of property, plant and equipment.

Accounting for the investment in a significant associate

The Group has a 23.05% ownership interest in Roxas Holdings, Inc. (RHI, an associate) that is accounted for under the equity method. For the year ended December 31, 2022, the Group's share in the net loss and other comprehensive income of RHI amounted to ₱184.24 million and ₱203.78 million, respectively. The Group's share in RHI's net income or loss is significantly affected by RHI's raw sugar business which follows the *quedan* system, where a negotiable instrument called *quedan* evidence ownership of a specified quantity of raw sugar in a warehouse. As such, RHI's physical possession of these raw sugar may not necessarily indicate its ownership as these raw sugar inventories may be covered by a *quedan*. This matter is significant to our audit due to the large volume of transactions covered by the *quedan* system, which in turn impacts RHI's sales and inventories which are material in the determination of the Group's share in RHI's net income or loss. The Group's share in RHI's net income or loss is also significantly affected by RHI's estimation of the provision for certain claims and other penalties imposed by regulatory bodies. The assessment of whether the provision for loss should be recognized and the estimation of potential liability resulting from these assessments require significant judgment by the management of RHI. Meanwhile, the Group's share in RHI's other comprehensive income is significantly affected by the revaluation of land under property, plant and equipment as performed by external appraisers whose calculations involve certain assumptions, such as sales prices of similar properties and adjustments to sales price based on internal and external factors.

PFRSs also requires an impairment testing of the investment in associate where there are indicators of impairment. The Group's management assessed that the investment in RHI may be impaired since RHI has continued to incur net losses. For the year ended December 31, 2022, the Group recognized impairment loss amounting to ₱617.0 million. We have identified this matter as a key audit matter because management's impairment assessment process requires significant judgment in determining the recoverable amount.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and a discussion of significant judgments and estimates and Note 11 for the disclosures relating to investment in RHI.

Audit Response

We obtained the financial information of RHI as at and for the year ended December 31, 2022 and recomputed the Group's share in net loss and other comprehensive income of RHI. We obtained an understanding of RHI's *quedan* system and tested the relevant controls over the relevant information system and manual processes. We observed the inventory count procedures of RHI and performed test counts to establish the physical existence of raw sugar as of count date and reviewed the rollforward procedures to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantity and the *quedan* accountability report to test the quantities that were reported either as RHI's inventory or those which are held in trust for the planters and traders.

We inquired with RHI's legal counsels and management about the status and potential exposures of the significant claims and their basis of assessment of the outcome of the claims. We also inspected relevant correspondences with the regulatory bodies and other parties and reviewed the minutes of meetings of the Board of Directors and Audit Committee. We involved our internal specialist in the evaluation of management's assessment on whether provisions for losses should be recognized and the estimation of such amounts.

We compared the property-related data in the appraisal reports against RHI's records. We reviewed the scope, methodology and the assumptions used by RHI's external appraiser. We evaluated the competence capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against the relevant external information. We also discussed with the external appraiser the nature and magnitude of the adjustment factors. For the review of impairment testing, we involved our internal specialist in evaluating the methodology and the assumptions used. We also discussed with the external appraiser the nature and magnitude of the adjustment factors.

For the review of impairment testing, we involved our internal specialist in evaluating the methodology and the assumptions used. We compared the key assumptions used against the historical performance of the CGUs and other relevant external data. We tested the parameters used in the determination of the discount rate against market data.

Classification of investment properties, and valuation of investment properties and land under property, plant and equipment

The Group has significant parcels of land in Nasugbu, Batangas that are included in the Revised Notice of Coverage issued by the Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Program (CARP). These investment properties are the subject of claims that are currently in the legal courts that may impact the future use and recovery of these assets. As of December 31, 2022, the Group continues to recognize the parcels of land under CARP as part of its investment properties. As of December 31, 2022, these parcels of land have a carrying value of ₱8,490.9 million, representing 94% of the Group's total investment properties. The classification of these parcels of land as part of investment properties is significant to our audit because the assessment requires significant judgment by management based on the status and the ultimate outcome of the legal proceedings. The uncertainty over the ultimate outcome of the legal proceedings is brought about by the inherent differences in the interpretation and application of the relevant regulations, laws, and rulings.

Meanwhile, the Group accounts for its investment properties at fair value and its land under property, plant and equipment at revalued amount. As of December 31, 2022, the fair values of the Group's investment properties, including the parcels of land under CARP, and land properties under property, plant and equipment amounted to ₱9,253.3 million and ₱620.4 million, represent 71.5% of the Group's consolidated total assets. This matter is significant to our audit because the determination of the fair values of investment properties and land properties under property, plant and equipment were performed by external appraisers whose calculations involved certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors.

Refer to Notes 4 and 5 to the consolidated financial statements for the relevant accounting policies and discussion of significant judgment and estimates and Notes 12 and 14 for the disclosure about the Group's investment properties and land properties under property, plant and equipment and Note 30 for the disclosures about the related fair values.

For the fair values of the investment properties and land under property, plant and equipment, we evaluated the methodology and the assumptions used by the external appraisers, whose professional qualifications and independence were considered. We reviewed the relevant information supporting the sales prices of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price. We also reviewed the Group's disclosures with respect to these investment properties and land under property, plant, and equipment.

Audit Response

For the parcels of land that are covered by CARP and classified as investment properties, we inspected the titles of the parcels of land and we inquired with the Group's internal and external legal counsels and relevant Group personnel about the status of the legal proceedings. We obtained the legal opinion from external legal counsels about the progress of the legal proceedings, including their assessment on the likely outcome. We also inspected relevant correspondences with the regulatory bodies.

For the fair values of the investment properties and land under property, plant and equipment, we evaluated the methodology and the assumptions used by the external appraisers, whose professional qualifications and independence were considered. We reviewed the documents containing the relevant information supporting the sales prices of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price, including the supporting documents. We also reviewed the Group's disclosures with respect to these investment properties and land under property, plant and equipment.

Other Information

Other information consists of the information included in the SEC Form 17-A for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, after the date of our auditor's report. Management is responsible for the other information.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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, actions taken to eliminate threats or safeguards applied.

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 Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Amounts in Thousands

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱36,130**	₱63,572
Trade and other receivables (Notes 7 and 20)	**195,101**	162,533
Contract assets - current portion (Note 21)	**96,100**	21,808
Real estate properties for sale and development (Note 8)	**317,921**	394,437
Inventories (Note 9)	**31,199**	77,241
Other current assets (Note 10)	**250,057**	416,032
	926,508	1,135,623
Assets held for sale (Notes 14 and 25)	**634,119**	–
Total Current Assets	**1,560,627**	1,135,623
Noncurrent Assets		
Contract assets - net of current portion (Note 21)	**29,534**	95,778
Investments in associates (Note 11)	**425,336**	1,022,704
Property, plant, and equipment (Note 12):		
At cost	**1,651,371**	2,307,508
At appraised values	**620,411**	871,622
Right-of-use assets (Note 13)	**2,151**	25,393
Investment properties (Note 14)	**9,253,312**	7,178,849
Deferred income tax assets - net (Note 26)	**61,960**	89,784
Other noncurrent assets (Note 10)	**210,363**	38,543
Total Noncurrent Assets	**12,254,438**	11,630,181
TOTAL ASSETS	**₱13,815,065**	₱12,765,804
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17 and 20)	**₱1,185,500**	₱1,013,499
Short-term borrowings (Note 15)	**100,000**	249,816
Current portion of long-term borrowings (Note 16)	**1,190,012**	2,210,413
Contract liabilities (Note 21)	**136,208**	144,563
Current portion of lease liabilities (Note 13)	**2,797**	38,056
	2,614,517	3,656,347
Liabilities directly associated with the assets held for sale (Note 25)	**414,270**	–
Total Current Liabilities	**3,028,787**	3,656,347
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 16)	**2,013,458**	1,206,443
Deferred income tax liabilities - net (Note 26)	**98,060**	109,540
Retirement liabilities (Note 18)	**42,817**	88,433
Lease liabilities - net of current portion (Note 13)	**–**	2,766
Total Noncurrent Liabilities	**2,154,335**	1,407,182
Total Liabilities	**5,183,122**	5,063,529

(Forward)

	December 31	
	2022	2021
Equity attributable to the equity holders of the Parent Company (Note 19)		
Capital stock	**₱3,111,886**	₱3,111,886
Additional paid-in capital	**1,589,603**	1,608,101
Treasury stock	**(1,144,645)**	(1,172,713)
Other equity reserves	**738,062**	740,954
Retained earnings	**4,173,317**	3,200,551
	8,468,223	7,488,779
Non-controlling interests (Note 11)	**163,720**	213,496
Total Equity	**8,631,943**	7,702,275
TOTAL LIABILITIES AND EQUITY	**₱13,815,065**	₱12,765,804

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, Except Basic/Diluted Loss Per Share Data

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM (Note 21):			
Hotel sales and services	**₱409,475**	₱352,857	₱273,015
Real estate sales	**288,643**	407,730	33,807
Sale of goods	**88,021**	184,923	193,331
	786,139	945,510	500,153
COST OF SALES AND SERVICES			
Cost of goods sold (Note 22)	**(193,193)**	(294,017)	(294,847)
Cost of hotel sales and services (Note 22)	**(214,529)**	(129,774)	(140,537)
Cost of real estate sales (Note 8)	**(104,669)**	(109,353)	(7,648)
	(512,391)	(533,144)	(443,032)
GROSS INCOME	**273,748**	412,366	57,121
OPERATING EXPENSES (Note 22)	**(703,519)**	(508,395)	(488,572)
OTHER INCOME (CHARGES)			
Unrealized fair value gain on investment properties (Note 14)	**2,120,019**	766,480	398,056
Interest expense (Notes 13, 15 and 16)	**(258,422)**	(211,649)	(229,945)
Interest income (Notes 6 and 7)	**12,005**	7,235	12,358
Equity in net loss of associates (Note 11)	**(184,243)**	(183,212)	(938,021)
Others - net (Note 24)	**(582,740)**	34,508	25,753
	1,106,619	413,362	(731,799)
INCOME (LOSS) BEFORE INCOME TAX	**676,848**	317,333	(1,163,250)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**8,070**	5,721	3,402
Deferred	**5,450**	48,169	(52,164)
	13,520	53,890	(48,762)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**663,328**	263,443	(1,114,488)
NET LOSS FROM DISCONTINUED OPERATIONS (Note 25)	**(39,846)**	(25,848)	(35,908)
NET INCOME (LOSS)	**₱623,482**	₱237,595	(₱1,150,396)
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱692,675**	₱292,195	(₱1,080,298)
Non-controlling interests	**(69,193)**	(54,599)	(70,098)
	₱623,482	₱237,596	(₱1,150,396)
BASIC/DILUTED EARNINGS (LOSS) (EPS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (Notes 4 and 27)	**₱0.31**	₱0.12	(₱0.51)
BASIC/DILUTED FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**₱0.32**	₱0.13	(₱0.50)

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands

	Years Ended December 31		
	2022	2021	2020
NET INCOME (LOSS)	**₱623,482**	₱237,596	(₱1,150,396)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Appraisal increase on land - net of tax (Note 12)	**46,541**	10,941	28,163
Share in appraisal increase on land of an associate, net of tax (Note 11)	**199,617**	42,206	110,912
Share in remeasurement gain (loss) on liability of an associate, net of tax (Note 11)	**4,243**	14,381	(20,631)
Remeasurement gain (loss) on retirement liabilities, net of tax (Note 18)	**46,215**	–	(1,563)
TOTAL OTHER COMPREHENSIVE INCOME	**296,616**	67,528	116,881
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱920,098**	₱305,124	(₱1,033,515)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**₱969,874**	₱356,080	(₱977,237)
Non-controlling interests	**(49,776)**	(50,956)	(56,278)
	₱920,098	₱305,124	(₱1,033,515)

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

Amounts in Thousands

	Equity Attributable to Equity Holders of the Parent Company (Note 19)									
	Capital Stock			Additional		Other Equity	Retained		Non-controlling	
	Common Stock	Preferred Stock	Total	Paid-in Capital	Treasury Stock	Reserves	Earnings	Total	Interests (Note 11)	Total Equity
Balances as at December 31, 2019	**₱2,911,886**	**₱500,000**	**₱3,411,886**	**₱1,669,061**	**(₱1,463,825)**	**₱597,550**	**₱4,017,126**	**₱8,231,798**	**₱311,074**	**₱8,542,872**
Transfer of revaluation increment on land to retained earnings	–	–	–	–	–	(280,091)	280,091	–	–	–
Balances as at January 1, 2020	**2,911,886**	**500,000**	**3,411,886**	**1,669,061**	**(1,463,825)**	**317,459**	**4,297,217**	**8,231,798**	**311,074**	**8,542,872**
Net loss	–	–	–	–	–	–	(1,080,298)	(1,080,298)	(70,098)	(1,150,396)
Other comprehensive income	–	–	–	–	–	103,061	–	103,061	13,820	116,881
Total comprehensive income (loss)	–	–	–	–	–	103,061	(1,080,298)	(977,237)	(56,278)	(1,033,515)
Issuance of treasury shares	–	–	–	(41,992)	246,842	–	–	204,850	–	204,850
Transfers of appraisal increase in land to retained earnings	–	–	–	–	–	(23,542)	33,549	10,007	9,656	19,663
Cash dividends declared	–	–	–	–	–	–	(41,302)	(41,302)	–	(41,302)
Balances as at December 31, 2020	**2,911,886**	**500,000**	**3,411,886**	**1,627,069**	**(1,216,983)**	**396,978**	**3,209,166**	**7,428,116**	**264,452**	**7,692,568**
Net income	–	–	–	–	–	–	292,195	292,195	(54,599)	237,596
Other comprehensive income	–	–	–	–	–	63,885	–	63,885	3,643	67,528
Total comprehensive income	–	–	–	–	–	63,885	292,195	356,080	(50,956)	305,124
Redemption of preferred shares	–	(300,000)	(300,000)	–	–	–	–	(300,000)	–	(300,000)
Issuance of treasury shares	–	–	–	(18,968)	44,270	–	–	25,302	–	25,302
Cash dividends declared	–	–	–	–	–	–	(20,719)	(20,719)	–	(20,719)
Balances as at December 31, 2021	**2,911,886**	**200,000**	**3,111,886**	**1,608,101**	**(1,172,713)**	**460,863**	**3,480,642**	**7,488,779**	**213,496**	**7,702,275**
Net income	–	–	–	–	–	–	692,675	692,675	(69,193)	623,482
Other comprehensive income	–	–	–	–	–	277,199	–	277,199	19,417	296,616
Total comprehensive income	–	–	–	–	–	277,199	692,675	969,874	(49,776)	920,098
Issuance of treasury shares	–	–	–	(18,498)	28,068	–	–	9,570	–	9,570
Balances as at December 31, 2022	**₱2,911,886**	**₱200,000**	**₱3,111,886**	**₱1,589,603**	**(₱1,144,645)**	**₱738,062**	**₱4,173,317**	**₱8,468,223**	**₱163,720**	**₱8,631,943**

See accompanying Notes to Consolidated Financial Statements.

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in Thousands

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	**₱676,848**	₱317,333	(₱1,163,250)
Loss before income tax from discontinued operations (Note 25)	**(39,779)**	(25,715)	(35,663)
Income (loss) before income tax	**637,069**	291,618	(1,198,913)
Adjustments for:			
Changes in fair value of investment properties (Note 14)	**(2,120,019)**	(766,480)	(398,056)
Impairment of investment in associate (Note 11)	**616,985**	–	–
Impairment loss on property, plant and equipment (Note 12)	**298,000**	66,000	40,937
Interest expense (Notes 13, 15 and 16)	**258,442**	211,649	229,945
Depreciation and amortization (Notes 12 and 13)	**111,184**	151,848	153,330
Equity in net loss of associates (Note 11)	**184,243**	183,212	938,021
Gain on sale of investment properties (Note 14)	**(30,080)**	(3,226)	(25,079)
Net movements in retirement benefits (Note 18)	**16,004**	15,842	9,189
Interest income (Notes 6 and 7)	**(12,005)**	(7,235)	(12,358)
Write-off of property, plant and equipment (Note 12)	**–**	–	54,351
Loss on loan modification (Notes 15 and 16)	**–**	–	51,660
Loss on disposal of property, plant and equipment	**–**	–	8,984
Income on rent concessions (Notes 13 and 24)	**–**	–	(23,569)
Operating income (loss) before working capital changes	**(40,177)**	143,228	(171,558)
Decrease (increase) in:			
Trade and other receivables	**(32,568)**	82,940	33,501
Real estate properties for sale and development	**76,516**	107,051	2,404
Inventories	**46,042**	(5,661)	(5,728)
Contract assets	**(16,403)**	(10,408)	22,167
Other current assets	**(13,494)**	(85,325)	(21,993)
Other noncurrent assets	**23,951**	79,154	64,280
Increase in trade and other payables	**130,482**	214,988	90,413
Cash generated from operations	**174,349**	527,154	13,758
Interest received	**12,005**	6,048	12,087
Income taxes, paid including creditable withholding taxes	**(24,369)**	(44,243)	(11,396)
Net cash from operating activities	**161,985**	488,959	14,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment (Note 12)	**(20,280)**	(25,125)	(9,593)
Proceeds from sale of:			
Investment properties (Note 14)	**43,881**	3,848	28,039
Property and equipment	**182**	–	–
Assets held for sale (Note 25)	**–**	–	367,190
Net cash from (used in) investing activities	**23,783**	(21,277)	385,636

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of long-term borrowings (Note 16)	**₱6,737**	₱99,816	₱–
Issuance of treasury shares (Note 19)	**9,570**	25,302	204,850
Redemption of preferred shares (Note 19)	**–**	(300,000)	–
Availments of short-term borrowings (Note 15)	**–**	–	50,318
Payments of:			
Interest (Note 17)	**(191,492)**	(168,694)	(211,101)
Lease liabilities (Note 13)	**(38,025)**	(50,438)	(16,606)
Long-term borrowings (Note 16)	**–**	(41,165)	(424,570)
Dividends (Note 19)	**–**	–	(41,302)
Short-term borrowings (Note 15)	**–**	–	(6,000)
Net cash used in financing activities	**(213,210)**	(435,179)	(444,411)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**(27,442)**	32,503	(44,326)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**63,572**	31,069	75,395
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱36,130**	₱63,572	₱31,069

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Roxas and Company, Inc. (the Parent Company or RCI), formerly CADP Group Corporation (CADPGC), was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 7, 1918.

On November 29, 1948, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) with a stock symbol RCI.

The purpose of RCI is to purchase, hold, pledge, transfer, sell or otherwise dispose of or deal in the shares of the capital stock, bonds, debentures, notes or other securities and evidence of indebtedness of any such securities. RCI is owned by various individual shareholders and domestic corporations, namely: SPCI Holdings, Inc. and Pesan Holdings, Inc., among others.

The principal and registered office of RCI is located at 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

Status of Operations and Management Plans
The Group's consolidated total current liabilities exceeded its consolidated total current assets by ₱1,468.2 million and ₱2,520.7 million as of December 31, 2022 and 2021, respectively.

The Group continues to reset its businesses in 2022 and generate cash amidst volatile international and local macroeconomic conditions. The overall operating performance in 2022 has declined as compared to 2021 due to the deferred selling of Anya Phase 3, slower house and lot sales, and the earlier transition of RAHC's Go Hotels from accommodating quarantine to regular hotel guests. RSAI's coconut export declined because of low working capital and equipment breakdowns. These were offset by the performance of Roxaco Land Corporation (RLC)'s Anya Hotel in 2022.

Anya Resort Tagaytay (ART) received the 2022 World Luxury Hotel Awards in the following categories: Luxury Resort Restaurant Global Winner, Regional Award for Luxury Hideaway Resort in Southern Asia, and Luxury Sustainable Spa Global Winner. ART registered its highest occupancy in December 2022 and is expanding with additional villas in the existing area as well as opening a new Phase adjacent to the core resort.

RSAI's prospects for long term growth in non-dairy alternatives is sustained since the demand for soy, oat, almond and coconut options has increased during the year. RSAI increased its list price in April 2022, the first since the start of its commercial operations.

The Group's ₱1,637.8 million of loans to certain banks were restructured in 2022. In 2023, the Group intends to continue discussions with other banks to restructure the related loans (see Note 16).

The Group has ongoing negotiations with the sale of certain properties which will generate cash for working capital and liquidity needs of the Group's businesses (see Notes 14 and 25). Moreover, the fair value of the Group's investment properties increased from ₱7,178.9 million to ₱9,253.3 million.

The Group plans to fund growth, care and maintenance, and asset integrity spending from a combination of internally generated funds and external financing. Furthermore, the Group will embark on transactional and functional centralization for speed and efficiency gains.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period then ended December 31, 2022, have been approved and authorized for issue by the Board of Directors (BOD) on May 2, 2023.

2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land under property, plant and equipment and investment properties that are stated at fair value. The consolidated financial statements are presented in Philippine Peso (**₱**), which is the functional and presentation currency of the Group. All balances and transactions are rounded to the nearest thousands, unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another three (3) years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Future Changes in Accounting Policy* section.

3. Summary of Changes in Accounting Policies and Disclosures

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the consolidated financial statements of the Group.

The Group adopted these amendments beginning January 1, 2022

- Amendments to PFRS 3, *Business Combinations*, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Provisions, Contingent Liabilities, Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*
  - Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full of the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Group opted to avail of the relief as provided by the SEC. The adoption has no significant impact to the Group since the Group has no borrowings for which capitalization of interest may be applicable.

The Group adopted the amendments beginning January 1, 2022. The amendments have no significant impact to the Group.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes*, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  Effective beginning on or after January 1, 2024

- Adoption of the Deferred of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-04*)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018, and February 8, 2019, the Philippine SEC issued SEC Memorandum Circular No. 14, Series of 2018, and SEC Memorandum Circular No. 3, Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of 3 years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular No. 34, Series of 2020, which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral follows:

		Deferral Period
1.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04 on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02 on determining which uninstalled materials should not be included in calculating the POC.

On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach. With this, real estate companies are finally able to fully comply with PFRS 15 and revert to full PFRS financial reporting for the calendar year 2021.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC No. 8-2021.

The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12-D (as amended by PIC Q&A 2020-04) in determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement?
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

- Amendments to PFRS 16: *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed.

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

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 Group continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2021 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted. The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2022, consolidated financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting and financial reporting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and retirement plan assets are classified as noncurrent assets while deferred income tax liabilities and retirement liabilities are classified as noncurrent liabilities.

Basis of Consolidation

The consolidated financial statements of the Group include the financial statements of the Parent Company and the following subsidiaries (all incorporated and domiciled in the Philippines) as of December 31, 2022 and 2021:

	Percentage of Ownership		Noncontrolling Interests		
	2022	2021	**2022**	2021	Description of Business
Roxaco Land Corporation (RLC)*	**100.00**	100.00	**–**	–	Real estate
Roxaco-Asia Hospitality Corporation (RAHC)**	**51.00**	51.00	**49.00**	49.00	Hotel and leisure
SAMG Memorial Management & Services Inc. (SMMSI)	**100.00**	100.00	**–**	–	Funeral and related services
Roxas Sigma Agriventures, Inc. (RSAI)***	**94.98**	94.98	**5.02**	5.02	Manufacturing
Roxas Green Energy Corporation (RGEC)	**100.00**	100.00	**–**	–	Generation and distribution of energy
United Ventures Corporation (UVC)****	**100.00**	100.00	**–**	–	Warehouse leasing

** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts Corporation (AHRC), with RLC as the surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*

On July 23, 2018, the BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC and RLC with RLC being the surviving corporation.

*** On May 21, 2018, its BOD approved to change its corporate name from Roxaco-Vanguard Hotels Corporation (RVHC) to Roxaco-Asia Hospitality Corporation (RAHC) and amended the Articles of Incorporation. The Philippine SEC approved the amendment on October 19, 2018.*

**** On December 17, 2018, an additional subscription amounting to ₱200.0 million equivalents to 2.0 million shares, equivalent to 41% of the increase in capital stock, have been fully paid by the Parent Company through the conversion of a portion from its advances to RSAI.*

In August 2021 and October 2021, RCI converted its advances to RSAI amounting to PhP354 million and PhP53 million, respectively, that increased the equity interest in RSAI from 88.81% to 94.98%.

*****The application for dissolution is still pending with the SEC and BIR as at December 31, 2022.*

The Parent Company or its subsidiaries controls an investee if, and only if, the following criteria are met:

- 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
- The ability to use its power over the investee to affect its returns

When the Parent Company or its subsidiaries have less than a majority of the voting or similar rights of an investee, the Parent Company or its subsidiaries consider all relevant facts and circumstances in assessing whether they have power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company or its subsidiaries voting rights and potential voting rights

The Parent Company or its subsidiaries reassess whether they control 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 or its subsidiaries obtain control over the subsidiary and ceases when it ceases to have control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date control is lost.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Non-controlling interest represents the interest in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separate from the equity attributable to the parent company.

<u>Business Combination and Goodwill</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measure at fair value at each reporting date with changes in fair value recognized in profit or loss.

Common Control Transactions
Where there are business combinations in which all the combining entities within the Group 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 such business combinations under the purchase method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Comparative balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill 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.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investments in associates is included in the carrying amount of the related investments and is not tested for impairment separately.

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.

Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVTOCI), and fair value through profit or loss (FVTPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

The Group has no financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

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

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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.

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 for trade receivables and a vintage analysis for sales contract receivables and contract assets 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 accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk 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 year for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. 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 a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

Initial recognition and measurement of financial liabilities
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.

As of December 31, 2022 and 2021, the Group's financial liabilities include trade and other payables, lease liabilities and short-term and long-term borrowings.

Subsequent measurement - other financial liabilities
This category pertains to financial liabilities that are neither held for trading nor designated as at FVTPL upon the inception of the liability. After the initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized costs using the effective interest method, taking into account the impact of any issue costs and discount or premium. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in consolidated statement of income.

Derecognition of financial assets and liabilities
Financial assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and benefits of the asset, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or entered into a pass through arrangement and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a ‘new’ financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances,

modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

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

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of 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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Significant Judgments, Accounting Estimates and Assumptions
- Fair Value Measurement

<u>Real Estate Properties for Sale and Development</u>
Real estate properties for sale and development consists of developed real estate properties for sale, raw land and land improvements. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation.

Developed real estate properties for sale, raw land and land improvements are carried at the lower of aggregate cost and net realizable value (NRV). Costs include costs incurred for development and improvement of the properties and qualifying borrowing costs. NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and estimated costs necessary to make the sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rate based on the relative size of the property sold.

Repossessed Inventories
Repossessed inventories represent the acquisition costs of real estate properties sold but subsequently reacquired by the Group due to buyer's default on payment of monthly amortization. These are measured at cost at the time of repossession.

Inventories
Inventories are valued at the lower of cost or net realizable value.

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

a. Raw materials - Purchase cost and directly attributable costs determined using the moving average method.
b. Finished Goods and Work in Process - Cost includes raw materials, direct labor, other direct costs, and related manufacturing overhead using the weighted average method.
c. Packaging Materials and Other Supplies - Purchase cost and directly attributable costs determined using the moving average method.

Net realizable value of finished goods 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. Net realizable value of raw materials, packaging materials and other supplies is the current replacement cost.

Investments in Associates
Investments in associates are recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policy decisions of the investee. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associates. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates.

Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The Group determines, at the end of each reporting year, whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Property, Plant and Equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only from such time as the relevant assets are completed and put into intended operational use. Upon completion, these properties are reclassified to the appropriate property, plant and equipment account.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land" under "other equity reserves account" in the consolidated statement of financial position and consolidated statement of changes in equity. Increases in the carrying amount arising on revaluation of land are recognized in the consolidated statement of comprehensive income and credited to other equity reserves in the consolidated statement of changes in equity, net of related deferred tax effect. Any resulting decrease is directly charged against the related revaluation increment on land to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently to ensure that the fair value of land does not differ significantly from it is carrying amount.

The portion of appraisal increase on land, net of related deferred tax effect, realized upon disposal of the property is transferred to unrestricted retained earnings.

Depreciation and amortization on depreciable property, plant and equipment are calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Asset Category	Number of Years
Buildings*	40
Land improvements	10
Building improvements	5
Machinery and equipment	5 to 25
Transportation equipment	3 to 6
Office furniture, fixtures, and equipment	3 to 10

**Including the coconut processing plant*

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Major renovations that qualified for capitalization are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

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

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its retirement or disposal, the cost and accumulated depreciation, amortization, and impairment are derecognized.

Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss in the year it was derecognized.

Investment Properties

Investment properties comprise land that are held either to earn rentals or for capital appreciation or both and that are not occupied by the entities in the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the period of derecognition.

Impairment of Nonfinancial Assets

The carrying amounts of investments in associates, property, plant, and equipment carried at cost, right-of-use assets and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets or cash generating unit's (CGU) fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount on a systematic basis over its remaining useful lives.

Equity

Capital stock

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Additional paid-in capital
Additional paid-in capital includes any premium received in the initial issuances of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of tax.

Treasury stock
Where any entity of the Group purchases the Parent Company's capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Parent Company's equity holders.

Retained earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments. Appropriated or restricted retained earnings represent portion which is not available for any dividend declaration. Unappropriated or unrestricted retained earnings represent portion which can be declared as dividends to shareholders.

Dividend distribution
Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from equity in the period in which the dividends are approved by the Parent Company's BOD. Dividends that are approved after the reporting year are dealt with as event after the reporting year.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These include revaluation increment on land and remeasurement loss on retirement liability, which are presented as part of "Other equity reserves" account in the consolidated statement of financial position.

Revenue and Cost Recognition
The Group primarily derives its real estate revenue from the sale of developed horizontal and vertical real estate projects. 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 generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity services in its mall retail spaces and office leasing activities, wherein it is acting as agent.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer. The Group availed of the deferral of adoption of the specific provisions of PIC Q&As No. 2018-12 as the Group continues to include land and uninstalled materials in the determination of POC.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

In determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. The Group does not adjust the transaction price for the effects of the significant financing component as it availed the relief provided by the Philippine SEC.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost recognition on real estate contracts
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions, estimated probability, including those arising from contract penalty provisions, and final contract settlements, which may result in revisions to estimated costs and gross profit, are recognized in the year in which the changes are determined.

Hotel and resorts revenue
The Group recognizes revenue from hotel operations at a point in time (i.e., when the related service and goods are rendered or served). Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Sale of goods
Sale of goods is recognized at a point in time, i.e., when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Cost of goods sold
Cost from sale of goods is recognized when goods are delivered to and accepted by the customers.

Management fees
Revenue from management services is recognized over time because the customer simultaneously receives the benefits as the Group performs the services. The Group uses the input method to measure the progress, which is a time-based measure that results in a straight-line recognition of revenue. Payment is due within 30 days.

Contract balances
Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Other performance obligations
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 (e.g., warranties, customer loyalty points). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in profit and loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rent income
Rent income from operating lease is recognized using the straight-line method over the term of the lease.

Interest income
Interest income is recognized on a time proportion basis using the EIR method.

Other income
Other income is recognized when earned.

Expense Recognition
Selling, general and administrative expenses
Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, professional fees and rental and utilities and general office expenses. These costs are expensed when incurred.

Employee Benefits
Short-term employee benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses.

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

Retirement benefits
The Parent Company and RLC have an individual and separate defined benefit retirement plans. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

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 restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting period are discounted to present value.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Capitalization ceases when pre-selling of real estate inventories under construction

commences. Other borrowing costs are recognized as expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Debt arrangement fees relating to the drawn loan amount are amortized using the effective interest method and are presented as reduction in the principal loan balance. Debt arrangement fees relating to the undrawn loans are recorded as deferred charges and are amortized using the straight-line method. Amortization of debt arrangement fees is recognized as interest expense and presented in profit or loss.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 assets representing the right to use the underlying assets.

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

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of noncurrent non-financial assets.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index

or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-Value Assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption, where applicable, to leased assets that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency-denominated Transactions
Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Income Taxes
Current Tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax
Deferred tax is provided on all temporary differences at the end of the reporting year 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, including asset revaluations. Deferred tax liability is not recognized when it 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 or loss nor taxable profit or loss. However, deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Discontinued Operations and Assets Held for Sale
The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

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 are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Additional disclosures are provided in Note 25. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales 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 sales 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 is included as part of "Other current assets" account or "Trade and other payables" account, respectively, in the consolidated statement of financial position.

Earnings (Loss) per Share Attributable to the Equity Holders of the Parent Company

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of common shares outstanding to assume conversion of all the dilutive potential common shares into common shares.

The Parent Company has no dilutive potential common shares.

Share-based Payments

A certain employee and directors of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense and director's remuneration fee, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment. Reportable operating segments primarily consist of the real estate business, hotel, manufacturing, and other segments, which are not reported separately.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are 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. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 these become reasonably determinable.

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

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Use of going concern assumption
The use of the going concern assumption involves management making significant judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. Management takes into account a whole range of factors which include, but are not limited to, the

forecasted revenue and operating cost, profitability and cash flows, and the other potential sources of financing. Key assumptions used in the forecasted cashflows include growth rate in sales of coconut products and food and beverage revenue, growth in hotel occupancy rate, coconut plant capacity utilization rate, manufacturing cost ratio and operating expenses ratio, and sale of raw land properties and property, plant and equipment.

Management believes that with the implementation of strategies and action plans discussed in Note 1, the Group will be able to address the events or conditions identified that may cast significant doubt on its ability to continue as a going concern and achieve positive results on their financial performance, financial position and cash flows. Accordingly, the consolidated financial statements have been prepared based on the going concern basis of accounting.

Assessment of control or significant influence over the investee
The Group makes an assessment whether it controls an investee by considering all relevant facts and circumstances which indicate that 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. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee.

As of December 31, 2022 and 2021, the Group still determined that it controls its subsidiaries and has significant influence over its associates (see Note 11).

Revenue recognition method and measure of progress for real estate sales
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. The Group availed of the deferral of adoption of the specific provisions of PIC Q&A 2018-12 specifically on the exclusion of land and uninstalled materials in computing the percentage of completion.

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Determination of operating segments
Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Determination of arrangements containing a lease - yield guarantee to real estate buyers
At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In 2014, the Group entered into a leaseback program agreement with various buyers of Anya Resort Suites. The said buyers will be entitled to a guaranteed

yield along with the usage allowance for the first five years upon full opening of the resort, equivalent to 31% to 37% of the purchase price, inclusive of fixtures, furniture and equipment and VAT, or a variable yield which is computed based on the proportion of the Unit Owners' Group share of gross rental revenue that the size of the unit (in sq. m.) bears to the total size of the units.

The guaranteed funds will be distributed each quarter and will start from the date of full opening and operations of the resort. These yield guarantees qualify as leases under PFRS 16, *Leases,* and are considered as leases of hotel suites (see Note 13). Variable yield guarantees are not considered in the recognition of right-of-use assets and lease liabilities for leases of hotel suites as these are treated as variable lease payments under PFRS 16. Variable yield guarantees are recognized as expense in the period these are incurred.

Determination of lease term of contracts with renewal and termination options - the Group as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether 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 either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for the lease of sales office and herb garden. The Group typically exercises its option to renew for this lease but upon mutual consent of both parties. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Classification of investment properties
Management determines the classification of a property depending on its eventual realization of the asset. The significant portion of the Group's parcels of land have been subjected to the revised Notice of Coverage (NOC) issued by Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Law (CARP).

The Group has determined that they still have the legal title over the land properties under CARP. Since there is still no final decision by the courts that the land properties should be covered by CARP or not, the land properties can still be classified under investment properties (see Note 28).

Determining the classification of assets held for sale and discontinued operations
On December 9, 2022, the BOD announced its decision to sell certain hotel and land properties in 2023. Operations of the said site are classified as assets held for sale. The Board considered the site to meet the criteria to be classified as held for sale at that date for the following reasons:

- it is available for immediate sale and can be sold to the buyer in its current condition.
- the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- a potential buyer has been identified and negotiations as at the reporting date are at an advance stage.
- the Board of Directors approved the plan to sell on December 9, 2022.

As at December 31, 2022, assets held for sale amounted to ₱634.1 million (nil as at December 31, 2021) (see Note 25).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting date that have a significant risk of causing a material adjustment to the carrying amounts of rate assets and liabilities within the next fiscal years are discussed below.

Revenue and cost recognition for real estate sales
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost.

The Group's real estate sales is recognized over time and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended, and actual overhead incurred over the total expected project development cost. Sales of real estate properties amounted to ₱288.6 million, ₱407.7 million and ₱33.8 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 21). Cost of real estate sales amounted to ₱104.7 million, ₱109.4 million and ₱7.6 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 8).

Determination of fair value of the investment properties and land under property, plant and equipment
The Group accounts for its investment properties at fair value and its land properties under property, plant and equipment at revalued amount. The fair value of the investment properties and land under property, plant and equipment were determined by professional qualified independent appraisers. Investment properties are valued using generally acceptable valuation techniques and methods and estimates based on local market conditions. The land properties under property, plant and equipment are carried at revalued amount, which approximates its fair value at the date of the revaluation. The fair value was arrived at using the Sales Comparison Approach for land using gathered available market evidence. This considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the reporting period.

Investment properties, including land properties that are subjected to the CARP with total land area of approximately 2,493.6 hectares are stated at fair value amounting to ₱8,490.9 million and ₱7,178.8 million as at December 31, 2022 and 2021, respectively (see Notes 14 and 28). Land carried at revalued amounts as at December 31, 2022 and 2021 amounted to ₱620.4 million and ₱871.7 million, respectively (see Note 12). The resulting increase in the valuation of these assets is presented under "Appraisal increase on land" in the consolidated statements of comprehensive income and recorded under "Other Equity Reserves" in the consolidated statements of changes in equity.

Estimation of useful lives of property, plant, and equipment
The estimated useful life of each of the Group's 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 estimated useful life 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 in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses (capitalized as inventories and operating expenses) and noncurrent assets.

The carrying value of the depreciable property, plant, and equipment as at December 31, 2022 and 2021 amounted to ₱1,651.4 million and ₱2,307.4 million, respectively (see Note 12).

Estimation of allowance for ECL
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at December 31, 2022 and 2021, the carrying amount of the trade and other receivables (including noncurrent portion of contract assets) amounted to ₱224.6 million and ₱258.3 million, respectively. Allowance for ECL of receivables amounted to ₱53.2 million and ₱34.9 million as at December 31, 2022 and 2021, respectively (see Note 7).

Determination of NRV of real estate properties for sale and development
The NRV of real estate properties for sale and development are based on the most reliable evidence available at the time the estimates of the amount that the real estate properties for sale and development are expected to be realized and/or sold. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting year to the extent that such events confirm conditions at the end of the reporting year. A new assessment of NRV is made in each subsequent period. When the circumstances that previously caused real estate properties for sale and development to be written down below cost no longer exist or when there is clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amount of real estate properties for sale and development amounted to ₱317.9 million and ₱394.4 million as at December 31, 2022 and 2021, respectively. No allowance for impairment losses on real estate properties for sale and development necessary as of December 31, 2022 and 2021 (see Note 8).

Assessment of impairment of nonfinancial assets
The Group assesses at the end of each reporting period whether there is any indicator that the nonfinancial assets listed below may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators) as of December 31 are as follows:

	2022	2021
Investments in associates (Note 11)	**₱425,336**	₱1,022,704
Property, plant, and equipment, excluding land carried at revalued amount (Note 12)	**1,651,371**	2,307,446
Right-of-use assets (Note 13)	**2,151**	25,393

3Investment in an Associate
The fair value of RHI's shares of stock listed in the PSE is lower than its carrying amount as of December 31, 2022 and 2021. In addition, RHI has been incurring net losses in the past three years. Management assessed that these are indicators that the investment may be impaired and evaluated its recoverable amount based on its fair value less cost to sell for 2022 and based on its value in use for 2021.

In 2021, the recoverable amount has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management, a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2021 are as follows:

Discount rate (8.5% in 2022 and 2021) - The pretax discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to RHI's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Sales growth (average of less than 10.0% year-on-year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (4.5% in 2022 - Cash flows beyond the five-year period are extrapolated using a growth rate of 1.0% which is within the long-term average growth rate for sugar industry.

Manufacturing costs ratio (averaging at 87.0% over the forecast period in 2022) - Management based the ratio of production costs over gross income on its historical experience.

Operating expenses ratio (averaging at 6.0% over the forecast period in 2022) - Management based the ratio of operating expenses over gross income on its historical experience.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the investment to exceed its recoverable amount. Based on management's value-in-use calculation, no impairment loss needed to be recognized on the investment as the recoverable amount is higher than the carrying value as at December 31, 2022.

In 2022, the Group determined that the recoverable amount is based on the investment's fair value less cost to sell. The carrying value of the Group's investment in RHI exceeded its recoverable amount as of December 31, 2022, thus recognized an impairment loss in 2022 amounting to ₱617.0 million (see Note 11).

Coconut processing plant
As at December 31, 2022 and 2021, the Group's coconut processing plant with carrying amount of ₱478.2 million and ₱786.2 million, respectively, remained underutilized. Management assessed this as an indicator of impairment and evaluated the recoverable amount of the property, plant and equipment based on its value-in-use (see Note 12).

In assessing whether there is any indication that an asset may be impaired, the Group considers external and internal sources of information. In 2022 and 2021, with the current sales level, there is downtime in production and the production plant is not fully utilized. Consequently, the Group estimated the recoverable amount of the cash-generating unit (CGU) relating to RSAI. The CGU is composed of working capital and property and equipment used in the operations of RSAI.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2022 and 2021 are as follows:

Discount rate (13% and 11.9% in 2022 and 2021, respectively) - The pretax discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the coconut processing plant's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate in sales (average of 12% year on year) - The growth rate applied is based on the impact of estimated future utilization rate. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT) over the forecast period.

Plant capacity utilization rate (average of 66% year on year) - The utilization rate applied is based on the assumption that the Group is operating in its target capacity.

Gross profit ratio (averaging at 26% and 17% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of gross profit over revenue on its normal capacity.

Operating expenses ratio (averaging at 27% and 10% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of operating expenses over revenue on its historical experience.

EBIT over the forecast period - EBIT forecast after 2027 until the CGU's end of useful life is highly dependent on the forecasted terminal value at 2027.

Management recognizes that future aggressive sales and marketing strategies of the major competitors can have a significant impact on growth rate assumptions.

Based on management's assessment after considering the impact associated with instances of plant breakdown, the recoverable amount of the CGU is lower than the carrying value, thus, an impairment loss amounting to ₱298.0 million and ₱66.0 million in 2022 and 2021, respectively, was recognized in 2022 on the property, plant and equipment used in the coconut production business of the Group. The carrying amount of the CGU's assets amounted to ₱478.2 million and ₱786.2 million as of December 31, 2022 and 2021, respectively (see Note 12).

Anya Resorts Tagaytay
In 2022, the Group noted that there were no indicators of impairment identified for assets related to Anya Resorts Tagaytay (ART Assets), thus no impairment testing was performed. In 2021, management determined that there were indicators of impairment, thus the Group estimated the recoverable amount of the ART Assets.

The recoverable amount has been determined based on the value-in-use calculations using cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of December 31, 2021 are as follows:

Discount rate (10.75% in 2021) - The discount rate applied to the cash flows is based on the risk-free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to ART's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Growth rate (average of 7.5% year on year in 2021) - The growth rate applied is based on the impact of estimated future occupancy rate of ART. The annual projected growth rate is used in the computation of future earnings before interest and taxes (EBIT).

Occupancy rate (averaging at 63.1% over the forecast period in 2021, respectively) - The occupancy rate applied is based on the assumption that ART is operating in its target capacity.

Food and beverage revenue (averaging at 44.6% of total revenue over the forecast period in 2021) - Food and beverage revenue is computed based on the assumption that ART's food and beverage outlets are operating in its target capacity.

Gross profit ratio (averaging at 66.5% over the forecast period in 2021) - Management based the ratio of gross profit over revenue on its historical experience.

Operating expenses ratio (averaging at 24.3% over the forecast period in 2021) - Management based the ratio of operating expenses over revenue on its historical experience.

Salvage value of CGU - The forced sales value of property and equipment in ART as of December 31, 2021, amounting to ₱91.2 million, is assumed to be the salvage values of the CGU.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

Based on management's assessment after considering the impact associated with the COVID-19 pandemic, the recoverable amount of the CGU is higher than the carrying value, thus no impairment loss was recognized on the property and equipment used in the operations of ART with carrying amount of ₱365.2 million and ₱377.4 million as of December 31, 2022 and 2021, respectively (see Note 12).

Go Hotel (Budget Hotel Business)

In 2022 and 2021, management determined that there were indicators of impairment of the assets related to the Budget Hotel Business (Budget Hotel Business Assets) and consequently, the Group estimated the recoverable amount. The CGU is composed of property and equipment, and other operating assets used in the Budget Hotel Business. Each hotel property is considered as a separate CGU in assessing recoverable amount.

The recoverable amount has been determined based on fair value less cost of disposal. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The fair value of the land was estimated by using the Market Approach. The Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach, the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may be also appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analyzed.

The fair value of the improvements was arrived at by using the Cost Approach. The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

The recoverable amount quoted above is a Level 3 valuation under the PFRS 13 hierarchy.

Management determined that the recoverable amount of the Budget Hotel Business Assets is higher than the carrying value, thus no impairment loss was recognized. The total carrying amount of these assets amounted to ₱1,851.0 million and ₱1,817.0 million as of December 31, 2022 and 2021, respectively (see Note 12).

Measurement of retirement liability
The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions determined by management and used by the actuary in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and rates of future salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future years and therefore, generally affect the recognized expense and recorded obligation in such future years.

Retirement liability as at December 31, 2022 and 2021 amounted to ₱42.8 million and ₱88.4 million, respectively. Retirement benefits amounted to ₱12.6 million, ₱15.8 million and ₱15.0 million for the years ended December 31, 2022, 2021 and 2020, respectively (see Note 18).

Assessment of realizability of deferred tax assets
The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Total gross deferred tax assets amounted to ₱89.1 million and ₱123.1 million as of December 31, 2022, and 2021, respectively (see Note 26).

Gross deferred tax assets were not recognized on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT with income tax effect amounting to ₱45.1 million and ₱47.9 million as of December 31, 2022 and 2021, respectively (see Note 26). Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which these deductible temporary difference and carryforward benefits may be utilized.

Determination of provisions and evaluation of contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable (see Note 28).

The Group is involved in various labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized provision for probable losses amounting to ₱2.9 million and ₱3.6 million in 2021 and 2020, respectively (nil in 2022) (see Notes 22 and 28).

6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱3,031**	₱1,377
Cash in banks	**33,099**	62,165
Cash equivalents	**–**	30
	₱36,130	₱63,572

Cash in banks earn an average interest of 0.13% to 2.25% for the years ended December 31, 2022, 2021 and 2020. Cash equivalents are made at varying periods of up to 90 days, depending on the immediate cash requirements of the Group. Cash equivalents earn an average interest of 0.45% to 1.25% for the years ended December 31, 2022, 2021 and 2020, respectively. Total interest income earned from cash in banks and cash equivalents amounted to ₱0.8 million and ₱1.1 million for the years ended December 31, 2022 and 2020, respectively (nil for 2021).

7. Trade and Other Receivables

This account consists of:

	2022	2021
Trade	**₱111,298**	₱92,722
Due from:		
Related parties (Note 20)	**35,849**	45,082
Employees	**11,387**	12,130
Contractors and suppliers	**30,780**	25,086
Others	**58,981**	22,420
	248,295	197,440
Allowance for impairment losses	**(53,194)**	(34,907)
	₱195,101	₱162,533

Trade receivable represents the following:

- Customers' accounts arising from the sale of real estate properties amounting to ₱24.7 million and ₱9.0 million as of December 31, 2022 and 2021, respectively.
- Outstanding individual, corporate and travel agency accounts earned from hotel operations amounting to ₱68.2 million and ₱80.7 million as of December 31, 2022 and 2021, respectively, generally have a 30-day term.

Total interest income on trade and other receivables amounted to ₱9.9 million, ₱7.2 million and ₱11.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Due from officers and employees pertains to noninterest-bearing salary and educational loans that are collected from the employees through salary deduction and advances for business purposes subject to liquidation.

Other receivables, which are normally settled within one year, pertains to nontrade receivables.

Movements of allowance for impairment losses of receivables follow:

	Trade	Due from Related Parties	Others	Total
Balance as at December 31, 2020	**₱12,339**	**₱12,141**	**₱–**	**₱24,480**
Provision	10,427	–	–	10,427
Balance as at December 31, 2021	**22,766**	**12,141**	**–**	**34,907**
Provision	18,287	–	–	18,287
Balance as at December 31, 2022	**₱41,053**	**₱12,141**	**₱–**	**₱53,194**

8. **Real Estate Properties for Sale and Development**

This account consists of:

	2022	2021
Real estate properties for sale	**₱259,144**	₱306,947
Raw land and land improvements for development	**58,777**	87,490
	₱317,921	₱394,437

The movements in real estate properties for sale follows:

	2022	2021
Balances at beginning of year	**₱306,947**	₱311,299
Disposals (cost of real estate sales)	**(53,021)**	(5,948)
Construction/development costs incurred	**5,218**	1,596
Balances at end of the year	**₱259,144**	₱306,947

In 2022 and 2021, the Group sold its raw land with a cost of ₱51.7 million and ₱103.5 million, respectively, to a third party. Total cost of real estate sales amounted to ₱104.7 million, ₱109.4 million and ₱7.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

No provision for impairment loss on real estate properties for sale and development was recognized for the years ended December 31, 2022, 2021 and 2020.

Borrowing costs incurred to finance the development of the Group's real estate projects amounted to ₱0.1 million for the year ended December 31, 2020 (nil for the years ended December 31, 2022 and 2021) were capitalized using the weighted average rates of 6.75% for the year ended December 31, 2020 (nil for the years ended December 31, 2022 and 2021) (see Note 16).

Certain real estate properties for sale and development owned by the Group amounting to ₱359.5 million as at December 31, 2022 and 2021, were used as collateral for the loans availed by RLC (see Note 16).

9. Inventories

Inventories account consists of:

	2022	2021
At cost:		
Finished goods	**₱24,704**	₱58,828
Packaging materials	**6,234**	12,722
Supplies	**261**	5,691
	₱31,199	₱77,241
At NRV - finished goods, net of allowance for inventory write-down amounting to ₱32.1 million and ₱58.7 million as of December 31, 2022 and 2021, respectively	**–**	–
	₱31,199	₱77,241

Cost of inventories carried at NRV amounted to ₱32.1 million and ₱58.7 million as of December 31, 2022 and 2021, respectively.

Cost of inventories charged to cost of goods sold amounted to ₱60.3 million, ₱98.0 million and ₱81.0 million in 2022, 2021 and 2020, respectively.

Rollforward of allowance for inventory write-down as of December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	**₱58,718**	₱56,397
Write-off against allowance	**(26,632)**	–
Additions (reversal)	**–**	2,321
Ending balance	**₱32,086**	₱58,718

10. Other Current and Noncurrent Assets

Other current assets account consists of:

	2022	2021
Creditable withholding taxes	**₱168,573**	₱152,274
Input VAT - current portion	**43,441**	181,067
Prepaid expenses	**34,203**	74,155
Refundable deposits	**3,840**	3,838
Deferred input VAT - current portion	**–**	201
Others	**–**	4,497
	₱250,057	₱416,032

Current input VAT mainly arises from construction of real estate for sale, construction of the hotel and plant buildings and purchases of goods and services for operations.

Prepaid expenses pertain to prepaid rent, insurance, and taxes.

Others consist of advance payments for outside services and other expenses which are normally utilized within one year.

Other noncurrent assets account consists of:

	2022	2021
Input VAT - noncurrent portion	**₱195,771**	₱–
Deferred input VAT - noncurrent portion	**6,285**	29,583
Franchise fee	**5,071**	5,940
Utility deposits	**3,236**	3,020
	₱210,363	₱38,543

Deferred input VAT includes unamortized input VAT from purchases or importation of capital goods, which are depreciable assets for income tax purposes, whose aggregate acquisition in a calendar month exceeds ₱1.0 million and input VAT on unpaid purchase of services.

Franchise fee pertains to RAHC's franchise fee to a third-party hotel chain company for the non-exclusive, non-assignable right to use the proprietary marks and system in connection with the establishment and operation of Go Hotels. The agreement is for 10 years beginning on the opening day of the hotels. Amortization expense amounted to ₱0.9 million for the years ended December 31, 2022, 2021 and 2020.

11. Interests in Other Entities

a. Investments in Associates

The carrying amounts of investments in associates are as follows:

	2022	2021
Associates		
Material associate - RHI and subsidiaries	**₱274,516**	₱871,884
Individually immaterial associates	**150,820**	150,820
	₱425,336	₱1,022,704

Movements in investments in associates follow:

	2022	2021
Associates		
Acquisition cost:		
Balance at beginning and end of year	**₱2,167,054**	₱2,167,054
Accumulated equity in net losses:		
Balance at beginning of year	**(1,388,258)**	(1,205,046)
Equity in net losses	**(184,243)**	(183,212)
Balance at end of year	**(1,572,501)**	(1,388,258)
Unrealized loss on transfer of land -		
Balance at beginning and end of year	**(59,030)**	(59,030)
Other comprehensive income:		
Balance at beginning of year	**318,171**	261,584
Share in appraisal increase in land, net of tax	**199,617**	42,206
Share in remeasurement gain (loss) on retirement liability, net of tax	**4,243**	14,381
Balance at end of year	**522,031**	318,171
	1,057,554	1,037,937
Allowance for impairment loss		
Balance at beginning of year	**(15,233)**	(15,233)
Impairment loss	**(616,985)**	–
Balance at end of year	**(632,218)**	(15,233)
	₱425,336	₱1,022,704

The following Philippine-incorporated and domiciled companies are the associates of the Group:

	Percentage of Ownership		
	2022	2021	Description of Business
RHI and subsidiaries**	**23.05**	23.05	Production and selling of sugar and related products
Roxaco-ACM Development Corporation (RADC)*	**50.00**	50.00	Real estate
Fuego Land Corporation (FLC)*	**30.00**	30.00	Real estate
Fuego Development Corporation (FDC)*	**30.00**	30.00	Real estate
Club Punta Fuego, Inc. (CPFI)*	**25.00**	25.00	Social recreational and athletic activities

* *Effective ownership through RLC.*
***Accounting period ends September 30 of every year due to seasonality of its business. For purposes of the Group's consolidation, RHI and subsidiaries report their financial statements from January 1 to December 31.*

No allowance for impairment loss were provided for investments in CPFI, RADC and FLC in 2022, 2021 and 2020.

RHI and Subsidiaries
In November 2013, RCI sold 31% of its equity interest in RHI to First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company but remained the single biggest shareholder with 36% equity interest in RHI until January 2015.

In February 2015, RCI's equity interest in RHI was diluted from 36% to 31% as a result of the acquisition of RHI's 241.8 million treasury shares by First Agri Holdings Corporation, a subsidiary of First Pacific.

RCI's equity interest in RHI was further diluted from 31% to 23% as a result of its non-participation in the exercise of Stock Rights Option (SRO) in May 2016 and the conversion of RHI's debt securities into 125 million common shares in July 2017.

Reconciliation of proportionate share in net assets of RHI and subsidiaries and investment carried at equity method:

	2022	2021
Proportionate share on the net assets of the associate	**₱1,167,951**	₱1,143,501
Fair value adjustments*	**(276,450)**	(271,617)
Carrying value of investment at equity method	**891,501**	871,884
Impairment loss	**(616,985)**	–
	₱274,516	₱871,884

**Difference in proportionate share on net assets of the associate versus fair value upon deconsolidation and deemed disposal; investment in RHI was adjusted to reflect its fair value at the time of deconsolidation and deemed disposal*

Summarized financial information of material associate are as follows:

	RHI and Subsidiaries*	
	2022	2021
Current assets	**₱1,580,086**	₱2,656,550
Noncurrent assets	**12,216,092**	11,472,656
Current liabilities	**3,291,778**	2,600,395
Noncurrent liabilities	**6,334,677**	6,492,224
Net assets	**4,169,723**	5,036,587
Revenue	**10,533,032**	4,953,114
Net income (loss)	**(799,319)**	(895,024)
Other comprehensive income (loss)	**85,107**	245,497
Total comprehensive income (loss)	**(714,212)**	(649,527)

Summarized information of individually immaterial associates are as follows:

	CPFI, FLC and FDC	
	2022	2021
Net income (loss)	**₱2,059**	(₱2,087)
Other comprehensive income (loss)	**11,342**	(3,204)
Total comprehensive income (loss)	**13,401**	(5,291)

There are no significant restrictions on the ability of the associates to transfer funds to the Parent Company in the form of cash dividends and repayment of loans, among others.

b. Subsidiary with Material Non-controlling Interest

On April 13, 2016 (date of acquisition), RLC made an additional investment of ₱61.0 million that increased the equity interest of the Group in RAHC from 50% to 51%. On the same date, certain provisions of the Shareholder's Agreements were amended, particularly increasing RLC's BOD representation in RAHC from two to three out of the five directors to obtain control over RAHC. Consequently, RAHC became a subsidiary from said date, resulting to a gain from step up acquisition amounting to ₱6.9 million. RAHC's principal place of business is located at 7F Cacho Gonzales Bldg., 101 Aguirre Street, Legazpi Village, Makati City.

The non-controlling interest in RAHC amounted to ₱270.9 million, which was measured based on proportionate fair value of net assets of RAHC as at the date of acquisition.

Subsequently, on May 25, 2016, and September 1, 2016, RLC made additional investments amounting to ₱51.0 million and ₱41.0 million, respectively, maintaining the same equity interest in RAHC.

On December 3, 2013, RLC entered into a Shareholders Agreement with VH Select Investments (Phil) Pte. Ltd (VH Select) to form a joint venture company, Roxaco-Vanguard Hotel Corporation (RVHC) primarily to build and manage a minimum of five budget hotels under the "Go Hotels" brand through a franchise agreement with Robinsons Land. In April 2016, RLC increased its equity interest in RVHC to 51% to obtain control over RVHC and become its subsidiary.

In October 2016, the first Go Hotel at the Manila Airport Road started commercial operations. Thereafter, North EDSA, Cubao, Ermita, and Timog sites opened for operations in February, April, June and October 2017, respectively.

In April 2018, VH Select Investments sold its shares in RVHC to Asia Hospitality Private Capital Ltd. Singapore to become RLC's new JV partner. Consequently, the corporate name was changed from RVHC to Roxaco-Asia Hospitality Corporation (RAHC) and was approved by the SEC in October 2018. In August 2018, RAHC appointed Anya Hospitality Group, the hotel management arm of RLC to manage the five Go Hotels.

The financial information of RAHC is not required to be disclosed as indicated in PFRS 12, *Disclosure of Interests in Other Entities* considering that the portion of RAHC is classified as asset held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

In December 2019, RAHC entered into an Agreement to Sell its GoHotel Cubao site costing ₱374.0 million for ₱411.0 million to reduce debt and improve profitability. GoHotel Cubao was subsequently sold to a certain buyer in January 2020 (see Note 25).

In November 2020, RAHC entered into an Agreement to Sell a certain Go Hotel site with net book value of ₱606.2 million to reduce debt and improve profitability. However, in 2021, although the property is readily available for sale, it did not meet all the criteria in PFRS 5, specifically that the sale is not expected to be completed within one year.

In December 2022, the BOD approved again the plan to sell properties of a certain GoHotel site in which the proceeds from the sale will be used to reduce the overall financial liability and debt of the Group (see Note 25).

12. Property, Plant and Equipment

Details and movements of the property, plant and equipment carried at cost follows:

	December 31, 2022						
	Buildings and Improvements	**Machinery and Equipment**	**Land Improvement**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**
Cost							
Balance at beginning of year	**₱1,950,950**	**₱708,503**	**₱49,824**	**₱21,050**	**₱154,769**	**₱21,554**	**₱2,906,650**
Additions	**4,902**	**7,900**	**–**	**1,595**	**5,883**	**–**	**20,280**
Disposals	**–**	**(182)**	**–**	**–**	**–**	**–**	**(182)**
Reclassification to assets held for sale (Note 25)	**(292,686)**	**(7,541)**	**–**	**–**	**(2,444)**	**–**	**(302,671)**
Balance at end of year	**1,663,166**	**708,680**	**49,824**	**22,645**	**158,208**	**21,554**	**2,624,077**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**202,887**	**154,040**	**11,418**	**16,932**	**106,990**	**–**	**492,267**
Depreciation and amortization	**41,901**	**26,204**	**3,974**	**2,003**	**13,860**	**–**	**87,942**
Assets held for sale (Note 25)	**(6,315)**	**(4,225)**	**–**	**–**	**(1,900)**	**–**	**(12,440)**
Balance at end of year	**238,473**	**176,019**	**15,392**	**18,935**	**118,950**	**–**	**567,769**
Accumulated Impairment Loss							
Balance at beginning of year	**34,738**	**72,199**	**–**	**–**	**–**	**–**	**106,937**
Impairment loss (Note 5)	**96,804**	**201,196**	**–**	**–**	**–**	**–**	**298,000**
Balance at end of year	**131,542**	**273,395**	**–**	**–**	**–**	**–**	**404,937**
Net Book Value	**₱1,293,151**	**₱259,266**	**₱34,432**	**₱3,710**	**₱39,258**	**₱21,554**	**₱1,651,371**

	December 31, 2021						
	Buildings and Improvements	Machinery and Equipment	Land Improvement	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost							
Balance at beginning of year	₱1,636,739	₱699,266	₱ 49,824	₱19,120	₱113,287	₱3,687	₱2,531,923
Additions	269	9,237	–	1,930	5,822	7,867	25,125
Reclassification from assets held for sale (Note 25)	313,942	–	–	–	35,660	–	349,602
Balance at end of year	1,950,950	708,503	49,824	21,050	154,769	21,554	2,906,650
Accumulated Depreciation and Amortization							
Balance at beginning of year	133,858	138,096	7,444	15,210	41,598	–	336,206
Depreciation and amortization	40,985	15,944	3,974	1,722	43,299	–	105,924
Depreciation of property and equipment previously classified as assets held for sale (Note 25)	28,044	–	–	–	22,093	–	50,137
Balance at end of year	202,887	154,040	11,418	16,932	106,990	–	492,267
Accumulated Impairment Loss							
Balance at beginning of year	13,288	27,649	–	–	–	–	40,937
Impairment loss (Note 5)	21,450	44,550	–	–	–	–	66,000
Balance at end of year	34,738	72,199	–	–	–	–	106,937
Net Book Value	₱1,713,325	₱482,264	₱38,406	₱4,118	₱47,779	₱21,554	₱2,307,446

Land at appraised values and had it been carried at cost are as follows:

	2022	2021
At appraised values (see Note 30):		
Balance at beginning of year	**₱871,662**	₱549,922
Appraisal increase	**60,882**	14,995
Reclassification to assets held for sale (Note 25)	**(312,133)**	306,705
Balance at end of year	**₱620,411**	₱871,662
At cost		
Balance at beginning of year	**₱450,143**	₱199,080
Reclassification to assets held for sale (Note 25)	**(251,063)**	251,063
Balance at end of year	**₱199,080**	₱450,143

Certain assets were mortgaged and used as collateral, totaling ₱3,035.7 million as of December 31, 2022 and 2021, to secure the loan obligations of the RSAI and RAHC with the local banks as at December 31, 2022 and 2021 (see Note 16).

Impairment
In 2022 and 2021, impairment losses amounting to ₱298.0 million and ₱66.0 million were recognized on the property and equipment used in the coconut production business of the Group with carrying amount of ₱478.2 million and ₱786.2 million as of December 31, 2022 and 2021, respectively. Further, there was no impairment loss recognized for the hotel assets in 2022 and 2021 with carrying value of ₱2,216.2 million and ₱2,194.4 million as of December 31, 2022 and 2021, respectively (see Notes 5 and 22).

Write-off
In 2020, RGEC wrote off its land improvements amounting to ₱54.4 million relating to its registration fees, down payment to contractors, and surveys for the area, among others (see Notes 5 and 22).

13. **Right-of-Use Assets and Lease Liabilities**

The Group as a lessee
The Group has lease contracts for sales office, herb garden and hotel suites used in its operations. Leases of sales office generally have lease terms between 1 and 3 years, while herb garden and hotel suites generally have lease terms of 5 and 25 years, respectively. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of office space for hospitality group with lease terms of 12 months or less and leases of dishwashing machine and house for an expatriate with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this account follows:

	2022			
	Hotel Suites	**Sales Office**	**Herb Garden**	**Total**
Cost				
At December 31, 2022 and 2021	**₱161,454**	**₱337**	**₱384**	**₱162,175**
Accumulated Depreciation and Amortization				
At December 31, 2021	**136,135**	**337**	**310**	**136,782**
Depreciation and amortization (Note 22)	**23,168**	**–**	**74**	**23,242**
At December 31, 2022	**159,303**	**337**	**384**	**160,024**
Net Book Value	**₱2,151**	**₱–**	**₱–**	**₱2,151**

	2021			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2021 and 2020	₱161,454	₱337	₱384	₱162,175
Accumulated Depreciation and Amortization				
At December 31, 2020	90,436	225	197	90,858
Depreciation and amortization (Note 22)	45,699	112	113	45,924
At December 31, 2021	136,135	337	310	136,782
Net Book Value	₱25,319	₱–	₱74	₱25,393

The following are the amounts recognized in the consolidated statements of income:

	2022	2021	2020
Depreciation expense of right-of-use assets (included in cost and expenses) (Note 22)	**₱23,242**	₱45,924	₱45,925
Interest expense on lease liabilities	**1,485**	4,717	7,568
Rent concession (Note 24)	**–**	–	(23,569)
Expenses relating to short-term leases (included in cost of goods sold) (Note 22)	**22,263**	1,493	1,234
Expenses relating to short-term and low-value asset leases (included in operating expenses) (Note 22)	**2,469**	1,427	1,950
	₱49,459	₱53,561	₱33,108

The roll forward analysis of lease liabilities follows:

	2022	2021
At January 1	**₱40,822**	₱86,543
Interest expense	**1,485**	4,717
Payments	**(39,510)**	(50,438)
At December 31	**₱2,797**	₱40,822

The Group applied has applied the practical expedient to all the COVID-19 related rent concessions that met the conditions. In 2020, The Group's lease payments for six months during the temporary closure of Anya Resorts Tagaytay were waived. The Group assessed the waiver of lease payments as a direct consequence of the COVID 19 pandemic and consequently elected the waiver as not a lease modification from the lessor. The Group accounted for the waiver of lease payments as a negative variable lease and accordingly recorded ₱23.6 million in 2020 as part of "Other Income (Charges)" in the consolidated statements of income (see Note 24).

The breakdown of lease liabilities as at December 31, 2022 and 2021 follows:

	2022	2021
Lease liabilities	**₱2,797**	₱40,822
Less: noncurrent portion of lease liabilities	**–**	2,766
Current portion of lease liabilities	**₱2,797**	₱38,056

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. Payments of yield guarantees under the leaseback program agreement of the Group with various buyers of Anya Resort Suites qualify as leases under PFRS 16 and are considered as leases of hotel suites.

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within 1 year	**₱3,003**	₱39,541
More than 1 year to 2 years	**–**	3,003
More than 2 years	**–**	–

14. **Investment Properties**

Rollforward of investment properties:

	2022	2021
Balance at beginning of year	**₱7,178,849**	₱6,609,172
Changes in fair value (Note 19)	**2,120,019**	766,480
Disposals (Note 9)	**(13,801)**	(196,803)
Reclassification to asset held for sale	**(31,755)**	–
Balance at end of year	**₱9,253,312**	₱7,178,849

a. This account consists of land properties of the Parent Company and RSAI located in Nasugbu, Batangas, which are held either to earn rentals and/or for capital appreciation amounting to ₱9,253.3 million and ₱7,178.8 million as of December 31, 2022 and 2021, respectively. Unrealized fair value gain recognized on these investment properties amounted to ₱2,120.0 million and ₱766.5 million for the years ended December 31, 2022 and 2021, respectively.

   The Parent Company's investment properties include land properties that are subjected to the CARP with total land area of 2,493.6 hectares amounting to ₱8,490.9 million (see Note 28). As of December 31, 2022 and 2021, these parcels of land have a carrying value of ₱8,490.9 million and ₱6,034.9 million, representing 94% and 84% of the total investment properties, respectively.

b. The Parent Company sold its investment properties with carrying value of ₱13.8 million for ₱43.9 million resulting to a gain of ₱30.0 million in 2022 and investment properties costing ₱0.6 million for ₱3.8 million resulting to a gain of ₱3.2 million in 2021 (see Note 24).

In February 2021, the Group sold its land classified as investment property with a carrying amount of ₱102.0 million to a third party for ₱392.8 million resulting to a gain of ₱290.8 million.

On December 9, 2022, the BOD announced its decision to sell parcels of land classified as investment property with carrying value of ₱31.7 million. As of December 31, 2022, the Group presented this as asset held for sale.

c. As at December 31, 2022 and 2021, the fair value of investment properties, including land properties subjected to the CARP, are based on the appraised values of the properties as at December 31, 2022, as determined by a professional qualified independent and SEC-accredited appraiser. The fair value measurement for investment properties has been categorized under Level 3, which was determined by using the Sales Comparison Approach that disregards all existing liens and encumbrances and appraises the properties as though free and with clean titles. Such approach is a comparative approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such as size, location, time, and shape (see Note 30).

d. The Philippine SEC, in its letter dated January 26, 2011, to the Parent Company, approved the change in the accounting measurement of investment properties of the Parent Company, including land properties subjected to the CARP, from cost to fair value method and the transfer of the debit balance in the "Other equity reserve" to deficit. The debit balance in the "Other equity reserve" amounting to ₱4.0 billion in 2009 resulted from the excess of the considerations received over the net assets acquired arising from the merger of CADPGC and Roxas & Company, Inc., the parent company of CADPGC, which was absorbed and liquidated (see Note 19). The Philippine SEC approved the foregoing accounting treatment on the basis of the facts and circumstances provided by the Parent Company.

e. Certain investment properties with carrying value of ₱956.5 million as of December 31, 2022 and ₱400.8 million as of December 31, 2021, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

15. **Short-term Borrowings**

This account represents unsecured and secured short-term loans obtained from various local banks for the Group's working capital requirements amounting to ₱100.0 million and ₱249.8 million as of December 31, 2022 and 2021, respectively; payable within 30 to 180 days. These loans bear an annual interest ranging from 4.50% to 9.75% for the years ended December 31, 2022, 2021 and 2020.

In September 2021, RSAI was able to secure ₱100.0 million from the Development Bank of the Philippines for its working capital requirements, which will mature in July 2022. This loan bears an annual interest of 7.50% for the year ended December 31, 2021. The loan was secured by a parcel of land with an appraised value of ₱52.0 million and purchase orders of customers. RSAI is in the process of restructuring and negotiating its DBP loan.

The Group has availed of the following reliefs and renegotiated the terms of its existing loan agreements with its lenders as follows:

- In September 2020, the Group received the full support of its creditor banks which recently approved to grant up to three years additional grace period for the repayment of ₱2.6 billion of the Group's debts (see Note 16). Bank debts with recently approved repayment terms include BPI short-term borrowings amounting to ₱702.2 million and AUB short-term borrowings amounting to ₱188.5 million.
- In September 2020, RCI and RLC converted its short-term loan facility from BPI amounting to ₱474.5 million and ₱227.7 million, respectively, into a three-year medium-term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (see Note 16), and additional collateral as may be agreed upon.
- In September 2020, RLC converted its short-term loan facility with AUB amounting to ₱188.5 million into a medium-term loan which bears fixed interest rate of 6% per annum. Principal amounts are payable monthly which will start in December 2020 until its maturity date on July 30, 2023. This loan facility is partially secured by RCI's 50.0 million treasury shares. RLC is in the process of restructuring this AUB loan.

Based on the Group's assessment, these modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱51.7 million (see Note 24). See Note 16 for the discussion of the modification of the long-term loans.

Interest expense arising from short-term borrowings amounted to ₱5.5 million, ₱9.2 million and ₱54.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

16. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	2022	2021
Bank of the Philippine Islands (BPI)	**₱1,324,744**	₱1,372,203
Robinsons Bank Corporation (RBC)	**752,887**	754,285
United Coconut Planters Bank (UCPB)	**683,000**	472,154
Amalgamated Investment Bancorporation	**370,000**	370,000
China Bank Corporation (China Bank)	**194,781**	185,714
Asia United Bank (AUB)	**182,500**	182,500
BDO Unibank, Inc.	**64,000**	80,000
East West Banking Corporation (EWBC)	**1,497**	–
Total long-term borrowings	**3,573,409**	3,416,856
Current portion	**(1,190,012)**	(2,210,413)
Noncurrent portion	**2,383,397**	1,206,443
Long-term borrowings attributable to asset disposal group	**(369,939)**	–
Noncurrent portion - net of liabilities from discontinued operations	**₱2,013,458**	₱1,206,443

	2022	2021
RAHC	**₱1,377,548**	₱1,368,573
RCI	**851,595**	855,964
RLC	**661,266**	720,165
RSAI	**683,000**	472,154
	₱3,573,409	₱3,416,856

Loans of RAHC
The bank loans are classified as follows:

	2022	2021
Current portion	**₱610,238**	₱1,368,573
Noncurrent portion	**767,310**	–
	₱1,377,548	₱1,368,573

In September 2016, RAHC converted its short-term loan facility from BPI amounting to ₱628.0 million into term loan facility for Go Hotel North EDSA and Cubao. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2023.

In February 2020, RAHC settled loans amounting to ₱295.0 million.

In May 2017, RAHC converted another short-term loan facility from BPI amounting to ₱460.0 million into term loan facility for the development of GoHotel Timog. The loan bears variable interest rate for the first two years and fixed interest rate for the succeeding five years until maturity. Principal amount is payable quarterly after the two-year grace period for seven years until 2024.

In September 2017, RAHC entered into a ten-year term loan facility with Robinsons Bank Corporation amounting to ₱330.0 million to take out existing loan with BDO which funded the development of GoHotel Manila Airport Road and for general working capital purposes. The loan bears minimum interest rate of 3.75% for the first two years and indicative interest of 6% for the succeeding years until maturity. Principal amount is payable quarterly after the two-year grace period for eight years until 2027.

In September 2019, RAHC obtained a ten-year term loan from RBC amounting to ₱450.0 million to take out the BDO loan which funded the development of GoHotel Ermita and for general working capital purposes. Principal amount is payable quarterly after the two-year grace period for eight years until 2029.

As of December 31, 2019, ₱200.0 million outstanding loans of GoHotel Cubao has been transferred to the net balance of the liabilities held for sale. The loan was paid in 2020 upon sale of Go Hotel Cubao (see Note 25).

The loan facilities are secured by RAHC's properties amounting to ₱2,165.5 million and ₱2,077.2 million as at December 31, 2022 and 2021, respectively.

Loan of RLC
The bank loan is classified as follows:

	2022	2021
Current portion	**₱472,053**	₱535,346
Noncurrent portion	**189,213**	184,819
	₱661,266	₱720,165

On September 30, 2016, RLC obtained a new loan from BPI, with RCI as the co-mortgagor, amounting to ₱500.0 million. The loan bears variable interest rate and is repriced every quarter. Principal amount is payable quarterly for five years until 2023 with the first payment payable after two years from the release of the loan.

As at December 31, 2022 and 2021, the loan from BPI is secured by RLC's real estate properties for sale and development amounting to ₱359.5 million (see Note 8) and certain properties of the Parent Company.

In September 2019, RLC converted its short-term loan facility with China Bank amounting to ₱200.0 million into a 5-year term loan including a 1-½ year grace period. The loan bears variable interest rate and repriced quarterly. Principal amount is payable quarterly until 2024.

As at December 31, 2022 and 2021, the RLC loan is secured by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company (amounts in thousands) as follows:

	2022	2021
Shares of stock of RHI (356.5 million as at 2022 and 299.6 million as at 2021)	**₱274,515**	₱311,594
Real estate properties for sale and development of RLC (Note 8)	**196,000**	196,000
RCI treasury shares (120.0 million as at 2022 and 2021)	**78,000**	78,000
	₱548,515	₱585,594

Loan of RCI
The bank loans are classified as follows:

	2022	2021
Current portion	**₱477,661**	₱613
Noncurrent portion	**373,934**	855,351
	₱851,595	₱855,964

In September 2020, the Parent Company converted its short-term loan facility from BPI amounting to ₱474.5 million into a three-year medium-term loan which bears variable interest rate. Principal repayments bullet on maturity in the year 2023. This loan facility is secured (via Cross Collateral Agreement) by real estate mortgages and pledge over RHI shares of stock owned by the Parent Company and additional collateral as may be agreed upon.

In March 2021, RCI entered into a Restructuring and Financing Agreement with Amalgamated Investment Bancorporation (AIB) whereas the parties have agreed to restructure the subscription and the short term loan as follows: a) RCI as the Borrower shall secure a loan from AIB as Lender in the total amount of ₱370.0 million (the Loan); and b) the proceeds of the Loan shall be used by RCI to redeem 300 million preferred shares and fully paid the short term loan. The loan bears an interest rate equivalent to the a) higher of 7% per annum or b) one-year Base Rate plus an interest spread of 2.5% to be determined annually on each Interest Rate Setting Date. "Repayment Date" shall mean the date when the principal amount of the Loan is required to be paid, which shall be five (5) years from the Borrowing Date; provided that if such date falls on a non-Banking Day, the Repayment Date shall be the next following Banking Day, unless the result of such extension would be to carry the Repayment Date into another calendar month, in which event the Repayment Date shall be on the immediately preceding Banking Day.

Loan of RSAI

The bank loans are classified as follows:

	2022	2021
Current portion	**₱–**	₱305,881
Noncurrent portion	**683,000**	166,273
	₱683,000	₱472,154

On June 1, 2017, RSAI converted its short-term loan facility from UCPB amounting to ₱500.0 million into a term loan. Principal amounts are payable quarterly after the two-year grace period for seven years until 2024.

The loan facility is secured by RSAI's coconut processing plant amounting to ₱478.0 million and ₱786.2 million as at December 31, 2022 and 2021, respectively (see Note 12).

Loan restructuring in 2022:

RLC

China Bank

In November 2022, RLC restructured the medium-term loan with China Bank with the balance of ₱185.7 million for 9 years with one year grace period on the payment of interest and about 3 years on the payment of principal at 7% interest per annum, subject to yearly repricing. Payment of interest commenced in February 2023.

RAHC

Robinsons Bank

In November 2022, RAHC restructured Term Loan 1 and 2 with the balances of ₱450.0 million and ₱288.8 million, respectively, into a new Term Loan 3, for a total amount of ₱778.2 million including capitalized interest of ₱39.4 million. The loan has tenor of 81 months, maturing on September 30, 2020. Interest rate is at prevailing market rate, repriceable annually.

RSAI

Land Bank (formerly with UCPB)

In November 2022, RSAI restructured ₱683.0 million loans with Land Bank, inclusive of the ₱60.8 million capitalized interest and other charges. The tenor of loan is 7 years inclusive of six months grace period at 8% interest per annum fixed for one year and subject to semi-annual repricing.

Loan restructuring in 2020

RCI

BPI Loan

BPI and RCI signed a Medium-Term Loan Agreement and converted the short-term loan to medium term loan ₱474.5 million which will mature in August 2023. The principal payment of the loan will be due at maturity. Interest payment will be due annually.

RLC

BPI Loan

Short term loan amounting to ₱228.0 million was converted to medium term loan with a corresponding increase in interest rate from 6.25% to 7.5%. The principal payment of the loan will be due at maturity. Interest payment will be due semi-annually. The loan is due in August 2023.

For the outstanding long term loan amounting to ₱329.2 million, the principal payment was changed from quarterly payment to bullet payment and is due in July 2023. A payment of ₱280.0 million was made in February 2021 from sale of properties. Total unpaid borrowings to BPI amounted to ₱225.6 million and ₱272.0 million as at December 31, 2022 and 2021, respectively.

AUB

Short-term loan amounting to ₱188.5 million is converted to 3-year term loan maturing in July 2023. Interest rate is reduced from 7.5% to 6.0%.

BDO

Short-term loan amounting to ₱80.0 million is converted to 3-year term loan maturing in June 2024. Interest rate is at 5.5%.

RAHC

BPI Loan

BPI and RAHC signed an amendment to terms and condition of the Loan Agreement for the ₱610.0 million loan balance in December 2021. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. Interest payment was likewise amended from quarterly to semi-annually. The bank required RAHC to maintain debt to equity ratio of 3:0. As of December 31, 2022, RAHC did not meet the required debt to equity ratio, thus, the outstanding loan amounting to ₱610.2 million is classified as current liability.

RBCs Loan

a) Term Loan 1

In June 2020, the bank granted additional grace period for the loan payment amortization, to begin March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

b) Term Loan 2

In June 2020, the bank granted additional grace period from the last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to repricing. The interest will be payable semi-annually.

Based on the Group's assessment, these modifications in the contractual cash flows were not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification loss recognized in the 2020 consolidated statement of income as a result of these modifications amounted to ₱35.7 million (see Notes 15 and 24).

Interest Expense
Total interest expense incurred amounted to ₱256.9 million, ₱206.9 million and ₱222.4 million for the years ended December 31, 2022, 2021 and 2020, respectively. Details of interest expense, net of capitalized borrowing costs follow:

	2022	2021	2020
Long-term borrowings	**₱255,439**	₱205,334	₱167,802
Short-term borrowings (Note 15)	**1,498**	1,598	54,575
	256,937	206,932	222,377
Capitalized borrowing costs	**–**	–	(85)
	₱256,937	₱206,932	₱222,292

Borrowing costs incurred to finance the development of the Group's real estate projects were capitalized using a weighted average rate of 6.75% for the year ended December 31, 2020 (see Note 8).

Loan Covenants

RLC
The long-term borrowings of the Parent Company and RLC are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0 and 1.10:1.0, respectively, and debt to equity (D/E) ratio of not more than 0.75:1.00.
- prohibition on sale, lease, transfer, or otherwise disposal of any of its properties and assets, or its existing investments therein.
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top-level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders.

In 2022 and 2021, RLC is required to maintain the maximum D/E ratio of 3.0 for BPI loans. As of December 31, 2022 and 2021, RLC has not met the D/E ratio requirement on its term loan and the loans were classified to current liability.

RAHC
The significant covenants attached to the borrowings of RAHC include the following restrictions:

BPI

- Maintenance of debt service coverage ratio (DSCR) of at least 1.0:1.0, and debt to equity (D/E) ratio of not more than 3.00:1.00.
- Materially change the character of its business from that being carried on at a date of agreement.
- Materially change ownership or control of its business or its capital stock or its composition of top-level management.
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable.
- Declare or pay dividends to its stockholders or partners upon the occurrence of an event of default.

- Sell, lease, transfer, or otherwise dispose of all or substantially all its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons.
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business.
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans.
- Incur any long-term loan or increase its borrowings or re-avail of existing facilities with other bank or financial institutions, except for working capital requirement.
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business. and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

In September 2020, BPI and RAHC signed an amendment in terms and condition to the loan agreement. The agreement amended the quarterly amortization of principal to bullet payment at the maturity of the loan. The interest payment was likewise amended from quarterly to semi-annually.

The bank also approved the elimination of the DSCR requirement but maintained the maximum D/E ratio of 3.0. As of December 31, 2022, RAHC did not meet the required debt to equity ratio, thus, the outstanding loan amounting to ₱610.2 million is classified as current liability.

RBC

- Materially change the character of its business from that being carried on at the date of the loan agreement.
- Materially change ownership or control of its business or its capital stock or in the composition of its top-level management.
- Secure indebtedness by or to benefit of any lien, unless the benefit of such lien is at the same time extended equally and ratably to secure the payment of principal, interest, and other sums payable.
- Sell, lease, transfer, or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge with any other person or acquire all or substantially all of the properties or assets of any other persons.
- Extend loans, advances or subsidies to any corporation or entity owned or in which it may have equity other than advances in the ordinary course of business.
- Extend loans or advances to any of its directors, officers, or stockholders except duly approved employee benefit loans.
- Act as guarantor or surety for any obligation of any person unless in ordinary course of business.
- Invest in bonds and similar securities in any company or enterprise; and
- Undertake nor incur any capital expenditure or purchase of capital equipment or other fixed assets outside ordinary course of business.

a) Term Loan 1 amounting to ₱450.0 million

   In June 2020, the bank granted additional grace period for loan payment amortization, to begin in March 2023. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi-annually.

b) Term Loan 2 amounting to ₱420.0 million

This is to bridge finance loan the term loan 1. Interest rate is based on the prevailing mandated lending rate which is payable quarterly in arrears subject to quarterly re-pricing. Upon maturity, this is to be paid by the approved term loan 1.

In June 2020, the bank granted additional grace period from date of last amortization. The original loan maturity was retained. The deferred loan amortization due to additional grace period will be due at maturity via bullet payment. Interest will be based on the prevailing mandated lending rate, subject to semi-annual repricing. The interest will be payable semi- annually.

As of December 31, 2021, RAHC has not met the D/E ratio requirements on its term loan thus the loan was classified as current liability. In 2022, the restructured loan has no required D/E ratio.

Maturities
The maturities of the long-term borrowings are as follows:

	2022	2021
Less than one year	**₱1,190,012**	₱2,210,413
Between one and two years	**30,000**	731,805
Between two and five years	**1,130,572**	474,638
Over five years	**852,886**	–
	₱3,203,470	₱3,416,856

Change in Liabilities Arising from Financing Activities

	2022				
	Lease liabilities (Note 13)	**Short-term borrowings (Note 15)**	**Long-term borrowings**	**Accrued Interest**	**Total**
Balance at beginning of year	**₱40,822**	**₱249,816**	**₱3,416,856**	**₱118,233**	**₱3,825,727**
Availment	–	–	**6,737**	–	**6,737**
Interest expense on accretion of lease liability	**1,485**	–	–	–	**1,485**
Interest incurred on borrowings	–	–	–	**256,937**	**256,937**
Payment of interest on borrowings	–	–	–	**(223,646)**	**(223,646)**
Principal payments	**(39,510)**	–	–	–	**(39,510)**
Reclassification from short-term to long-term	–	**(149,816)**	**149,816**	–	–
Transferred to liabilities directly associated with the asset held for sale	–	–	**(369,939)**	–	**(369,939)**
Balance at end of year	**₱2,797**	**₱100,000**	**₱3,203,470**	**₱151,524**	**₱3,457,791**

	2021				
	Lease liabilities (Note 13)	Short-term borrowings (Note 15)	Long-term borrowings	Accrued Interest	Total
Balance at beginning of year	₱86,543	₱313,641	₱2,921,999	₱51,283	₱3,373,466
Availment	–	99,816	–	–	99,816
Interest expense on accretion of lease liability	4,717	–	–	–	4,717
Interest incurred on borrowings				235,644	235,644
Payment of interest on borrowings	–	–	–	(168,694)	(168,694)
Principal payments	(50,438)	–	(36,075)	–	(86,513)
Reclassification from short term to long-term	–	(163,641)	163,641	–	–
Debt transaction costs	–	–	(5,090)	–	(5,090)
Transferred from assets held for sale	–	–	372,381	–	372,381
Balance at end of year	₱40,822	₱249,816	₱3,416,856	₱118,233	₱3,825,727

17. Trade and Other Payables

This account consists of:

	2022	2021
Trade	**₱317,893**	₱342,866
Accrued expenses	**242,092**	178,555
Due to related parties (Note 20)	**187,386**	126,182
Accrued interest	**151,524**	118,233
Statutory payables	**113,091**	53,021
Retention payable	**67,529**	68,057
Payroll and other employee benefits	**25,465**	26,623
Dividends (Note 19)	**21,921**	21,921
Payables to contractors	**17,655**	25,719
Others	**40,944**	52,322
	₱1,185,500	₱1,013,499

Trade payables are noninterest-bearing and are generally settled within 30 days.

Accrued expenses consist principally of accruals for purchase of goods and services such as utilities, freight and handling and repairs and maintenance.

Retention payable pertains to amounts withheld on payments made to contractor's equivalent to 10% of the amount billed. The amounts withheld will be remitted to the contractors upon successful completion of the related projects and acceptance by the Group.

Payables to contractors pertain to liabilities for the services rendered for the construction of the coconut plant facility.

Statutory payables and other payables are noninterest-bearing and are normally settled throughout the year. Others pertain to titling payable, rental of office, utilities, sales commission payable which are noninterest-bearing and are normally settled within one year.

18. **Retirement Benefits**

The Group has an unfunded, noncontributory defined benefit retirement plan based on the minimum amount required by law, covering its permanent employees. Retirement benefits costs and contributions are determined in accordance with an actuarial study and are based on years of service and the employee's final covered compensation.

Under the existing regulatory framework, Republic Act 7641, *The 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 employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Retirement Benefits

The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2022	2021	2020
Current service cost	**₱9,136**	₱11,502	₱12,080
Net interest cost	**3,510**	4,340	3,315
Settlement gain	**–**	–	(429)
	₱12,646	₱15,842	₱14,966

Retirement Liability

Retirement liability recognized in the consolidated statements of financial position follows:

	2022	2021
Present value of obligation	**₱46,528**	₱95,540
Fair value of plan assets	**(3,711)**	(7,107)
	₱42,817	₱88,433

	2022	2021
Balance at beginning of year	**₱95,540**	₱79,698
Current service cost	**9,136**	11,502
Interest cost	**3,510**	4,340
Actuarial loss (gain) on DBO due to:		
Experience adjustments	**(44,113)**	–
Changes in financial assumptions	**(17,545)**	–
Balance at end of year	**₱46,528**	₱95,540

Movements in the fair value of plan assets for the years ended December 31, 2022 and 2021 follow:

	2022	2021
Balance at beginning of year	**₱7,107**	₱6,609
Interest income	**220**	350
Return on plan assets, excluding amounts included in interest income	**(3,616)**	148
Balance at end of year	**₱3,711**	₱7,107

Plan assets of the Group as at both December 31, 2022 and 2021 consist of:

	2022	2021
Cash in banks and cash equivalents	**7%**	18%
Government securities and other assets	**93%**	82%
	100%	100%

The Group does not expect to contribute to the respective plans in 2023.

The latest available actuarial valuation of the plan for the Group is as of December 31, 2022.

The principal actuarial assumptions used in determining retirement benefits and gratuities cost as at beginning of each period follows:

	2022	2021
Discount rate	**7.00% to 7.50%**	3.60% to 4.10%
Future salary increases	**3.00%**	7.00%

The sensitivity analysis based on reasonably possible changes of the assumptions as at both December 31, 2022 and 2021 are as follows:

		2022	2021
Discount Rate	+100 bps	**(₱2,358)**	(₱7,204)
	-100 bps	**2,706**	8,778
Salary Rate	+100 bps	**2,792**	8,396
	-100 bps	**(2,467)**	(7,058)
Turnover Rate	125%	**(733)**	(3,772)
	75%	**852**	4,512

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses.

The Group does not currently employ any asset-liability matching.

The maturity analysis of the undiscounted payments as of both December 31, 2022 and 2021 are as follows:

	2022	2021
One year and less	**₱5,918**	₱14,821
More than one year to five years	**43,626**	46,939
More than five years to 10 years	**15,468**	22,004
More than 10 years to 15 years	**52,954**	42,443
More than 15 years to 20 years	**35,018**	92,743
More than 20 years	**133,231**	402,987

Weighted average duration of the defined benefit liability is 14.2 and 19.7 years as of December 31, 2022 and 2021, respectively.

19. **Equity**

a. Capital Stock

	December 31, 2022		December 31, 2021	
	Number of Shares	**Amount**	Number of Shares	Amount
"Class A" common stock - ₱1 par value				
Authorized	**3,375,000,000**	**₱3,375,000**	3,375,000,000	₱3,375,000
Balance at beginning and end of year	**2,911,885,870**	**2,911,886**	2,911,885,870	2,911,886
Treasury stock:				
Balance at beginning of year	**(689,831,368)**	**(1,172,713)**	(715,872,529)	(1,216,983)
Issuances	**16,510,657**	**28,068**	26,041,161	44,270
Balance at end of year	**(673,320,711)**	**(1,144,645)**	(689,831,368)	(1,172,713)
Issued and outstanding	**2,238,565,159**	**₱1,767,241**	2,222,054,502	₱1,739,173
Preferred stock - ₱1 par value Authorized, 1,000,000,000				
Issued and outstanding	**200,000,000**	**₱200,000**	200,000,000	₱200,000

In 2020, the Parent Company issued 145,201,026 treasury shares based on the average market rate of ₱1.42 per share aggregating to ₱204.9 million, resulting to a decrease in additional paid-in capital amounting to ₱42.0 million, net of transaction costs of ₱1.6 million.

In 2021, the Parent Company issued 26,041,161 treasury shares based on the average market rate of ₱1.00 per share aggregating to ₱25.3 million, resulting to a decrease in additional paid-in capital amounting to ₱19.0 million, net of transaction costs of ₱0.3 million.

In 2022, the Company issued 16,510,657 treasury shares based on the average market rate of ₱0.58 per share aggregating ₱9.6 million, resulting to a decrease in additional paid-in capital amounting to ₱18.5 million.

On November 13, 2018, the Parent Company issued 500.0 million preferred shares (500,000,000 preferred shares offered at par value of ₱1 per share) with a fixed dividend rate of 8.5%, with a corresponding reduction to additional paid-in capital stock pertaining to transaction costs of ₱5.0 million. The preferred shares are cumulative, non-participating, non-voting, and redeemable at the option of the Parent Company, as determined by the BOD. Dividend in arrears on preferred shares amounted to ₱25.7 million as at both December 31, 2022, and 2021.

The BOD, in its Special Meeting held on March 12, 2021, resolved to redeem 300 million redeemable preferred shares, which are not listed with the PSE, issued to Amalgamated Investment Bancorporation pursuant to the Re-structuring and Financing Agreement entered into between the parties. The Board further resolved to redeem the said preferred shares at a redemption price of ₱1.00 per share. The Articles of Incorporation of the Parent Company provides that the preferred shares are redeemable after two (2) years from issuance and are re-issuable upon terms and conditions determined by its BOD. The BOD has yet to determine the terms of re-issuance of the said preferred shares.

b. Track Record of Registration

Date	Number of Shares Licensed/Listed	Issue/ Offer Price
October 7, 1918	15,000	₱100.00
February 15, 1963	2,500,000	10.00
September 30, 1969	3,000,000	10.00
January 13, 1977	5,000,000	10.00
May 21, 1990	12,500,000	10.00*
December 3, 1996	200,000,000	1.00
October 26, 1999	400,000,000	1.00
April 2, 2002	2,000,000,000	1.00
February 7, 2005	1,962,500,000	1.00
June 23, 2009	3,375,000,000	1.00

** Par value was reduced to ₱1.00 starting (month/year)*

c. Other equity reserves

Details of other equity reserves follow:

	2022	2021	2020
Revaluation Increment on Land			
Balance at beginning of year	**₱–**	₱–	₱280,091
Transfer of revaluation increment on land to retained earnings	–	–	(280,091)
Balance at end of year	–	–	–
Share in Other Comprehensive Income of associates			
Balance at beginning of year	**341,605**	288,661	177,749
Share in revaluation increment on land, net of tax	**203,860**	52,944	110,912
Balance at end of year	**492,521**	341,605	288,661
Cumulative Share in Fair Value Reserve of an Associate			
Balance at beginning and end of year	**5,129**	5,129	5,129
Revaluation Increment on Land of a Subsidiary			
Balance at beginning of year	**140,059**	129,118	138,297
Appraisal increase, net of tax	**27,355**	10,941	14,363
Transfers of appraisal increase in land to retained earnings	–	–	(23,542)
Balance at end of year	**220,663**	140,059	129,118

(Forward)

	2022	2021	2020
Cumulative Remeasurement Gain (Loss) on Retirement Liability			
Share in Remeasurement Gain			
Balance at beginning of year	**₱6,276**	₱6,276	₱7,859
Remeasurement gain, net of tax	**45,984**	–	(1,583)
Balance at end of year	**52,260**	6,276	6,276
Share in Remeasurement Loss			
Balance at beginning of year	**(32,511)**	(32,206)	(11,575)
Share in remeasurement loss, net of tax	**–**	(305)	(20,631)
Balance at end of year	**(32,511)**	(32,511)	(32,206)
	₱738,062	₱460,863	₱396,978

d. Retained Earnings

Details of retained earnings follow:

	2022	2021	2020
Restricted			
Balance at beginning of year	**₱1,659,333**	₱1,703,603	₱1,950,445
Reversal for treasury stock and others	**(28,068)**	(44,270)	(246,842)
Balance at end of year	**1,631,265**	1,659,333	1,703,603
Unrestricted			
Balance at beginning of year	**1,821,309**	1,505,563	2,346,772
Net income (loss) attributable to the Parent Company	**692,675**	292,195	(1,080,298)
Cash dividends	**–**	(20,719)	(41,302)
Transfers of appraisal increase in land to retained earnings	**–**	–	33,549
Reversal of restriction for treasury stock	**28,068**	44,270	246,842
Balance at end of period	**2,542,052**	1,821,309	1,505,563
	₱4,173,317	₱3,480,642	₱3,209,166

Retained earnings that are not available for dividend declaration are as follows:

	2022	2021	2020
Restricted for treasury stock	**₱1,144,645**	₱1,172,713	₱1,216,983
Gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	**296,967**	296,967	296,967
Fair value gains on investment properties included in the retained earnings	**5,040,709**	2,920,690	2,154,210
Deferred income tax assets	**110,888**	123,145	191,461
	₱6,593,209	₱4,513,515	₱3,859,621

For purposes of dividend declaration, the retained earnings of the Parent Company are restricted to the extent of the deficit wiped out by the gain on changes in fair value on investment properties that was closed to retained earnings, net of the debit balance of "Other equity reserves" account.

Dividend Declaration
Cash dividends declared by the Parent Company against the unappropriated retained earnings are as follows:

	Dividend		Stockholders of	
Date Approved	Per Share	Total Amount	Record Date	Payment Date
December 18, 2015	₱0.01	₱19,734	January 15, 2016	February 5, 2016
December 12, 2014	0.02	38,430	January 15, 2015	January 30, 2015
December 13, 2013	0.02	38,430	January 6, 2014	January 30, 2014

Dividends payable amounted to ₱29.1 million as at December 31, 2022 and 2021.

On November 13, 2019, the BOD approved and authorized the declaration of dividends to the preferred shareholders in 2020 as follows:

Description	1st Tranche	2nd Tranche	3rd Tranche	4th Tranche
Record date	February 6, 2020	May 7, 2020	August 6, 2020	November 6, 2020
Payment date	February 13, 2020	May 13, 2020	August 13, 2020	November 13, 2020
Dividend rate	₱0.02 per share	₱0.02 per share	₱0.02 per share	₱0.02 per share

The Company has paid cash dividends on preferred shares amounting to ₱41.3 million representing dividends for the year ended December 31, 2020.

On August 12, 2021, the BOD approved and authorized the declaration of dividends to the preferred shareholders for the year 2021 as follows:

Description	November 2020 to March 3, 2021	March 4, 2021, to September 3, 2021
Record date	March 3, 2021	September 3, 2021
Payment date	Not yet determined	Not yet determined
Total dividend	₱12.4 million	₱8.3 million

e. Share Prices

Quarter	High	Low
January through December 2022		
First	₱0.78	₱0.48
Second	0.68	0.49
Third	0.64	0.51
Fourth	0.58	0.45
January through December 2021		
First	₱1.35	₱1.00
Second	1.12	1.00
Third	1.09	0.72
Fourth	0.86	0.62
January through December 2020		
First	₱2.29	₱1.21
Second	1.92	1.32
Third	1.58	1.10
Fourth	1.49	1.16

20. Related Party Transactions and Balances

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates: and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Related party transactions (RPT) shall be disclosed to the Group's Related Party Committee ("the Committee") of the BOD. The management shall be responsible to declare and report to the Committee all outstanding RPTs for review. Material related party transaction shall mean any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting 10% or higher of a company's total assets based on its latest audited financial statements. Material RPT shall be subject for approval by the Committee to evaluate the fairness of the terms of the Material RPT. RPTs exceeding ₱25 million shall be subject to prior approval by the Committee.

The transactions and related balances of the Group with other related parties are as follows:

Related Party	Nature of Transaction	Period	Transactions during the Period*	Trade and Other Receivables (see Note 7)	Amount Due to Related Parties (See Note 17)
Associates					
FDC	Dividends receivable	**December 31, 2022**	**₱–**	**₱31,054**	**₱13,211**
		December 31, 2021	–	40,287	13,211
FLC	Dividends receivable	**December 31, 2022**	**–**	**3,369**	**–**
		December 31, 2021	–	3,369	–
RADC	Noninterest-bearing advances	**December 31, 2022**	**–**	**–**	**10,966**
		December 31, 2021	–	–	10,966
Joint Ventures VJPI	Noninterest-bearing advances	**December 31, 2022**	**–**	**116**	**182**
		December 31, 2021	–	116	182
Marilo Realty Development Corporation	Noninterest-bearing advances	**December 31, 2022**	**–**	**1,310**	**156**
		December 31, 2021	–	1,310	156
LPC	Defrayment of cost and expenses for restructuring	**December 31, 2022**	**–**	**–**	**23,729**
		December 31, 2021	–	–	23,729
Entities under common control	Interest-bearing advances	**December 31, 2022**	**5,567**	**–**	**139,142**
		December 31, 2021	5,567	–	77,938
		December 31, 2022	**₱–**	**₱35,849**	**₱187,386**
		December 31, 2021	–	₱45,082	₱126,182

**Amounts represent transactions for the years ended December 31, 2022 and 2021.*

a. In the normal course of business, the Parent Company extends/avails of advances to/from its related parties under common control, with definite repayment terms. The advances to and from related parties are interest-bearing.

b. In 2004, RLC and LPC by way of a Deed of Assignment of Rights, assigned to Punta Fuego Holdings Corporation (PFHC) the rights and privileges to their 105 and 245 club shares in CPFI, respectively. In consideration of the assignment of rights and privileges, PFHC pays RLC and LPC an amount equivalent to 85% of the net income earned from the club shares to be remitted on or before May 5 of each year beginning 2005. The respective shares of RLC and LPC were computed in proportion to the number of clubs share they have each assigned. In 2005, PFHC and FDC merged with FDC, as the surviving entity. As a result, FDC assumed the said liability of PFHC to RLC.

Outstanding balances at year end are unsecured and settlement normally occurs in cash, unless otherwise indicated above. No guarantees have been provided or received for these balances. Advances to and from related parties are noninterest-bearing and have no fixed repayment terms unless otherwise indicated above. Impairment review is undertaken each reporting date. As of December 31, 2022 and 2021, allowance for impairment loss amounting to ₱3.1 million pertains to due from LPC.

Revenue and income by	Expense by	Nature	**2022**	2021	2020
RCI	RLC	Management fee	**₱18,000**	₱18,000	₱18,322
RCI	RSAI	Management fee	**6,000**	6,000	6,000

c. Compensation of key management personnel is as follows:

	2022	2021	2020
Salaries and short-term benefits	**₱44,180**	₱42,468	₱45,892
Retirement benefits	**9,281**	3,471	11,528
	₱53,461	₱45,939	₱57,420

Directors' Remuneration
The Parent Company settled director's remuneration through issuance of treasury shares for the regular board meetings held as follows:

Date of Meeting	No. of shares	Market Value per Share	Share-Based	Cash Compensation	Total Compensation
June 26, 2020	120,968	₱1.24	₱150,000	₱150,000	₱300,000
August 7, 2020	120,968	1.24	150,000	150,000	300,000
November 10, 2020	140,000	1.25	175,000	175,000	350,000
April 12, 2021	169,903	1.03	175,000	175,000	350,000
May 14, 2021	145,631	1.03	150,000	150,000	300,000
August 12, 2021	196,629	0.89	175,000	175,000	350,000
November 12, 2021	214,286	0.70	150,000	150,000	300,000
May 2, 2022	336,538	0.52	175,000	175,000	350,000
August 11, 2022	307,018	0.57	175,000	175,000	350,000
November 10, 2022	380,435	0.46	175,000	175,000	350,000

The expense recognized on the foregoing amounted to ₱1.1 million, ₱1.3 million and ₱1.0 million for the years ended December 31, 2022, 2021 and 2020, respectively, and presented as part of "Salaries and employee benefits" account in the consolidated statements of comprehensive income.

21. Revenue from Contracts with Customers

a. Disaggregated revenue information

The Group presented below the disaggregation of revenue from contracts with customers which are based on type of contracts and timing of revenue recognition. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2022	2021	2020
Hotel sales and services	**₱409,475**	₱352,857	₱273,015
Real estate	**288,643**	407,730	33,807
Sale of goods	**88,021**	184,923	193,331
	₱786,139	₱945,510	₱500,153

Except for the revenues earned for the sale of real estate, all revenues were earned at a point in time.

Hotel sales and services

	2022	2021	2020
Room revenue	**₱238,346**	₱290,780	₱238,948
Food and beverage	**137,506**	34,218	14,783
Management fees	**20,060**	17,865	17,770
Spa	**12,693**	2,839	151
Others	**870**	7,155	1,363
	₱409,475	₱352,857	₱273,015

Management fees are services rendered by Parent Company and RLC for administration and property management of entities other than its subsidiaries for the years ended December 31, 2022 and 2021.

i. Real Estate

	December 31, 2022							
Business Segments	Palico Montana	Landing Townhomes	Palmstrip	Orchards	Anya Phase 2	SAMG	Raw Land	Total
Sale of real estate	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**
Geographical markets								
Nasugbu, Batangas	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**
Timing of revenue recognition								
Goods transferred over time	**₱3,209**	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱–**	**₱73,532**
Goods transferred at a point in time	**–**	**–**	**–**	**–**	**–**	**–**	**215,111**	**215,111**
	₱3,209	**₱5,388**	**₱20,110**	**₱1,406**	**₱35,282**	**₱8,137**	**₱215,111**	**₱288,643**

	December 31, 2021						
Business Segments	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Raw Land	Total
Sale of real estate	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730
Geographical markets							
Nasugbu, Batangas	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730
Goods transferred over time	₱2,830	₱404	₱36	₱2,314	₱10,299	₱–	₱15,883
Goods transferred at a point in time	–	–	–	–	–	391,847	391,847
	₱2,830	₱404	₱36	₱2,314	₱10,299	₱391,847	₱407,730

	December 31, 2020						
Business Segments	Palico Montana	Landing Townhomes	Landing Shophouses	Orchards	SAMG	Raw Land	Total
Sale of real estate	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807
Geographical markets							
Nasugbu, Batangas	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807
Timing of revenue recognition							
Goods transferred over time	₱6,199	₱360	₱36	₱2,431	₱2,996	₱–	₱12,022
Goods transferred at a point in time	–	–	–	–	–	21,785	21,785
	₱6,199	₱360	₱36	₱2,431	₱2,996	₱21,785	₱33,807

ii. Sale of goods

Sale of goods by product type

	2022	2021	2020
Coco milk/cream	**₱61,441**	₱147,238	₱165,193
Coco water concentrate	**25,195**	29,762	22,036
Virgin coconut oil	**1,385**	7,923	6,102
	₱88,021	₱184,923	₱193,331

Sale of goods by sales type

	2022	2021	2020
Domestic	**₱3,187**	₱13,801	₱3,513
Export	**84,834**	171,122	189,818
	₱88,021	₱184,923	₱193,331

b. Contract balances

The Group’s contract balances as at December 31, 2022 and 2021 are as follows:

	2022	2021
Contract assets	**₱125,634**	₱117,586
Contract liabilities	**136,208**	144,563

Receivables
A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as trade receivable, collectible in monthly installments over a period of 18 to 84 months and bear annual interest ranging from 14% to 18% depending on the terms of the sales contract. This is reclassified to trade receivable when the monthly amortization of the customer is already due for collection.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account follows:

	2022	2021
Contract assets - current	**₱96,100**	₱21,808
Contract assets - noncurrent	**29,534**	95,778
	₱125,634	₱117,586

Contract liabilities

a. Deferred income amounting to ₱46.4 million and ₱48.0 million in 2022 and 2021, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers' deposits amounting to ₱88.0 million and ₱96.1 million in 2022 and 2021, respectively, represent noninterest-bearing cash received from the sale of real estate properties, which did not meet the revenue recognition criteria as set out in Note 4. Deposits from sale of real estate properties will be applied against the receivable from the customers upon recognition of revenue.

c. Guests' deposits pertain to the advance payments of guests for room reservations in the hotels amounting to ₱1.8 million and ₱0.5 million as of December 31, 2022 and 2021, respectively.

Contract liabilities amounting to ₱0.5 million and ₱23.1 million as at December 31, 2021 and 2020 were recognized as revenue in 2022 and 2021, respectively.

c. Performance obligations (PO)

The following are the PO of the Group:

<u>Real Estate Sales</u>

(a) House and lot

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(b) Residential land

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

The developer integrates the saleable lots with the land development to be able to transfer the "residential lot" promised in the CTS.

(c) Memorial lot

The Group performs significant activities of land development in accordance with the approved memorial garden plan. This includes grading and landscaping, construction of pathways and interment amenities, and installation of water source. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the memorial lot.

Buyer can elect the payment means either as spot cash or in installment for a period ranging from one year to eight years. The Group determines that the payment of the consideration will not coincide with the percentage of completion of the real estate project and concluded that there is a significant financing component for these contracts.

<u>Hotel Revenues</u>

(a) Hotel rooms

The Group also offers hotel room accommodations to customers through the four Go Hotels of Roxaco-Asia Hospitality Corporation and the resort of Anya Hotels and Resorts Corporation.

(b) Food and beverage

For the sale of food and beverages, the performance obligation is satisfied when the goods are sold. Payment is generally due within 30 days as the customer receives the goods and services except for some customers with specific credit terms. The Group applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

<u>Manufacturing</u>

(c) Sale of coconut products

The Group is involved in manufacturing of some coconut products that are being sold either domestic or by export.

22. Cost and Expenses

Costs of hotel sales and services consist of:

	2022	2021	2020
Food and beverage cost	**₱46,990**	₱30,934	₱4,394
Outside services	**38,355**	6,871	18,518
Salaries, wages, and other employee benefits (Note 23)	**38,107**	14,292	32,605
Communication, light, and water	**28,226**	16,912	18,202
Depreciation and amortization	**28,077**	42,817	50,276
Supplies	**14,710**	8,791	8,724
Repairs and maintenance	**4,779**	2,645	2,098
Travel and transportation	**2,212**	338	154
Others	**13,073**	6,174	5,566
	₱214,529	₱129,774	₱140,537

Other cost of hotel sales and services are expensed as incurred which are incurred for the generation of revenue from ancillary services like laundry.

Cost of goods sold (RSAI) consist of:

	2022	2021	2020
Materials used and changes in inventory (Note 9)	**₱46,256**	₱97,987	₱80,999
Indirect labor (Note 23)	**44,418**	42,574	35,193
Depreciation (Notes 12 and 13)	**27,343**	20,602	17,030
Short-term lease	**22,263**	1,493	1,234
Taxes and licenses	**19,279**	12,801	10,582
Communication, light and water	**12,735**	20,304	16,784
Factory supplies	**6,746**	16,976	14,033
Packaging materials	**4,955**	35,561	29,396
Direct labor (Note 23)	**3,963**	23,152	19,138
Repairs and maintenance	**2,773**	6,860	5,671
Provision for inventory write-down (Note 9)	**–**	2,321	50,132
Loss on inventory write-off (Note 9)	**–**	–	3,591
Others	**2,462**	13,386	11,064
	₱193,193	₱294,017	₱294,847

Operating expenses consist of:

	2022	2021	2020
General and administrative	**₱658,006**	₱409,929	₱457,351
Selling	**45,512**	98,466	31,221
	₱703,518	₱508,395	₱488,572

General and administrative expenses consist of:

	2022	2021	2020
Impairment loss on and write-off of property, plant, and equipment (Note 12)	**₱298,000**	₱63,370	₱95,288
Salaries, wages, and other employee benefits (Note 23)	**122,725**	125,534	134,842
Depreciation and amortization	**49,392**	75,767	61,455
Provision for impairment of receivables (Note 7)	**17,494**	10,012	11,556
Taxes and licenses	**31,605**	35,495	45,007
Outside services	**44,905**	39,820	36,277
Communication, light and water	**24,427**	16,063	11,997
Commitment fee	**20,172**	–	–
Entertainment, amusement and recreation	**9,431**	6,788	8,308
Repairs and maintenance	**6,840**	3,362	3,222
Travel and transportation	**4,487**	2,594	4,257
Materials and consumables	**3,818**	2,229	3,275
Short-term and low-value asset lease	**2,424**	1,427	1,950
Insurance	**2,296**	3,627	2,063
Provision for probable losses	**–**	2,824	3,600
Others	**19,990**	21,017	34,254
	₱658,006	₱409,929	₱457,351

Others include professional fees, training and development and other miscellaneous charges that are individually immaterial in amounts.

Selling Expenses
This account mainly pertains to marketing, commission on real estate sales and advertising and promotion expenses.

23. **Personnel Costs**

The components of employee benefits from continuing operations presented under "Cost of sales and services and general and administrative expenses" account in the consolidated statements of income are as follows.

	2022	2021	2020
Salaries and wages and other employee benefits (Note 22)	**₱205,250**	₱198,096	₱206,395
Retirement benefits (Note 18)	**12,646**	15,842	14,966
	₱217,896	₱213,938	₱221,361

24. **Other Income (Charges)**

Other income (charges) consists of:

	2022	2021	2020
Impairment loss in investment in associate	**(₱616,986)**	₱–	₱–
Gain on sale of investment properties (Note 14)	**30,080**	3,226	25,079
Loss on loan modification (Notes 15 and 16)	**(8,328)**	–	(51,660)
Sale of scrap	**6,028**	20,908	11,167
Dividend income	–	1,320	3,080
Property management services	–	178	947
Forfeited sale	–	–	316
Rent concession (Note 13)	–	–	23,569
Income from hotel banquets	–	–	1,685
Others	**6,466**	8,876	11,570
	₱582,740	₱34,508	₱25,753

Others include other hotel charges such shuttle services, laundry services, among others, that are individually material in amount.

25. **Discontinued Operations and Assets Held for Sale**

Certain GoHotel properties
In December 2022, the BOD approved the plan to sell RAHC's certain GoHotel properties, in which the proceeds from the sale will be used to reduce the overall financial liability and debt of the group (see Note 25).

The major classes of asset and liabilities of RAHC's certain GoHotel properties as held for sale as of 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Assets			
Property and equipment (Note 12)	**₱602,364**	₱611,568	₱606,170
Liabilities			
Trade and other payables	**29,064**	5,546	7,911
Deferred tax liability	**15,267**	14,589	16,692
Borrowings (Note 15)	**369,939**	372,381	372,381
Liabilities directly associated with assets held for sale	**414,270**	392,516	396,984
Net assets directly associated with disposal group	**₱188,094**	₱219,052	₱209,186

The performance of GoHotel Timog throughout the years ended are presented below:

	2022	2021	2020
Revenue	**₱35,354**	₱52,945	₱39,247
Cost of Services	**(31,574)**	(28,851)	(28,697)
Gross Profit	**3,780**	24,094	10,550
Operating expenses	**(16,915)**	(21,097)	(20,187)
Finance costs	**(26,697)**	(28,712)	(26,050)
Other income	**53**		25
Loss Before Tax from a Discontinued Operation	**(39,779)**	(25,715)	(35,663)
Tax expense	**(67)**	(132)	(246)
Loss From Discontinued Operation	**(₱39,846)**	(₱25,848)	(₱35,909)

The restatement of the 2021 and 2020 consolidated statements of income as a result of the discontinued operations are presented below:

	2022 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2022 Balances after Restatement
Revenue from			
Hotel revenues	**₱444,829**	**₱35,354**	**₱409,475**
Real estate sales	**288,643**	**–**	**288,643**
Sale of goods	**88,021**	**–**	**88,021**
	821,493	**35,354**	**786,139**
Cost of sales and services			
Cost of goods sold	**(193,193)**	**–**	**(193,193)**
Cost of hotel sales and services	**(246,103)**	**(31,574)**	**(214,529)**
Cost of real estate sales	**(104,669)**	**–**	**(104,669)**
	(543,965)	**(31,574)**	**(512,391)**

(Forward)

	2022 Balances as Previously Reported	**Balances Attributable to Discontinued Operations**	**2022 Balances after Restatement**
Gross income	**277,528**	**3,780**	**273,748**
Operating expenses	**(728,762)**	**(16,915)**	**(711,847)**
Other income (charges):			
Changes in fair value of investment properties	**2,120,019**	**–**	**2,120,019**
Interest expense	**(285,119)**	**(26,697)**	**(258,422)**
Interest income	**12,005**	**–**	**10,716**
Equity in net loss of associates	**(184,243)**	**–**	**(184,243)**
Others - net	**(574,359)**	**53**	**(574,412)**
	1,088,303	**(26,643)**	**1,14,947**
Income before income tax	**637,069**	**(39,779)**	**676,848**
Income tax benefit (expense)	**(13,587)**	**(67)**	**(13,520)**
Net loss from continuing operations	**623,482**	**(39,846)**	**662,328**
Net loss from discontinued operations	**–**	**39,846**	**(39,846)**
Net loss	**₱623,482**	**₱–**	**₱623,482**

	2021 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2021 Balances after Restatement
Revenue from:			
Hotel revenues	₱405,802	₱52,945	₱352,857
Real estate sales	407,730	–	407,730
Sale of goods	184,923	–	184,923
	998,455	52,945	945,510
Cost of sales and services			
Cost of goods sold	(294,017)	–	(294,017)
Cost of hotel sales and services	(158,625)	(28,851)	(129,774)
Cost of real estate sales	(109,353)	–	(109,353)
	(561,995)	(28,851)	(533,144)
Gross income	436,460	24,094	412,366
Operating expenses	(529,492)	(21,097)	(508,395)
Other income (charges):			
Changes in fair value of investment properties	766,480	–	766,480
Interest expense	(240,361)	(28,712)	(211,649)
Interest income	7,235		7,235
Equity in net loss of associates	(183,212)	–	(183,212)
Others - net	34,508	–	34,508
	384,650	(28,712)	413,362

(Forward)

	2021 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2021 Balances after Restatement
Income before income tax	291,618	(25,715)	317,333
Income tax benefit (expense)	(54,022)	(132)	(53,890)
Net loss from continuing operations	237,596	(25,848)	263,443
Net loss from discontinued operations		25,848	(25,848)
Net loss	₱237,596	₱–	₱237,595

	2020 Balances as Previously Reported	Balances Attributable to Discontinued Operations	2020 Balances after Restatement
evenue from			
Hotel revenues	₱312,262	₱39,247	₱273,015
Real estate sales	33,807	–	33,807
Sale of goods	193,331	–	193,331
	539,400	39,247	500,153
ost of sales and services			
Cost of goods sold	(294,847)	–	(294,847)
Cost of hotel sales and services	(169,234)	(28,697)	(140,537)
Cost of real estate sales	(7,648)	–	(7,648)
	(471,729)	(28,697)	(443,032)
ross income	67,671	10,549	57,122
perating expenses	(508,759)	(20,187)	(488,572)
ther income (charges):			
(Forward)			
Changes in fair value of investment properties	398,056	–	398,056
Interest expense	(255,995)	(26,050)	(229,945)
Interest income	12,358	–	12,358
Equity in net loss of associates	(938,021)	–	(938,021)
Others - net	25,778	25	25,753
	(757,824)	(26,025)	(731,799)
ncome before income tax	(1,198,912)	(35,662)	(1,163,250)
ncome tax benefit (expense)	48,516	(246)	48,762
et loss from continuing operations	(1,150,396)	(35,908)	(1,114,488)
et loss from discontinued operations	–	35,908	(35,908)
et loss	(₱1,150,396)	₱–	(₱1,150,396)

26. **Income Taxes**

a. Provision for (benefit from) income taxes comprise the following:

	2022	2021	2020
Current	**₱8,070**	₱5,721	₱3,402
Deferred	**5,450**	48,169	(52,164)
	₱13,520	₱53,890	(₱48,762)
Provision for (benefit from) income tax attributable to:			
Continuing operations	**₱13,520**	₱53,890	(₱48,762)
Discontinued operations (Note 25)	**67**	132	246
	₱13,587	₱54,022	(₱48,516)

b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	December 31, 2022		December 31, 2021	
	Net Deferred Income Tax Assets	**Net Deferred Income Tax Liabilities**	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
Deferred tax assets on:				
Customers' deposit	**₱29,832**	**₱–**	₱30,617	₱–
Lease liabilities	**692**	**–**	22,859	–
Retirement liability	**20,554**	**–**	20,630	–
NOLCO	**9,241**	–	17,713	–
Excess MCIT over RCIT	**7,330**	**–**	9,280	–
Deferred income	**16,498**	**–**	11,571	–
(Forward)				
Allowance for impairment losses on receivables	**₱4,295**	**₱–**	₱7,015	₱–
Net discount on loans payable	**–**	**–**	2,801	–
Various accruals	**634**	**–**	634	–
Unrealized foreign exchange loss	**–**	**–**	25	–
	89,076	**–**	123,145	–
Deferred tax liabilities on:				
Taxable temporary difference arising from use of installment method of revenue recognition for tax reporting	**(6,296)**	**–**	(19,667)	–
Revaluation increment on land	**(2,549)**	**(98,060)**	(2,549)	(109,540)
Prepaid commissions	**–**	**–**	(1,593)	–
Right-of-use assets	**(538)**	**–**	(6,405)	–
Actuarial gain	**(15,478)**	**–**	(893)	–
Rent receivable	**(2,255)**	**–**	(2,254)	–
	(27,116)	**(98,060)**	(33,361)	(109,540)
Net deferred tax assets (liabilities)	**₱61,960**	**(₱98,060)**	₱89,784	(₱109,540)

	2022	2021	2020
Through profit or loss	**₱5,450**	₱48,169	(₱52,164)
Through other comprehensive income	**10,894**	(305)	(5,371)
	₱16,344	₱47,864	(₱57,535)

Deductible temporary differences, carryforward benefits of NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized:

	2022	2021
NOLCO	**₱159,284**	₱164,961
Excess MCIT over RCIT	**6,063**	6,063
Accrued rent	**7,514**	7,514

Management believes that it may not be probable that taxable profit will be sufficiently available in the future against which the deferred tax assets may be utilized.

c. On September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an Act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

As at December 31, 2022, the Group has incurred NOLCO on or before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2020	2025	₱78,085,829	₱19,521,457
2021	2026	37,113,691	9,278,423

As at December 31, 2022 the Company has incurred NOLCO in after taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2022	20252025	₱174,306,721	₱43,576,680

d. Details of excess of MCIT over RCIT as of December 31, 2022 are as follows:

Period Incurred	Balance at December 31, 2021	Additional	Expired	Balance at December 31, 2022	Tax Effect	Available Until
December 31, 2019	₱7,022	₱–	(₱7,022)	₱–	₱–	31-Dec-22
December 31, 2020	3,520	–	–	3,520	3,520	31-Dec-23
December 31, 2021	5,403	–	–	5,402	5,402	31-Dec-24
December 31, 2022	–	3,637	–	3,637	3,637	31-Dec-25
	₱15,945	₱3,637	(₱7,022)	₱12,559	₱12,559	

e. The reconciliation between the income tax benefit computed at the applicable statutory tax rate and income tax benefit presented in the consolidated statements of income follows:

	2022	2021	2020
Income tax expense (benefit) at statutory rate	**₱168,890**	₱72,904	(₱359,673)
Adjustments resulting from:			
Changes in unrecognized deferred tax assets	**118,636**	31,684	106,260
Tax effects of:			
Equity in net losses of associates	**46,061**	45,803	281,406
Loss covered by ITH	**47,307**	–	–
Impairment of investment in associate	**154,247**	–	–
Reversal of temporary differences	**–**	3,506	1,558
Nondeductible interest expense	**–**	2	7
Interest income already subjected to final tax and dividend income exempt from tax	**(2)**	(17)	(1,188)
Nontaxable gain on sale of investment properties	**(7,520)**	–	(7,524)
Nontaxable gain on change in fair value of investment properties	**(524,555)**	(191,620)	(119,417)
Effect of change in tax rate	**–**	20,942	–
Others	**10,456**	70,878	50,056
Provision for (benefit from) income tax	**₱13,520**	₱54,022	(₱48,515)

Impact of CREATE Law
The President of the Philippines signed into law on March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Law introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, property and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020, to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) **or** enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:

    - Registered business enterprises (RBEs) granted only an ITH - can continue with the availment of the ITH for the remaining period of the ITH.

- RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

27. Earnings (Loss) Per Share

Basic/diluted EPS are computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company	**₱692,675**	₱292,195	(₱1,080,298)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	666,965	271,476	(1,084,545)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**₱0.30**	**₱0.12**	**(₱0.49)**

EPS for continuing operations is computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company from continuing operations	**₱712,996**	₱305,377	(₱1,061,985)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	687,286	284,658	(1,066,232)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**₱0.31**	**₱0.13**	**(₱0.49)**

EPS for discontinued operations is computed as follows:

	2022	2021	2020
Net income (loss) attributable to the equity holders of the Parent Company from discontinued operations	**(₱20,321)**	(₱13,182)	(₱18,313)
Less: dividends on preferred shares	**25,710**	20,719	4,247
	(46,031)	(33,901)	(22,560)
Weighted average number of shares issued and outstanding:			
Issued and outstanding ordinary shares	**2,220,430,186**	2,194,389,025	2,049,187,999
Effect of issuance of treasury shares	**16,510,657**	26,041,161	145,201,026
	2,236,940,843	2,220,430,186	2,194,389,025
Basic/diluted EPS	**(₱0.02)**	(₱0.02)	(₱0.01)

There are no potential dilutive common shares as at December 31, 2022 and 2021.

28. **Contingencies and Commitments**

Contingencies

Land Properties Subjected to the CARP

The CARP provides, among others, the redistribution of all private and agricultural lands regardless of tenurial arrangements and commodity produced, subject to certain terms and conditions.

Prior to the effectivity of the CARP, the Parent Company was the registered owner of around 2,900 hectares of land located in Nasugbu, Batangas. In 1993, the DAR issued Notices of Coverage, and subsequently, CLOA covering 2,676 hectares of the Parent Company's three *haciendas*, namely: Palico, Banilad and Carmen/Caylaway.

Sometime in 1993, the Parent Company filed a case questioning the DAR's acquisition proceedings and asking for the cancellation of the CLOA. On December 17, 1999, the Supreme Court promulgated its decision in GR No. 127876 nullifying the DAR acquisition proceedings over the three haciendas. The High Tribunal ruled that the Parent Company's right to due process was violated by the DAR. However, the Supreme Court did not nullify the CLOA that were issued by the DAR despite its declaration that the acquisition proceedings were null and void.

In May 2000, the Parent Company filed with the DAR an application for the exemption with the CARP of its three haciendas in Nasugbu, Batangas. The application for exemption was based on Presidential Proclamation (PP) No. 1520, which declared the entire municipality of Nasugbu, Batangas as a Tourist Zone. The Parent Company likewise filed applications for exemption for certain smaller land areas based on the 1982 Zoning Ordinance of Nasugbu, Batangas.

In December 2009, the Supreme Court ruled that the PP No. 1520 did not automatically reclassify the agricultural land in Nasugbu, Batangas to non-agricultural land. However, the Supreme Court noted that the Parent Company "can only look to the provisions of the Tourism Act and not to the PP No. 1520, for possible exemption."

On February 8, 2011, the Supreme Court denied the Parent Company's Second Motion for Reconsideration (MR) and affirmed with finality its December 2009 decision.

Consequently, in April 2010, the Parent Company filed with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) an application to declare 14 specific geographical areas within the landholdings of the Parent Company as tourism zones. To date, this application has remained unacted upon by the TIEZA.

In September 2011, the Supreme Court affirmed the exemption of the 21.1236-hectare property from the coverage of the Comprehensive Agrarian Reform Program (CARP).

In October 2012, the Parent Company disclosed that the DAR published the NOC on several RCI properties aggregating 2,514.76 hectares. The Parent Company filed a protest in the office of the DAR against the wrongful coverage (failure to observe the proper rules before publishing the said Notice of Coverage and the applicable law (Republic Act - RA No. 6657 vs. RA No. 9700). On June 17, 2014, the DAR issued a revised NOC covering RCI properties aggregating 2,300.60 hectares.

On October 16, 2013, the DAR ordered the denial of the Protest. On December 9, 2013, the Parent Company filed a MR with the DAR. On April 15, 2014, the DAR denied the MR of the Parent Company. On June 27, 2014, the Parent Company filed a Petition for Certiorari to the CA.

The Parent Company shall account for any legal and financial liabilities arising from the land properties subject to the CARP upon the resolution of ownership by the Court. In total, there are about 222 hectares of land that were declared by the courts, or the DAR as exempt from the coverage of the CARP, including the 21-hectare property declared exempt by the Supreme Court in its Decision dated September 5, 2011, in GR No. 169331.

On May 14, 2013, the BOD approved to authorize management to begin negotiations with the DAR for possible voluntary offer to sell (VOS) of 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway. However, the said negotiations have not yet commenced as the possible VOS is merely an option that the Parent Company will consider after exhausting all means possible. The intention by management of whether to push through with the VOS is dependent on the outcome of the applications for exemption, exclusion or conversion of land covered by the CARP/CARP.

On December 13, 2013, the BOD of the Parent Company approved management's request for reconfirmation of management's plan to explore the government's VOS program using 76 hectares in Hacienda Palico and 26 hectares in Hacienda Caylaway under certain conditions. This supersedes all previous proposals relating to the government's VOS program. As at the date of the report, there is no agreement yet with the DAR on the properties approved for possible VOS.

On May 7, 2016, the DAR denied the application for exemption filed by the Parent Company for the 285.9 hectares of land located in Nasugbu, Batangas. On June 27, 2016, the Parent Company filed an MR for the 285.9 hectares application, which the DAR denied. The Parent Company then filed an appeal with the Office of the President.

On May 21, 2022, the Office of the President denied Parent Company's appeal explaining that the findings of facts of the Administrative Agencies should be respected. The Parent Company then timely filed its Motion for Reconsideration which remains pending as of this date.

On October 25, 2017, CA has partially granted the Group's Petition for Certiorari pertaining to the NOC. Subsequently, the Group filed a MR over the issuance of CLOAs by DAR in favor of the farmer-beneficiaries.

On August 13, 2018, the Parent Company received the Court of Appeals Resolution, which dismissed the Parent Company and DAR's Motions for Partial Reconsideration. The Parent Company subsequently filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court to assail the Court of Appeals' Decision and Resolution before the Supreme Court. In the meantime, DAR, through Office of the Solicitor General (OSG), filed its own Petition for Review on Certiorari.

On November 19, 2018, the Parent Company filed a Comment/Opposition *Ad Cautelam* to DAR's said petition. The petitions filed by the Parent Company and DAR were consolidated and are now pending before the Supreme Court (see Note 5).

The DAR approved the conversion application filed by the Parent Company and RLC over sixteen (16) parcels of land located in Barangay Banilad, Nasugbu, Batangas totaling approximately 52 hectares on July 2020. A Motion for Reconsideration was filed by the oppositors, but the MR was denied, and the order of conversion was affirmed by the DAR in November 2020. An appeal was filed by the oppositors with the Office of the President, where the case is now pending.

On November 2021, the Office of the President issued an Order denying the appeal filed by the oppositors and affirming the DAR Decision. A Motion for Reconsideration was thereafter filed by the oppositors. On April 29, 2022, the Office of the President issued a Resolution denying the oppositors' MR.

In the opinion of management and legal counsel, there are no other pending labor or other legal cases and claims in the ordinary course of business that will have a material effect on the financial position and performance of the Parent Company.

Other Contingencies
The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Provision for probable losses amounted to nil and ₱2.9 million in 2022 and 2021, respectively (₱3.6 million in 2020) [see Note 22].

Joint Operations
On December 2, 2009, RLC entered into a joint arrangement with VJ Properties, Inc. (VJPI) for the development of Anya Resorts and Residences in Tagaytay, Cavite (the "Project"). RLC agreed to contribute the business and conceptual development plan, land development costs and management expertise and manpower for the full and effective implementation of the development plan. In addition, RLC also advanced ₱10.0 million to VJPI as an indication of its commitment to the project. In return for their respective contributions, the parties agreed to distribute and allocate between them the developed saleable lots and villas.

As at December 31, 2022 and 2021, the Project is fully sold. Outstanding balance due from VJPI amounted to ₱0.1 million. As at December 31, 2022 and 2021 is included as part of due from related parties and presented in the consolidated statements of financial position.

Equity Placement Commitment
In June 2020, the Parent Company entered equity placement commitment with LDA Capital, LLC (LDA), a global investment group. Under this equity placement commitment, the Parent Company has the right, but not the obligation, to sell shares to LDA subject to the conditions of the Put Option Agreement (the Agreement). The Company may sell up to ₱800 million worth of RCI treasury shares during the 36-month period from the signing of the Agreement. In addition, LDA is given a Call Option to purchase up to 99 million common shares of RCI at an exercise price of ₱2.38 per share, exercisable any time during the term of the Agreement. Based on the determination made by management, no derivative financial instruments need to be recognized in the consolidated financial statements as of December 31, 2022 and 2021.

Unused Credit Lines
As at both December 31, 2022 and 2021, the Group has no outstanding unused lines of credit with local banks (see Notes 15 and 16).

29. **Financial Instruments**

Risk Management, Objectives and Polices
The principal financial instruments comprise of cash in banks and cash equivalents, receivables and payables, which arise directly from its operations, and short and long-term borrowings.

The main risks arising from the financial instruments are liquidity risk, interest rate risk and credit risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available. In addition, the Group, renegotiates the terms of its existing loan agreements with bank creditors and lenders as the need arises (see Notes 1, 15 and 16).

The tables below summarize maturity profile of the financial liabilities based on contractual undiscounted payments and the related financial assets and contract assets used for liquidity management as at December 31, 2022 and 2021:

	December 31, 2022					
	On Demand	Less than One Year	One to Two Years	More than Two Years to Five Years	More than Five Years	Total
Short-term borrowings	₱–	₱100,000	₱–	₱–	₱–	₱100,000
Trade and other payables*	–	1,109,623	–	–	–	1,109,623
Due to related parties	40,645	–	–	–	–	40,645
Long-term borrowings	–	1,190,012	30,000	1,130,572	852,886	3,203,470
Lease liabilities	–	2,797	–	–	–	2,797
	₱40,465	₱2,402,432	₱30,000	₱1,130,572	₱852,886	₱4,456,535
Cash and cash equivalents	₱36,130	₱–	₱–	₱–	₱–	₱36,130
Trade and other receivables – third parties	–	159,252	–	–	–	159,252
Contract assets	–	96,100	–	–	–	96,100
Due from related parties	44,671	–	–	–	–	44,671
	₱44,671	₱255,352	₱–	₱–	₱–	₱336,153

**Excludes payable to government agencies amounting to ₱113.09 million.*

	December 31, 2021					
	On Demand	Less than One Year	One to Two Years	More than Two Years to Five Years	More than Five Years	Total
Short-term borrowings	₱–	₱249,816	₱–	₱–	₱–	₱249,816
Trade and other payables*	–	954,899	–	–	–	954,899
Due to related parties	126,182	–	–	–	–	126,182
Long-term borrowings	–	2,210,413	731,805	474,638	–	3,416,856
Lease liabilities	–	38,056	–	–	–	38,056
	₱126,182	₱3,453,184	₱731,805	₱474,638	₱–	₱4,785,809
Cash and cash equivalents	₱63,572	₱–	₱–	₱–	₱–	₱63,572
Trade and other receivables – third parties	–	117,451	–	–	–	117,451
Contract assets	–	21,808	–	–	–	21,808
Due from related parties	45,081	–	–	–	–	45,081
	₱108,653	₱139,259	₱–	₱–	₱–	₱247,912

**Excludes payable to government agencies amounting to ₱58.6 million.*

Credit risk

Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different geographic areas. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to receivables relating to real estate sales.

Credit risks for contract receivables is mitigated because the corresponding title to the party sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a qualitative risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk of the Group shown at gross before the effect of mitigation through collateral agreements.

	December 31, 2022	December 31, 2021
Cash in banks and cash equivalents	**₱36,130**	₱63,572
Trade and other receivables*	**195,101**	165,233
	₱231,231	₱228,805

** Net of allowance for impairment losses totaling ₱53.2 million and ₱34.9 million as of December 31, 2022 and 2021, respectively.*

Collaterals and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Credit quality per class of financial assets
The credit quality of receivables is managed by the Group through its Marketing Department.

High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

The following tables below show the credit quality of "neither past due nor impaired" financial instruments as well as the amounts of "past due but not impaired" and "impaired" financial instruments:

December 31, 2022:

	Neither past due nor impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**Past due and impaired**	**Total**
Financial assets at amortized cost:						
Cash in bank	**₱33,039**	**₱–**	**₱–**	**₱–**	**₱–**	**₱33,039**
Receivables:						
Trade	**–**	**27,976**	**–**	**–**	**41,054**	**69,030**
Others	**–**	**93,539**	**–**	**–**	**–**	**93,539**
Due from related parties	**–**	**20,389**	**–**	**–**	**12,141**	**32,530**
Refundable deposits	**–**	**3,840**	**–**	**–**	**–**	**3,840**
	₱33,042	**₱105,515**	**₱–**	**₱–**	**₱53,195**	**₱201,970**

December 31, 2021:

	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
Financial assets at amortized cost:						
Cash in bank	₱62,165	₱–	₱–	₱–	₱–	₱62,165
Receivables:						
Trade	–	47,190	–	–	22,766	69,956
Others	–	59,636	–	–	–	59,636
Due from related parties	–	20,799	–	–	12,141	32,940
Refundable deposits	–	3,838	–	–	–	3,838
	₱62,165	₱131,463	₱–	₱–	₱34,907	₱228,535

Impairment assessment
The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

The Group used the following staging parameter for financial instruments as shown below.

Stage	Description
1	12-month ECL
2	Lifetime ECL not credit-impaired
3	Lifetime ECL credit-impaired

The table below shows the credit quality per class of financial instrument (gross of allowance for credit losses) as of December 31, 2022 and 2021:

December 31, 2022:

	Financial Assets			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Amortized Cost				
Cash in banks and cash equivalents	**₱33,099**	**₱–**	**₱–**	**₱33,099**
Receivables:				
Trade	**–**	**27,976**	**41,054**	**69,030**
Others	**95,539**	**–**	**–**	**95,539**
Due from related parties	**20,389**	**–**	**12,141**	**32,530**
Refundable deposit	**3,840**	**–**	**–**	**3,840**
	₱152,867	**₱27,976**	**₱53,195**	**₱234,038**

December 31, 2021:

	Financial Assets			
	Stage 1	Stage 2	Stage 3	Total
Amortized Cost				
Cash in banks and cash equivalents	₱62,165	₱–	₱–	₱62,165
Receivables:				
Trade	–	47,190	22,766	69,956
Others	59,636	–	–	59,636
Due from related parties	20,799	–	12,141	32,940
Refundable deposit	3,838	–	–	3,838
	₱146,438	₱47,190	₱34,907	₱228,535

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2022 and 2021:

December 31, 2022:

		Trade receivables						
		Days past due						
	Contract Asset	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>90 days**	**Impaired Financial Assets**	**Totals**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**₱44,918**	**₱16,944**	**₱4,615**	**₱11,749**	**₱8,384**	**₱9,088**	**₱22,766**	**₱73,546**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱22,766**	**₱22,766**

December 31, 2021:

		Trade receivables						
		Days past due						
	Contract Asset	Current	<30 days	30-60 days	61-90 days	>90 days	Impaired Financial Assets	Totals
Expected credit loss rate	0%	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱125,634	₱13,354	₱4,615	₱11,749	₱8,384	₱9,088	₱22,766	₱69,956
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–	₱22,766	₱22,766

For cash in banks and cash equivalents, other receivables, due from related parties and refundable deposits, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing loans which bear floating interest rate and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity for the years ended December 31, 2022 and 2021. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at December 31, 2022 and 2021.

	Change in Basis Points (bps)	**Effect on Income before Income Tax**
December 31, 2022	**+/-50 bps**	**+/-₱17,326**
December 31, 2021	+/-50 bps	+/-₱30,337

Various floating interest rates are based on PHP BVAL reference rate plus spread from 1.5% to 3.25% as of December 31, 2022 and 2021.

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 15 and 16).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The dividend declaration is dependent on availability of retained earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2022, 2021 and 2020. The Group has met its objectives.

Management considers the total consolidated equity reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

The Group is required to maintain a maximum debt-to-equity ratio of 3:1. The Group has the following debt-to-equity ratio:

	December 31, 2022	December 31, 2021
Total liabilities	**₱5,183,122**	₱5,063,529
Total equity	**8,631,943**	7,702,275
Total liabilities and equity	**₱13,815,065**	₱12,765,804
Debt-to-equity ratio	**0.60:1.0**	0.66:1.0

30. **Fair Values**

The Group has assets that are measured at fair value on a no-recurring basis in the consolidated statements of financial position after initial recognition. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position in particular circumstances. These include investment properties stated at fair value and land under property, plant and equipment at revalued amount.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property, plant, and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash in banks, trade and other receivables, short-term borrowings, trades and other payables and dividends payable
The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

Long-term borrowings
The carrying value of long-term borrowings As at December 31, 2022 and 2021 approximates its fair value as they carry interest rates of comparable instruments in the market.

The Group has no financial instruments carried at fair value in the consolidated financial statements as at December 31, 2022 and 2021.

Investment properties and land under property, plant and equipment
The valuation technique used for the investment properties and land under property, plant and equipment is Sales Comparison Approach which is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

The table below summarizes the significant unobservable input valuation for investment properties and land under property, plant and equipment held by the Group.

Asset measured at fair value (Level 3)	**Significant unobservable inputs**	**Interrelationship between key unobservable input and fair value measurement**
Investment properties		
December 31, 2022	Price per square meter. Estimates range from is about ₱288 per sqm to ₱2,500 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2021	Price per square meter. Estimates range from is about ₱150 per sqm to ₱1,800 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
Land under property, plant, and equipment		
December 31, 2022	Price per square meter. Estimates range from is about ₱150,000 per sqm to ₱250,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
December 31, 2021	Price per square meter. Estimates range from is about ₱120,000 per sqm to ₱220,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

Certain investment properties amounting to ₱7.5 million as of both December 31, 2022 and 2021, were mortgaged and used as collateral to secure the loan obligations of RCI and RLC with the local banks (see Note 16).

There are no transfers to Level 1 and Level 2 fair value measurement.

31. Segment Reporting

The Group's identified operating segments, which are consistent with the segments reported to the BOD, are as follows:

a. Real Estate
RLC is the real estate arm of the Group. RLC acquires, develops, improves, subdivides, leases and sells agricultural, industrial, commercial, residential and
other real properties. The Group, through RLC, has subsidiaries namely SMMSI and RAHC.

b. Hotel
   - RAHC, a subsidiary of RLC, owns and operates four GoHotels in Metro Manila.
   - ART, a business segment of RLC, operates a luxury hotel in Tagaytay City.
   - Anya Hospitality Group, a business segment of RLC, provides hotel management services to Budget Hotel Business, ART, and other hotel properties in Batangas.

c. Manufacturing
RSAI is a subsidiary of the Parent Company and manufacturing arm of the Group. RSAI is incorporated primarily to manufacture coconut products for export and domestic consumption.

d. Others
Other segments of the Group include the Parent Company, which owns various tracts of lands in Nasugbu, Batangas and RGEC, an entity established primarily for renewable energy.

The Group has only one geographical segment as all its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRSs. The presentation and classification of segment revenues and segment expenses are consistent with the consolidated statements of income.

Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments. Further, the measurement of the segments is the same as those described in the summary of significant accounting and financial reporting policies.

a. Segment revenue and expenses

   The Group's main revenue stream comes from the real estate, hotel operations and export of coconut-based products. The real estate and hotel operations segment's customers are mainly direct.

b. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale and development, inventories, prepaid expenses and property, plant and equipment, net of related accumulated depreciation. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals, customers' deposits, and bank loans. Segments assets and liabilities do not include deferred income taxes.

c. Inter-segment transfers

Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unrelated customers or by suppliers for similar goods or services.

The following tables present information about the Group's operating segments:

	December 31, 2022					
	Real Estate	**Hotel**	**Manufacturing**	**Others**	**Eliminations/ Adjustments**	**Consolidated Balances**
Sales	**₱288,637**	**₱409,475**	**₱88,021**	**₱–**	**₱264,784**	**1,050,917**
Cost of Sales and Services	**(104,669)**	**(214,529)**	**(193,193)**	**–**	**(170,970)**	**(683,361)**
Gross Profit (Loss)	**183,968**	**194,946**	**(105,172)**	–	**93,814**	**367,556**
Interest income	**12,043**	**3,445**	**1**	**2,530**	**(15,489)**	**2,530**
Interest expense	**(51,843)**	**(93,559)**	**(53,909)**	**(66,414)**	**199,311**	**(66,414)**
Others	**(100,120)**	**(180,916)**	**(338,708)**	**1,452,033**	**(831,981)**	**308**
Income (loss) before income tax	**44,048**	**(76,084)**	**(497,788)**	**1,388,149**	**(554,345)**	**303,980**
Income tax benefit (expense)	**(6,239)**	**(1,829)**	**(5450)**	**–**	**13,518**	**–**
Segment Income (Loss)	**37,809**	**(77,913)**	**(503,238)**	**1,388,149**	**540,827**	**303,980**
Loss from Discontinued Operations	**–**	**–**	**–**	**–**	**–**	**–**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**–**	**–**	**–**
Consolidated Net Income (Loss)	**₱37,809**	**(₱77,913)**	**(₱503,238)**	**₱1,388,149**	**₱540,827**	**₱303,980**
Assets and Liabilities						
Current assets	**₱1,050,917**	**₱403,737**	**₱152,854**	**₱221,507**	**(₱1,634,205)**	**₱194,810**
Noncurrent assets	**683,361**	**2,283,457**	**696,310**	**12,446,098**	**(5,498,340)**	**10,610,887**
Total Assets	**₱1,734,278**	**₱2,687,194**	**₱849,164**	**₱12,667,605**	**(₱7,132,545)**	**₱10,805,697**
Current liabilities	**₱411,706**	**₱1,545,172**	**₱430,153**	**₱417,478**	**(₱2,438,028)**	**₱366,481**
Noncurrent liabilities	**697,400**	**792,436**	**702,310**	**1,274,763**	**(2,195,316)**	**1,271,593**
Total Liabilities	**₱1,109,106**	**₱2,337,608**	**₱1,132,463**	**₱1,692,241**	**(₱4,633,344)**	**₱1,638,074**

	December 31, 2021					
	Real Estate	Hotel	Manufacturing	Others	Eliminations/ Adjustments	Consolidated Balances
Sales	₱408,654	₱408,660	₱184,923	₱–	(₱3,782)	₱998,455
Cost of Sales and Services	(109,353)	(158,625)	(294,017)	–	–	(561,995)
Gross Profit (Loss)	299,301	250,035	(109,094)	–	(3,782)	436,460
Interest income	7,330	4,265	7	21,864	(26,231)	7,235
Interest expense	(20,216)	(126,991)	(53,963)	(65,422)	26,231	(240,361)
Others	(120,315)	(220,938)	(107,496)	731,748	–	282,999
Income (loss) before income tax	166,100	(93,629)	(270,546)	688,190	(3,782)	486,333
Income tax benefit (expense)	(3,398)	(1,992)	–	(221)	–	(5,611)
Segment Income (Loss)	162,702	(95,621)	(270,546)	687,969	(3,782)	480,722
Loss from Discontinued Operations	–	–	–	–	–	–
	162,702	(95,621)	(270,546)	687,969	(3,782)	480,722
Equity in net earnings of associates and a joint venture	–	–	–	(183,212)	–	(183,212)
Consolidated Net Income (Loss)	₱162,702	(₱95,621)	(₱270,546)	₱504,758	(₱3,782)	₱297,510
Assets and Liabilities						
Current assets	₱701,120	₱388,953	₱213,406	₱232,661	(₱866,617)	₱1,231,402
Noncurrent assets	296,624	2,299,899	1,054,434	10,361,048	(2,873,093)	11,534,314
Total Assets	₱997,745	₱2,688,852	₱1,267,839	₱10,593,709	(₱3,739,710)	₱12,765,716
Current liabilities	₱59,414	₱998,073	₱687,598	₱339,307	(₱358,814))	₱1,725,578
Noncurrent liabilities	628,171	1,430,510	290,181	1,290,257	(319,393)	3,331,229
Total Liabilities	₱687,585	₱2,428,583	₱977,779	₱1,629,564	(₱678,207)	₱5,056,806

	December 31, 2020					
	Real Estate	Hotel	Manufacturing	Others	Eliminations/ Adjustments	Consolidated Balances
Sales	₱33,807	₱312,261	₱193,331	₱–	(₱24,000)	₱515,399
Cost of Sales and Services	(7,648)	(169,234)	(294,847)	–	–	(471,729)
Gross Profit (Loss)	26,159	143,027	(101,516)	–	(24,000)	43,670
Interest income	11,304	1,019	13	23,456	(23,434)	12,358
Interest expense	(79,774)	(102,023)	(57,821)	(39,811)	23,434	(255,995)
Others	(108,637)	(164,698)	(87,522)	275,933	24,000	(60,924)
Income (loss) before income tax	(150,948)	(122,675)	(246,846)	259,578	–	(260,891)
Income tax benefit (expense)	51,452	(2,667)	–	(269)	–	48,516
Segment Income (Loss)	(99,496)	(125,342)	(246,846)	259,309	–	(212,375)
Loss from Discontinued Operations	–	–	–	–	–	–
	(99,496)	(125,342)	(246,846)	259,309	–	(212,375)
Equity in net earnings of associates and a joint venture	–	–	–	(938,021)	–	(938,021)
Consolidated Net Income (Loss)	(₱99,496)	(₱125,342)	(₱246,846)	(₱678,712)	₱–	(₱1,150,396)
Assets and Liabilities						
Current assets	₱1,242,522	₱287,877	₱181,931	₱565,665	(₱507,286)	₱1,770,709
Noncurrent assets	798,114	2,503,579	867,925	9,186,646	(2,668,029)	10,688,235
Total Assets	₱2,040,636	₱2,792,456	₱1,049,856	₱9,752,311	(₱3,176,315)	₱12,458,944
Current liabilities	₱609,074	₱875,164	₱776,567	₱272,578	(₱687,513)	₱1,845,870
Noncurrent liabilities	947,549	1,475,063	401,440	919,569	(823,115)	2,920,506
Total Liabilities	₱1,556,623	₱2,350,227	₱1,178,007	₱1,192,147	(₱1,510,628)	₱4,766,376

SGV
Building a better working world

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

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

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Roxas and Company, Inc.
7th Floor, Cacho-Gonzales Building
101 Aguirre Street, Legazpi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Roxas and Company, Inc., and subsidiaries (the Group) as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369789, January 3, 2023, Makati City

May 2, 2023

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2022

SCHEDULE B
ROXAS AND COMPANY, INC. AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/ advances)	₱12,130	₱101	(₱3,681)	₱–	8,550	₱–	₱8,550

SCHEDULE E

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2022

AMOUNTS IN THOUSANDS

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - "Class A" at ₱1 par value	3,375,000	2,222,054	–	–	1,278,963	943,091
Preferred stock at ₱1 par value	1,000,000	200,000	–	–	–	200,000

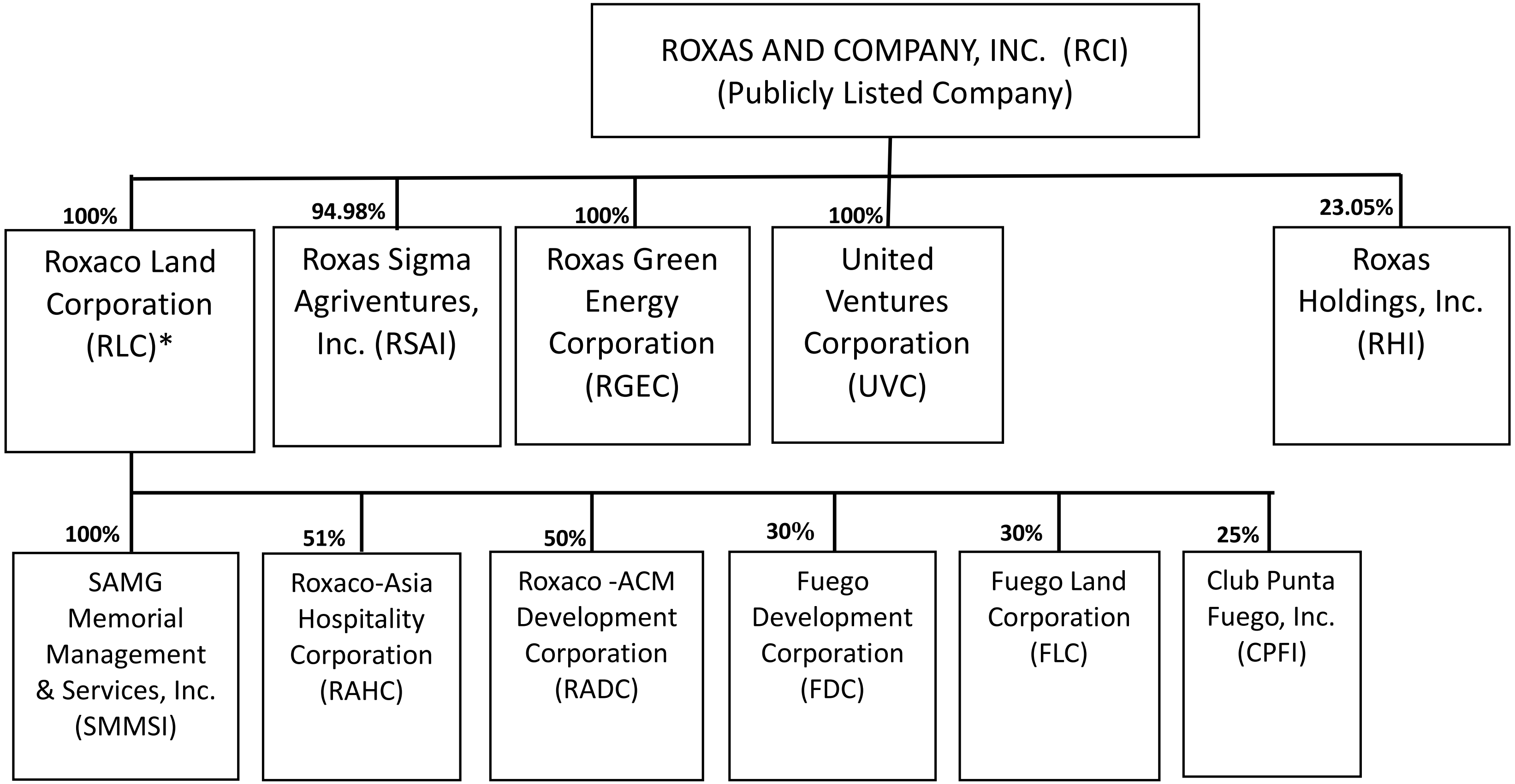
SCHEDULE II
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022

Ratio	Formula	**December 31, 2022**	December 31,2021
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.52:1**	0.31:1
Solvency ratio			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.60:1**	0.66:1
Asset to Equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.60:1**	1.66:1
Interest Rate Coverage ratio	$\frac{\text{Net income (loss)} + \text{depreciation expense} + \text{Interest expense}}{\text{Interest expense}}$	**3.69:1**	2.46:1
Profitability ratios			
Return on Assets	$\frac{\text{Net income (loss)}}{\text{Total assets}}$	**4.51%**	1.86.%
Return on Equity	$\frac{\text{Net income (loss)}}{\text{Total equity}}$	**7.22%**	3.08%

SCHEDULE III
ROXAS AND COMPANY, INC., AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2022



** On April 16, 2018, its BOD and stockholders authorized RLC to merge with Anya Hotels and Resorts and Corporation (AHRC), with RLC as surviving entity. On December 6, 2018, the Philippines SEC approved the merger of RLC and AHRC.*
***On July 23, 2018, RLC's BOD and stockholders authorized RLC to merge with Anya Hospitality Corporation (AHC), with RLC as the surviving entity. On February 18, 2019, the Philippine SEC approved the merger of AHC into RLC with RLC being the surviving corporation*

SCHEDULE IV
ROXAS AND COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2022
IN THOUSANDS

Reported retained earnings at beginning of year	₱4,937,451
Less cumulative gain on changes in fair value of investment properties, at beginning of year	(2,920,690)
Reported retained earnings at beginning of year, as adjusted	2,016,761
Add net income during the year closed to retained earnings	381,508
Less unrealized gain on changes in fair value of investment properties	(2,098,220)
	(1,716,712)
Less treasury stock	(1,144,645)
Less gain on change in fair value of investment properties, net of debit balance of Other Equity Reserves closed to retained earnings	(296,967)
Reported retained earnings available for dividend declaration at end of year	(₱1,141,563)

Roxas and Company, Inc.

Company Details	
Name of Organization	Roxas and Company, Inc. (RCI)
Location of Headquarters	7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City
Location of Operations	Makati City, Quezon City, Manila City, Nasugbu, Batangas; Tagaytay; and Tupi, Cotabato
Report Boundary: Legal entities (e.g. subsidiaries, affiliates, associates) included in this report*	Covered in this sustainability report is Roxas and Company, Inc. (RCI, hereinafter referred to as the “Group”) and its subsidiaries and affiliates: Roxaco Land Corporation (RLC) Roxaco-Asia Hospitality Corporation (RAHC) Roxas Sigma Agriventures, Inc. (RSAI) Roxas Green Energy Corporation (RGEC)
Business Model, including Primary Activities, Brands, Products, and Services	RLC is the property development arm of RCI which acquires real estate for investment, development, and/or sale. The Corporation is the registered owner of hectares of land in Nasugbu, Batangas. Subsumed in the Real Estate Corporation are Anya Hospitality Group (Hospitality Solutions), Anya Resort Tagaytay (Leisure & Lodging), and Roxaco-Asia Hospitality Corporation (Hotel & Development Management). RSAI is a wholesale producer of high-quality coconut-based products. Their coconut product portfolio is 100% organic, comprised of Aseptic Coconut Cream and Milk, Extracted Virgin Coconut Oil, and Frozen Coconut Water RGEC is the energy arm of the Corporation in Nasugbu, Batangas. Disclosures under the Environmental and Social sections are not inclusive of RGEC data as the firm has not begun commercial operations.
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Atty. Melchor J. Manalo

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The material topics were identified through a review of the sustainability-related topics recommended by SEC and determined which of those are deemed relevant by the Group's stakeholders and those which the Group has impact to. These were done through consultations with the Group's business units and its concerned departments.

NOTE: The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. This allows the Group to disclose more streamlined and focused narratives on each material topic, which would also apply to the metrics that correspond under the stated material topic.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	**Amount**	**Units**
Direct economic value generated (revenue)	998.46	PhP Million
Direct economic value distributed:		
a. Operating costs (payments to suppliers)	609.69	PhP Million
b. Employee wages and benefits	204.85	PhP Million
c. Dividends given to stockholders and interest payments to loan providers	261.08	PhP Million
d. Taxes given to government	55.13	PhP Million
e. Investments to community (e.g. donations, CSR)	0.23	PhP Million

Procurement Practices

Proportion of spending on local suppliers

Disclosure	**Amount**	**Unit**
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

Impacts & Risk; Stakeholders Affected

The economic value generated by RCI flows towards its stakeholders—employees, suppliers and service providers, shareholders, government, and host communities—who drive the success of the Corporation. Through this, the Group enables its stakeholders to facilitate respective contributions to the local economy.

The main risks arising from the financial instruments are liquidity risk, interest rate risk, and credit risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations. Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations. Lastly, interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

Incidences of corruption pose risks that could affect the flow of capital within the Group, depriving the rightful stakeholders. Additionally, while RCI invests in the preparedness for health-related and natural calamities, damages that may exceed the coverage of insurance or investment allocations may materially affect the financial health and operational condition. For example, the Group sustained

losses from the COVID-19 pandemic and the effects of the Taal Volcano eruption, which forced Anya Resort Tagaytay to close down at the beginning of the calendar year 2020.

Management Approach to Identified Impacts and Risks

RCI is able to generate economic value through its subsidiaries' capability to attract and retain locators and tenants in its properties (RLC) as well as customers for its hotel and resorts operations (RAHC, AHG, & ART). Additionally, sales of its finished goods (RSAI) also generate revenue in the form of coconut-based products. These revenue streams are boosted by maintaining amiable business relationships within the stakeholder ecosystem, namely product distributors, suppliers, and service providers. In addition, RCI commits to fulfilling vendor accreditation criteria and ensuring on-time release of payment tranches.

The Group benchmarks itself against best practices of similar industries—ensuring that its customers receive the best value for their money. Meanwhile, the compensation packages of RCI employees are benchmarked against industry and national standards to ensure that the workforce are provided with livable wages. For suppliers and service providers, the Corporation ensures that service agreements are diligently followed by all involved parties.

Risk management is carried out by senior management under the guidance and direction of the Board of Directors of the Parent Corporation. RCI ascertains that the Board and employees are made aware of and are compliant with all related national regulations and stipulations stated in the Group's Corporate Governance Manual and Code of Business Conduct and Ethics.

Opportunities and Management Approach

RCI seeks to continuously innovate its products and services to further establish its brand in the market. The Group intends to explore new investment and growth opportunities as well as identify potential strategic joint venture partners to secure financing strategies for future projects. Moreover, the Group also aims to enhance overall operational efficiency by improving synergies across RCI's subsidiaries.

With the new effects and risks brought by the COVID-19, this is an opportunity for RCI to review its risk management for infectious diseases. Reallocation of budget to prepare for this risk will be reassessed in anticipation for its adverse impacts to the business.

Climate-related risks and opportunities

RCI is in the process of understanding, identifying, and evaluating the climate-related risks and opportunities intrinsic to its businesses. RCI aims to determine how to effectively measure climate change's impact to its operations and core services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts & Risk; Stakeholders Affected

Any form of corruption significantly affects RCI's means to equitably deliver economic value to all its stakeholders. Corruption incidents would have an adverse impact to the Group's brand equity, its relationship with customers, and Corporation culture.

Management Approach to Identified Impacts and Risks

All newly-hired employees of RCI are presented with a Corporation Policy and Procedure pertaining to Employee Conduct & Work Expectations - Conflict of Interest Policy, which states that: "The appearance of impropriety must also be avoided. Employees should not appear to be unduly influenced or corrupted by personal favors from a customer or supplier." This policy is then acknowledged, and signed by every employee during the onboarding process.

Opportunities and Management Approach

RCI shall take measures to effectively evaluate its anti-corruption policies as well as benchmark and adopt local and international best practices on anti-corruption to strengthen our existing processes in preventing such occurrences.

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (biomass)	691,060	MT
Energy consumption (gasoline)	19,897	GJ
Energy consumption (LPG)	323.4	GJ
Energy consumption (diesel)	258,111.37	GJ
Energy consumption (electricity)	4,623,880.64	kWh

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's main source of energy comes from electricity consumption, mainly through a local electricity provider. The firm relies on gasoline for the vehicles used in official business and diesel for its generator sets, aimed to offset power interruptions that affect the operations of commercial establishments. However, the Corporation consumes minimal amounts of LPG for several of its kitchen, laundry, and water feature operations.

The Company's overall impact on energy consumption largely depends on the degree of energy consumption of guests, tenants, customers, and employees within its operational establishments.

RSAI

The Firm consumes energy primarily for the sustenance of its operations and facilities. Its main source of energy is electricity, followed by diesel fuel and biomass energy respectively. Energy is integral in ensuring the Company's production year-round.

RAHC

Electricity comprises the majority of the Company's energy consumption. This is sourced mainly through a local electricity provider. Additionally, the Company consumes a minimal amount of diesel for its usage of generator sets during cases of power outages.

Management Approach to Identified Impacts and Risks

RLC

RLC has various energy efficiency practices across its business units, namely: RLC Realty, ART, RAHC, and AHG.

RLC Realty ensures that the use of the vehicles for official business is efficient. It invests in energy efficient equipment to decrease electric consumption for its facilities.

ART is able to effectively monitor the performance and efficiency of its facilities through its maintenance department. The Company has an existing policy to eliminate unnecessary usage of energy by strictly mandating that lights and equipment be turned off when not in use. ART also

reduces its energy consumption through the replacement of old light bulbs with more energy efficient LED lights.

AHG practices proper turning off of facilities and equipment when not in use.

RSAI
As an alternative to fuel, the Company utilizes biomass to fuel the operations of its boiler units. Its biomass power is derived from the coconut shells generated through its operations. In 2021, the firm was able to generate biomass energy from 1,851.60 metric tons of coconut shells.

RAHC
RAHC has designated its engineering officers to implement Enercon Programs to optimize electricity usage across its different properties. These programs aim to streamline responsible usage of energy consuming appliances and facilities.

Water consumption within the organization

Disclosure	Quantity	Units
Water consumption	143,373.94	Cubic Meters
Water recycled and reused	12,766	Cubic Meters

Impacts & Risks; Stakeholders Affected

RLC
Water is consumed for commercial use across the Corporation's properties, offices, and facilities. Its tenants and employees regularly consume water for domestic activities and facility maintenance. Its water supply predominantly comes from water district utilities. The Company also sources minimal amounts of water from a deep-well for its resort operations in Tagaytay. As such, water shortages from these sources may pose substantial risks to the Company, because such disruptions could potentially impede ongoing operations.

RSAI
The Company considers water as a vital resource as it is used for the processing plant's steam generation and maintenance activities. Ensuring a stable water supply is crucial in maintaining the firm's plant operations.

RAHC
Water is consumed by its tenants, guests, and employees.

Management Approach to Identified Impacts and Risks

RCI has been regularly monitoring its water impacts (consumption and discharges) while ensuring that water use is maximized across its owned establishments and commercial properties.

Opportunities

RSAI

The Corporation has identified water efficiency opportunities to be implemented in the near future. These opportunities consist of processes such as recycling coconut water condensate and reusing water for comfort room use and sanitary activities. It is preparing a robust water recycling program to streamline its identified opportunities to implement water efficiency initiatives.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	3,459,828.00	MT
● renewable	795,760.44	MT
● non-renewable	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services.	23	%

NOTE*: Unable to acquire quantitative data as procurement of construction materials is outsourced through a third party*

Impacts & Risks; Stakeholders Affected

RLC

Being the property development arm of Roxas and Company, Inc., it is responsible for managing real estate development projects across the Philippines. In 2020, RLC managed construction projects (Orchards, Landing Townhomes and Montana) wherein the contractors used materials, which primarily are steel and cement. However, materials consumed by RLC for its own operations are mainly composed of office and kitchen supplies.

RSAI

As a coconut processing company, RSAI regularly sources agricultural items for its daily production needs. Aside from its raw materials, the Corporation's top procured items are principally paper-based and polyethylene-based, used for packaging purposes.

RAHC

As an operator of hotels, RAHC does not have materials intensive processes in its operations. Its materials procurement is mainly composed of domestic and office items used for its daily hotel operations.

Ecosystems and Biodiversity

NOTE*: Due to the nature of RCI's operations, this topic is not considered as material for the Group as it currently does not operate within the vicinity of locations with substantial biological diversity.*

Environmental Impact Management

GHG emissions

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	1,259.66	Tonnes CO_2e

Energy indirect (Scope 2) GHG Emissions	3,862.96	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not Applicable	Tonnes

Air pollutants

Disclosure	Quantity	Units
NOx	Not Applicable	kg
SOx	Not Applicable	kg
Persistent organic pollutants (POPs)	Not Applicable	kg
Volatile organic compounds (VOCs)	Not Applicable	kg
Hazardous air pollutants (HAPs)	Not Applicable	kg
Particulate matter (PM)	Not Applicable	kg

Impacts & Risks; Stakeholders Affected

RLC

The Corporation's primary sources of Scope 1 emissions come from its use of LPG, diesel, and gasoline fuel. It also consumes electricity across its different properties and facilities which contribute to Scope 2 emissions. The extent of RLC's air emissions is directly correlated to the scale of its energy consumption, predominantly from electricity generation and fuel consumption.

RSAI

The Company's primary sources of Scope 1 emissions are from its 18 TPH Biomass (Coconut shell fired) Boiler and its 1.5MVA diesel power generator. For its Scope 2 emissions, it generally consumes electricity to power its facilities.

RAHC

Scope 2 emissions comprise the vast majority of RAHC's GHG emissions as its daily operations rely heavily on electricity. Its scope 1 emissions are very minimal since the Corporation's fuel use is limited to its generator sets for emergency situations.

Solid and Hazardous Wastes

Solid waste

Disclosure	Quantity	Units
Total solid waste generated	27,204	kg
Reusable	500	kg
Recyclable	9,528	kg
Composted	8,076	kg
Incinerated	0	kg
Residuals/Landfilled	9,100	kg

Hazardous waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	2,790.96	kg
Total weight of hazardous waste transported	0	kg

Effluents

Disclosure	Quantity	Units
Average water discharge rate (RSAI)	232.98	Cubic meters/day
Total volume water discharge	182,640.90	cubic meters
Percent of wastewater recycled	0	%

**Scope is limited to RSAI's operations*

Impacts & Risks; Stakeholders Affected

RLC

Solid waste production occurs as a byproduct of the operations of the RLC's various establishments. Generated waste within the Company's scope mainly consists of domestic waste from the guest houses, canteens, and office spaces.

RSAI

In 2021, RSAI generated a monthly average of 6.32 metric tons of solid waste resulting from its manufacturing activities.

RAHC

The Company's generated waste is primarily domestic waste from tenants, guests, and employees' activities across its different properties.

Management Approach to Identified Impacts and Risks

ART

The Company operates a Materials Recovery Facility to responsibly store its solid waste before handing them over to certified waste disposal haulers for proper segregation. Furthermore, ART manages a Hazardous Waste Storage Facility where all hazardous wastes are properly labeled and temporarily stored. The resort has a schedule for proper disposal of hazardous waste, which is conducted by a DENR Certified Transporter and Treater.

To ensure that the Company's activities on handling, storing, and disposing of waste is documented and compliant with pertinent laws, the Pollution Control Officer prepares quarterly Self Monitoring Reports (SMR) and semi-annual Compliance Monitoring Reports (CMR) which are submitted to the Department of Environment and Natural Resources (DENR).

RAHC

Proper segregation is aligned with city ordinances on waste collection. Hazardous waste is also properly stored before being turned over to certified waste disposal haulers.

AHG
Proper segregation is aligned with city ordinances on waste collection.

Environmental compliance

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

Impacts & Risks; Stakeholders Affected

The Group's business units are subject to local and national regulations and policies pertaining to environmental protection. It recognizes the compliance requirements which LGUs and DENR-EMB have on the respective parts of its business. The Group also acknowledges the risks that non-compliance of regulations pose to the continuity of its operations.

Management Approach to Identified Impacts and Risks

The Group has set in place governance measures and working teams who are responsible for ensuring that each of its operating assets are in full compliance with all relevant local and national environmental regulations.

RSAI

Management has engaged a third party provider, duly accredited by the DENR, to ensure continuous compliance with the requirements of the DENR for its WWTP.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	152	#
a. Number of female employees	45	#
b. Number of male employees	107	#
Attrition rate	30%	rate
Ratio of lowest paid employee against minimum wage	0:0	ratio

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	30%	%
% of male workers in the workforce	70%	%
Number of employees from indigenous communities and/or vulnerable sector*	6	#

* *Inclusive of PWDs, people of retirement age, and solo parents.*

Impacts & Risk; Stakeholders Affected

RCI provides market competitive compensation and benefits to its employees. The firm attracts both fresh and tenured talents of various industries to join its talent pool made evident by a benchmark entry-level basic pay that is 16% greater than the regional minimum wage.

Its operations primarily impact local constituencies by producing opportunities to the communities around RCI's commercial properties. Despite the downturn in business due to the pandemic, a total of 68 new jobs were generated from its core businesses.

The Company also has a healthy male-to-female social portfolio at 59% and 41% respectively. RCI does not discriminate in terms of age, gender or physical disabilities in hiring.

Management Approach to Identified Impacts and Risks

To remain competitive, the Group dedicates itself to improving business performance through provisions to assist employee needs. This is conducted through various assistance programs such as a streamlined Financial Assistance Plan, a performance recognition and rewards system, and early retirement benefits.

Scenario adjustments have also been made, in order to accommodate the impact of Covid-19 in daily operations. Some regulations implemented to ensure business continuity are shortened office hours and remote work set-up. As feasible, properties are opened and strictly managed within the bounds of public government guidelines.

Opportunities and Management Approach

With the unparalleled economic downturn brought about by the Covid-19 pandemic, the Group is continuously improving their business continuity plan incrementally as more national guidelines are progressively cascaded. From an employee management standpoint, it is clear that management has to adapt an agile approach to craft a strategy that would protect their employees and business operations from further negative economic and social impact. It is ideal for the strategic planning team to have short-, mid-, and long-term plans as the industry slowly recovers from the economic downturn that the pandemic has caused.

Employee training and development

Disclosure	Quantity	Units
Total training hours provided to employees	8,661	hours
a. Female employees	3,637	hours
b. Male employees	5,024	hours
Average training hours provided to employees	25	
a. Female employees	26	hours/employee
b. Male employees	24	hours/employee

Impacts & Risk; Stakeholders Affected

Capability building is recognized to be a key driver both to individual and organizational success. RCI recognizes its responsibility to empower its employees, so that they are able to deliver world-class services to their customers. To address social-distancing constraints, alternative training methods like online learning were explored and availed. For the last fiscal year, an average of 25 working hours per capita has been allocated specifically for training and development with a focus on improving customer service and experience.

Spearheaded by the Human Resources department, a total of 8,661 hours have been devoted for the upskilling of the group's human capital.

Management Approach to Identified Impacts and Risks

Given the speed with which things are changing, combined with the limitations brought about by the pandemic, the workforce needs specialized training to apply new knowledge and best practices. Aside from providing in-house training to empower its employees, RCI has been in constant coordination with different government offices and entities like the Department of Tourism, Bureau of Quarantine and TESDA to avail of relevant trainings for its employees. Noteworthy learning sessions attended and held last 2021 were Customer Service Training, Housekeeping Refresher Courses, New Normal Protocols, Training for Front Office Services and Workplace Communication, Fire Safety Seminars, Good Manufacturing Practices (GMP) Awareness Training, Hazard Analysis Critical Point Awareness (HACCP) Training.

Furthermore, RCI proactively conducts regular alignment on training needs to assess current skills inventory and identify existing skills gaps. These are then mapped against functional requirements and customer demands. Thereafter, programs are formed and executed either solely by an internal team or in partnership with external experts who specialize in those pre-determined competencies.

These avenues allow for growth both professionally and personally as employees to contribute more substantially to the company’s business objectives while giving each a degree of personal satisfaction.

Opportunities and Management Approach

In lieu of the new emerging environment shaped by the global pandemic, RCI is presented with an opportunity to re-invest resources in training and development to future proof its social capital in preparation for the new ways of working that the post-covid scenario will bring to the tourism, agriculture, and energy industries.

It is significant to understand the shifts and changes that will occur in the value chains of the said industries. Ventures into agriculture may not retain conventional value chains post-COVID as there is a rising demand in the market for farm-to-table models. Energy is also at the forefront of change, even prior to the quarantines, as prices in renewable energy (mainly solar) have plunged significantly cheaper than traditional coal-generated electricity. Lastly, social distancing and the potential spread of a highly contagious disease has brought about innovations in lifestyle, the tourism industry moreso. With the countless facets that are affected, a review and evaluation of strategy and forecasts is highly recommended, as the Group is well-positioned to integrate training and performance at the core of the changing environment. However, the implementation team must take extra caution in defining appropriate performance indicators in order to achieve the aspired behavior of learned skills application.

Labor-management relations

NOTE*: This topic is not considered as material for the Group as it currently does not have labor unions across its subsidiaries.*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	323,256	Man-hours
No. of work-related injuries	4	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

**Note: The No. of work-related injuries are minor injuries that does not cause lost manhours.*

Impacts & Risk; Stakeholders Affected

The employees of RCI's business units are exposed to various health and safety risks due to the nature of their operations. For RAHC, RSAI, and RLC, the majority of the headcount comes from the local labor force, which poses an evident risk in the form of a large dependency on the general health and wellness of the areas in which these employees occupy. This was proven true by the recent COVID-19 pandemic, which caused the cessation of tourism and hospitality-related operations due to the threat of the virus to public health. Over 50 percent of RCI's workforce were directly affected.

Management Approach to Identified Impacts and Risks

RCI's team of professionals is committed to ensuring that hazards and risks are recognized and identified in order to guide and direct employees to work safely, thereby preventing injuries and other issues in the workplace. This is conducted by ensuring that Occupational Safety and Health (OSH) standards are observed and government requirements concerning health and safety are consistently met. As an example, RSAI, AHG, and ART mandate their employees to undergo an 8-hour OSH training during onboarding, which is conducted by an in-house Safety and Security Manager.

In the event of work-related accidents, RCI ensures that all identified safety hazards are reported to the management.

The Group is also active in participating with the local government initiatives on health and safety, such as joining community-initiated fire and earthquake drills.

Opportunities and Management Approach

A more frequent periodic assessment of the Group's readiness in terms of compliance with OSH standards can be pursued. With the COVID-19 pandemic, regulators, employees, and customers will place a premium on the health and safety of RCI's premises. As such, RCI will be reassessing its current OHS systems in order to fulfill its promise to its stakeholders of their excellent product and service delivery.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	From RCI's Code of Business Ethics (COBE): Section on Harassment and Bullying under Rules and Regulations of Code of Conduct

Impacts & Risk; Stakeholders Affected

Incidences of forced labor and child labor and violations of human rights violates labor-related laws and policies provided by the government. Allegations of abuse of human rights can escalate and develop into negative public perception, which impacts brand equity and customer loyalty. This is applicable across all RCI subsidiaries and, if present, must therefore be handled diligently.

Management Approach to Identified Impacts and Risks

RCI ensures that its businesses are compliant to and operate only within the boundaries and standards as stipulated in regulations provided by both the national and local governments. RCI has a Code of Business Ethics which is communicated to employees during onboarding to make them aware of their rights as an employee. This process aims to prevent RCI's operations from incidences of labor laws violations and abuse of human rights.

Opportunities and Management Approach

The Group will be benchmarking best business practices in disallowing forced labor, child labor, and \protecting human rights to further strengthen RCI's labor-related policies. RCI will review its operations and assess where these violations are prone to happen, and identify how to mitigate occurrences of the same.

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Forced labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Child labor	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Human rights	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form
Bribery and corruption	Y	This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form

Impacts & Risk; Stakeholders Affected

The Group ensures that they will not be involved or exposed to various human rights risks and environmental risks within its supply chain giving importance on the sustainability topics when accreditating and screening suppliers and by documenting these criteria in the Purchasing Policy and

Guidelines to ensure consistent implementation.

Management Approach to Identified Impacts and Risks

RCI conducts regular assessments of suppliers' performance—ensuring their compliance with all labor-related laws and regulations. Suppliers are flagged should any notable actions be discovered during the review.

Opportunities and Management Approach

RCI is considering these ESG criteria (e.g. suppliers' social and governance performance) in its supplier accreditation process. A revision of the existing Purchasing Policy will be done, if needed to document any change or inclusion for consistent implementation.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community
RLC - Residential/housing projects 1. Landing Townhomes and Shophouses 2. Montana @ Hacienda Palico 3. Orchards @ Balayan	Nasugbu and Balayan, Batangas	Not Applicable	N	Right to Housing; Local employment
RLC - Memorial Project (San Antonio Memorial Gardens)	Nasugbu, Batangas	Not Applicable	N	Right to Burial
RSAI - Coconut harvesting and Processing plant operations	Tupi, Cotabato	Not Applicable	N	Pleasant smell and minimal noise within plant proximity; Local employment

Impacts & Risk; Stakeholders Affected

Through RLC's housing projects, the developer is able to provide a nurturing community to families that could help elevate their lifestyles and boost the local economy. Furthermore, they are able to provide decent jobs for the local community through construction and maintenance of these projects.

For its memorial park, it gives families a serene space where loved ones are always remembered in an atmosphere of togetherness.

Meanwhile, RSAI’s business operations that are tied with the communities are coconut harvesting and its processing plant. The business relies heavily on the produce of local farms for the procurement of its raw materials. As such, they are strategically placed within the vicinity of numerous coconut farms, which it can potentially partner with. Additionally, the Company’s operations are mostly carried out by local workers, enabling them to provide livelihood opportunities for its provincial location as well.

Furthermore, the processing plant’s processes may generate loud noise and pungent smells in the surrounding areas, resulting in disruption of BAUs of other adjacent establishments.

Management Approach to Identified Impacts and Risks

The business operations of RCI’s subsidiaries are placed across Makati City, Quezon City, Manila City, Tagaytay City, Batangas and Cotabato. The Group ensures that it employs people from the host community to provide decent work and improve the local economy.

To prevent adverse social and environmental impacts to the host communities, the Group ensures that periodic consultations are done with the concerned LGUs and civil society organizations before and during project operations. This helps in identifying the pain points as well as finding ways on how to address them. Through this, the Group aims to establish good relationships at all times with the local community.

For RCI’s construction projects, the pool of partners consists of a select set of contractors who are proven reliable to complete projects’ within the expected period of time.

Meanwhile RSAI, through its Trade Fair arrangements with its partner farmers, ensures equitable and transparent business partnerships with them. RSAI assists those farmers to increase coconut yield and improve their land fertility through employing new technologies and conducting training programs. In addition, the Company also partners with nearby schools for its immersion and OJT programs, which provides students with insights on the work opportunities in the food sector.

Opportunities and Management Approach

RCI is continually exploring opportunities in partnering with the local organizations and private companies which would help in community capacity building and improving social welfare of the host communities. As an example, RLC is exploring joint venture projects with other developers and/or contractors. Through this, more housing units will be made available in the locality. RAHC and RSAI will be working closely with the LGUs in identifying key opportunity areas where these business units may contribute the most.

Customer Management

Customer Satisfaction

Disclosure	Company	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	RAHC ***	**(Overall)**	**N/A**
		(GO Hotel North Edsa)	N/A
		(GO Hotel Timog)	N/A
		(GO Hotel Ermita)	N/A
		(GO Hotel Manila Airport Rd.)	N/A
	ART	93.10%	N/A
	AHG *	Not Applicable	N/A
	RLC **	Not Applicable	N/A
	RSAI	Not Applicable	N/A

NOTES:

** Currently, there is no feedback system yet for AHG. As a hospitality consultancy and management group, AHG rarely receives feedback in writings or score ratings. AHG performance is currently based on the profitability and efficiency of managed properties. Concerns / comments are raised verbally. In the event that hotel owners are not satisfied with AHG's service, management contracts may not be renewed.*

*** The need for a third party to conduct customer satisfaction in the realty business is not yet being considered. Internally, customer satisfaction is gauged primarily through feedback, sales performance, and reorders.*

**** Due to the pandemic, Go Hotels have operated mainly as quarantine facilities. Because of this, there has been no online reviews for the majority of the year except for a handful that were posted prior to the declaration of ECQ. These handful reviews do not reflect the overall operations as it is just a small percentage of the total number of guests accommodated in 2020.*

Guest surveys were also not collected directly from the guests to comply with the IATF ruling of minimal contact. These would also not be able to reflect the service of the hotels as the guests would have minimal to zero contact with the staff during their quarantine.

Impacts & Risk; Stakeholders Affected

Customer feedback serves as the gauge by which RCI determines how effective the group's products and services are in terms of delivering a premier customer experience (CX). Scores can be viewed as a representation of customer sentiment and leveraged on as a key channel to draw out insights from. Utilized well, the scores safeguards the company from failure to engage with its customers effectively.

At present, two hospitality developments (RAHC and ART) have existing mechanisms to measure CX, the former subscribing to a net promoter score (0-10) system and the latter ascribing to a the more conventional Customer Satisfaction Score (0-100%). In addition, other engagement channels like emails, phone numbers (mobile or landline), social media, sms, were communicated to the customers should they have any concerns

Both scores are essential to monitor as negligence risks loss of customer trust and bad public reviews, which negatively impacts brand equity.

Management Approach to Identified Impacts and Risks

The Customer Care Department, guided by its policy on Handling Customer Feedbacks, endeavors to ensure that all feedbacks are addressed properly in consultation with the management. The aggregated feedback is then integrated into training and employee development plans. Guest experiences, in the form of reviews, are used as references in workshops to address and improve experience.

Also, regular reviews of policies and procedures are conducted periodically and these are amended as necessary.

Opportunities and Management Approach

Opportunities present themselves in two fronts. The first is in furthering customer personalization. The prominent consumer behavior of the rising generation is authenticity. This entails that it would be essential for both RAHC and ART to craft their brands and customer journeys towards a highly personal experience. Secondly, reinforcing the first, the opportunity to digitize will drive growth and improvement in marketing and core services with the implementation of digital solutions to strengthen RCI's position. Such programs could range from developing an omni-channel approach to adapting a cloud-based Customer Relationship Management platform

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

As a business who provides tangible assets as a form of product and service delivery, RCI aims for its customers to have an enjoyable experience when availing its products and services.

When receiving customer complaints regarding health and safety, it is essential that these are handled properly due to the large impact on customer loyalty. Mishandling of complaints also pose reputational risk—dissatisfied customers may share their unfortunate experience with their networks, resulting in less patrons and repeat customers.

Management Approach to Identified Impacts and Risks

RCI upholds its products and services' safety of use in the highest regard. The Group established proper quality assurance protocols which seek to communicate its standards on health and safety

from inbound logistics to product and service delivery. Furthermore, RCI ensures that its communication channels are open for complaints on products or services' health and safety. All filed complaints are coursed through the proper channel and delegated to their concerned departments.

Opportunities and Management Approach

Due to the COVID-19 pandemic, RCI anticipates that customers will now place an even higher regard for the cleanliness and safety of products and services. With this, the Company is exploring how to re-skill its employees in order to keep up with the higher standards brought by the pandemic. Moving forward, this also provides RCI an opportunity to update its health and safety management systems through third-party audits and certifications.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling	0	#
No. of complaints addressed	0	#

Impacts & Risk; Stakeholders Affected

The Group exposes itself to brand and reputational risk should there be proven misrepresentation on RCI's products and services. Mislabeled communication materials to RCI's customers may result in their disappointment when expectations on the brand are not met. Given the current digital age, there is ease also in spreading misinformation to people's networks. Hence, RCI shall be wary of all the advertisements and promotional materials that are being communicated to its customers.

Management Approach to Identified Impacts and Risks

It is RCI's due diligence to provide true and accurate information at all times. To support this, there are dedicated Marketing units who have been tasked to ensure that only correct marketing media will be used for the promotion of the projects through authentic RCI channels. This is done through regular conduct of reviews on RCI's product and service portfolio.

Furthermore, relationship managers are tasked to be transparent to potential clients on the Group's products and services to avoid setting unsuitable expectations from them.

Opportunities and Management Approach

The Group considers all feedback as an opportunity for improvement. Should the need arise, the Group shall engage the services of marketing and product design consultants to boost its marketing and advertising strategies.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Impacts & Risk; Stakeholders Affected

As part of ensuring operational excellence to deliver customer delight, collection of Personal Identity Information (PII) is fundamental. RCI primarily collects PII values such as names, dates of birth, addresses, ID information, contact numbers, credit card numbers, corporate Tax Identification Number (TIN), personal food preferences for Food & Beverage (F&B) services, and other health-related information among others. The PII information allows the operations team to consider and assess customer needs and preferences to give a top-of-class experience and provide relevant services and products.

Management Approach to Identified Impacts and Risks

In consideration of the synergy between customer PII data and organizational proprietary data, the Corporation decided to protect privacy by storing data in a password encrypted property management system. The system is sourced from an external provider, where RCI has entered into a user data agreement with affiliates such as Review Pro, SABA, Global Payments, INFOR, and Rate Gain to build layers of protection.

Furthermore, RCI complies with the Data Privacy Act of 2012 by gathering the consent of customers at the point of data collection and augments their protection by having a social media and data handling agreement signed by employees which clearly stipulates the scope of what they can and cannot do with data that customers and guests entrusted RCI with. Moreover, cybersecurity measures comprising equipment and processes have been set in place to tighten security, some of which are dual firewalls for work tools and routers; network isolation for guests and employees; and cctv and telephone lines using VLAN. The company strictly implements policy on internet usage and other applications, to reduce risks and prevent breaches while providing the appropriate training of responsible usage.

Other noteworthy actions are as follows: (1) for credit card information handling, only the last 4 digits are kept visible in the system and the rest are masked to secure the data; (2) for proprietary

information handling, most USB ports have been disengaged - especially at the Front Desk so as to keep any virus from being transferred and to protect the unauthorized sharing of confidential information; (3) Firewall licenses are being monitored regularly; (4) CCTV cameras are installed; and (5) internet access restrictions are found on most of the working tools of RCI employees.

Opportunities and Management Approach

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
All Subsidiaries - Human capital plays an integral role in delivering the RCI's key products and services. Thus, acquiring and retaining its talent pool goes hand in hand with the Group's ability to sustain and grow its businesses.	**SDG Contribution:** Goal 5 - Gender Equality The Group currently employs almost 50-50 male to female ratio for its workforce. RCI does not show discrimination against women and vulnerable groups in its hiring process as well as in the workplace. Goal 8 - Decent Work and Economic Growth The Group's ability to provide employment opportunities through its different business units contributes to local economic development. The Group currently employs 381 workers across its subsidiaries, providing decent work in the local regions where it operates.	Unequal pay and poor labor conditions; unheard employee grievances	Complaints are managed by the manager-in-charge and then to the HR. The HR Team then delegates the complaint to the right department to address the issue.
RSAI - Coconut-based products	**SDG Contribution:** Goal 2- Zero Hunger. Leveraging on its modern coconut processing technologies and the region's abundant supply of coconuts, RSAI was able to produce 2,600 tons of coconut-based products in 2021. These products provide nutritious, high-quality food options to the market.		

	Furthermore, RSAI's business is involved in fair-trade agreements with local farmers, augmenting livelihoods in the process. Through these fair-trade agreements, local farmers are also provided access to training and technologies to help boost their productivity. Relevant SDG 2 Targets: *SDG 2.1* - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. *SDG 2.3* - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.		