SEC Registration Number

PW-00000834

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
3,285	**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: **30 September 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 30 September 2023	**₱3,714,295,121**

Of the 2,911,885,870 subscribed and outstanding common shares, 681,692,368 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 ₱3,614.3 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: November 14, 2023

Roxas & Company, Inc.

ANNEX "A"

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3rd Quarter Ended September 30, 2023 and 2022

ROXAS AND COMPANY, INC.
AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
As of and for the nine months ended
September 30, 2023 and 2022

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash (Note 5)	**₱11,165**	₱36,130
Trade and other receivables (Notes 6 and 19)	**270,686**	195,101
Contract assets - current portion (Note 20)	**85,277**	96,100
Real estate for sale and development (Note 7)	**300,298**	317,921
Inventories (Note 8)	**40,015**	31,199
Other current assets (Note 9)	**245,356**	250,057
	952,797	926,508
Assets held for sale	**630,824**	634,119
Total Current Assets	**1,583,621**	1,560,627
Noncurrent Assets		
Contract assets - net of current portion (Note 20)	**21,941**	29,534
Investments in associates (Note 10)	**243,106**	425,336
Property and equipment (Note 11):		
At cost model	**1,603,061**	1,651,371
At revaluation model	**620,411**	620,411
Right-of-use assets (Note 12)	**1,435**	2,151
Investment properties (Note 13)	**9,253,312**	9,253,312
Deferred income tax assets - net (Note 24)	**64,169**	61,960
Other noncurrent assets (Note 9)	**227,878**	210,363
Total Noncurrent Assets	**12,035,313**	12,254,438
TOTAL ASSETS	**₱13,618,934**	₱13,815,065
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16 and 19)	**₱1,394,378**	₱1,185,500
Short-term borrowings (Note 14)	**100,000**	100,000
Current portion of long-term borrowings (Note 15)	**1,003,421**	1,190,012
Contract liabilities (Note 20)	**82,699**	136,208
Current portion of lease liability (Note 12)	**1,280**	2,797
	2,581,778	2,614,517
Liabilities directly associated with the assets held for sale	**476,532**	414,270
Total Current Liabilities	**3,058,310**	3,028,787
Noncurrent Liabilities		
Long-term borrowings - net of current portion (Note 15)	**2,240,935**	2,013,458
Deferred income tax liabilities - net (Note 24)	**98,060**	98,060
Retirement liability (Note 17)	**74,162**	42,817
Lease liability (Note 12)	**615**	–
Total Noncurrent Liabilities	**2,413,772**	2,154,335
Total Liabilities	**5,472,082**	5,183,122

(*Forward*)

	September 30, 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	**3,725,750**	4,173,317
Treasury stock	**(1,144,645)**	(1,144,645)
	8,020,656	8,468,223
Non-controlling Interests (Note 4)	**126,196**	163,720
Total Equity	**8,146,852**	8,631,943
TOTAL LIABILITIES AND EQUITY	**₱13,618,934**	₱13,815,065

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Certified true and correct:

ROSSWELL C. DE LOS 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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Three months (Jul-Sep)		**Nine Months** (Jan-Sep)	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
REVENUES (Note 20)				
Hotel	**₱107,450**	₱107,288	**₱326,045**	₱289,901
Sale of goods	**38,112**	5,013	**172,120**	84,092
Real estate	**14,588**	48,832	**68,827**	270,790
	160,150	161,133	**566,992**	644,783
COST OF SALES AND SERVICES				
Cost of hotel sales and services (Note 21)	**(59,221)**	(63,093)	**(180,750)**	(181,257)
Cost of goods sold (Note 21)	**(54,877)**	(24,492)	**(221,741)**	(146,904)
Cost of real estate sales (Note 7)	**(7,787)**	(20,178)	**(38,717)**	(95,224)
	(121,885)	(107,763)	**(441,208)**	(423,385)
GROSS INCOME	**38,265**	53,370	**125,784**	221,398
OPERATING EXPENSES (Note 21)	**(73,079)**	(72,942)	**(222,509)**	(227,179)
OTHER INCOME (CHARGES)				
Equity in net loss of an associate (Note 10)	**–**	(37,203)	**(182,230)**	(129,365)
Interest expense (Notes 14 and 15)	**(60,699)**	(66,515)	**(189,582)**	(173,989)
Interest income (Notes 5 and 6)	**3,938**	3,866	**9,391**	9,105
Others - net (Note 23)	**(2,550)**	846	**(886)**	7,555
	(59,310)	(99,006)	**(363,307)**	(286,694)
LOSS BEFORE INCOME TAX	**(94,124)**	(118,578)	**(460,032)**	(292,475)
INCOME TAX EXPENSE (Note 24)				
Current	**650**	9,186	**1,824**	8,661
Deferred	**–**	–	**–**	–
NET LOSS FROM CONTINUING OPERATIONS	**(94,774)**	(127,764)	**(461,856)**	(301,136)
NET LOSS FROM DISCONTINUED OPERATIONS	**(7,035)**	(10,169)	**(23,235)**	(30,528)
NET LOSS	**(₱101,809)**	(₱137,933)	**(₱485,091)**	(₱331,664)

ROXAS AND COMPANY, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Three months (Jul-Sep)		**Nine Months (Jan-Sep)**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Net Loss attributable to:				
Equity holders of the Parent Company	**(₱91,357)**	(₱119,609)	**(₱447,568)**	(₱292,327)
Non-controlling interests	**(10,452)**	(18,324)	**(37,523)**	(39,337)
	(₱101,809)	(₱137,933)	**(485,091)**	(₱331,664)
BASIC/DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (Note 25)	**(₱0.04)**	(₱0.06)	**(₱0.20)**	(₱0.13)

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 COMPREHENSIVE INCOME

Amounts in Thousands, except Basic/Diluted Earnings (Loss) per Share Data

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Three months		Nine Months	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
NET LOSS	**(₱101,809)**	(₱137,933)	**(₱485,091)**	(₱331,664)
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱101,809)**	(₱137,933)	**(₱485,091)**	(₱331,664)
Total Comprehensive Loss attributable to:				
Equity holders of the Parent Company	**(₱91,357)**	(₱119,609)	**(₱447,568)**	(₱292,327)
Non-controlling interests	**(10,452)**	(18,324)	**(37,523)**	(39,337)
	(₱101,809)	(₱137,933)	**(₱485,091)**	(₱331,664)

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 NINE MONTHS ENDED SEPTEMBER 30, 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**	1,601,891
TREASURY STOCK (Note 18)	**(1,144,645)**	(1,148,604)
OTHER EQUITY RESERVES (Note 18)	**738,062**	740,954
RETAINED EARNINGS (Note 18)		
Unappropriated		
Balance at beginning of period	**2,542,052**	1,541,218
Net loss	**(447,568)**	(292,327)
Reversal for treasury stock	**–**	24,109
Balance at end of period	**2,094,484**	1,273,000
Appropriated		
Balance at beginning of period	**1,631,265**	1,659,333
Adjustment (reversal) for treasury stock	**–**	(24,109)
Balance at end of period	**1,631,265**	1,635,224
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**8,020,655**	7,214,351
NON-CONTROLLING INTERESTS		
Balance at beginning of period	**163,720**	213,497
Net loss	**(37,523)**	(39,337)
Balance at end of period	**126,197**	174,160
	₱8,146,852	₱7,388,511

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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax:	**(₱483,267)**	(₱323,003)
Loss before income tax from discontinued operations	**23,235**	30,528
Adjustments for:		
Equity in net loss of associates (Note 10)	**182,230**	129,365
Interest expense (Notes 14 and 15)	**210,537**	193,841
Interest income (Notes 5, 6 and 19)	**(9,391)**	(9,105)
Depreciation and amortization (Notes 11 and 21)	**63,257**	71,135
Increase in retirement liability	**31,345**	10,993
Operating income (loss) before working capital changes	**17,946**	103,754
Decrease (increase) in:		
Trade and other receivables	**(57,169)**	(56,696)
Inventories	**(8,816)**	14,866
Real estate for sale and development	**17,622**	82,047
Other current assets	**4,701**	73,271
Other noncurrent assets	**(17,515)**	23,733
Increase in trade and other payables	**80,008**	(75,801)
Net cash generated from operations	**36,777**	165,174
Interest received	**9,391**	9,105
Income taxes paid including creditable withholding taxes	**(1,824)**	(8,661)
Net cash generated from (used in) operating activities	**44,344**	165,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in property and equipment	**(14,231)**	11,466
Net cash provided by investing activities	**(14,231)**	11,466
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payment) of short-term borrowings	**–**	726
Payment of interest (Note 15)	**(55,980)**	(152,581)
Net availments (payments) of long-term borrowings (Note 15)	**–**	(99,927)
Lease liability	**902**	37,767
Proceeds from issuances of treasury shares (Note 18)	**(0)**	17,899
Net cash used in financing activities	**(55,078)**	(196,116)
NET DECREASE IN CASH FOR THE PERIOD	**(24,965)**	(19,032)
CASH AT BEGINNING OF THE PERIOD	**36,130**	63,572
CASH AT END OF THE PERIOD	**₱11,165**	44,540

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 September 30, 2023 and 2022; RCI has 3,285 and 3,300 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 September 30, 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 June 30, 2023.*

5. **Cash**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	**₱2,968**	₱3,031
Cash in banks	**8,197**	33,099
	₱11,165	₱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 nine months ended September 30, 2023 and 2022, respectively.

6. **Trade and Other Receivables**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	**₱104,295**	₱111,298
Due from:		
Related parties (Note 19)	**71,211**	35,849
Employees	**6,289**	11,387
Contractors and suppliers	**23,208**	30,780
Others	**99,496**	90,401
	304,499	248,295
Allowance for impairment losses	**(33,813)**	(53,194)
	₱270,686	₱195,101

Trade receivables represent the following:

a. Customers' accounts arising from the sale of real estate properties amounting to ₱21.4 million and ₱24.7 million as of both September 30, 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 September 30, 2023 and December 31, 2022, respectively, which generally have a 30-day term.

Total interest income on trade and other receivables amounted to ₱9.4 million and 7.5 million for the nine months ended September 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Real estate properties for sale	**₱228,005**	₱259,144
Raw land and land improvements for development	**72,294**	58,777
	₱300,298	₱317,921

Cost of real estate sales amounted to ₱38.7 million and ₱95.2 million for the nine months ended September 30, 2023 and 2022, respectively.

Certain real estate properties for sale and development owned by RLC amounting to ₱196 million as at both September 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Finished goods	**₱22,004**	₱24,704
Packaging materials	**4,509**	6,234
Supplies	**13,501**	261
	40,015	₱31,199
At NRV - finished goods, net of provision for inventory write-down amounting to (₱32.1 million as of both September 30, 2023 and December 31, 2022)	**–**	–
	₱40,015	₱31,199

Cost of inventories charged to cost of goods sold amounted to ₱111.2 million and ₱50.5 million for the nine months ended September 30, 2023 and 2022, respectively (Note 21).

Rollforward of provision for inventory write-down as of September 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current and deferred input VAT	**₱44,277**	₱43,441
Creditable withholding taxes	**161,202**	168,573
Prepaid expenses	**36,100**	34,203
Refundable deposits	**3,777**	3,840
	₱245,356	₱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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Input VAT – noncurrent portion	**₱220,865**	₱195,771
Deferred input VAT – noncurrent portion	**–**	6,285
Franchise fee	**4,418**	5,071
Utility deposits	**2,596**	3,236
	₱227,879	₱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 ₱0.65 million and .09 million for the nine months ended September 30, 2023 and 2022, respectively.

10. **Investments in Associates**

Movements in investment in associates follow:

	September 30, 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	**(182,230)**	(184,243)
Balance at end of period	**(1,754,731)**	(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
	875,324	1,057,554
Allowance for impairment loss	**(632,218)**	(632,218)
	₱243,106	₱425,336

The accumulated equity in net loss of associates amounting to ₱1,754.7 million and ₱1,572.5 million as at September 30, 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:

	September 30, 2023						
	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	**₱1,968,188**	**₱598,570**	**₱34,636**	**₱22,653**	**₱279,583**	**₱21,554**	**₱2,925,185**
Additions / Adj	**(11,172)**	**226**	**(2,981)**	**1**	**1,607**	**557**	**(11,762)**
Reclassification to asset held for sale	**(286,371)**	**(3,410)**	**–**	**–**	**(543)**	**–**	**(290,325)**
Balance at end of year	**1,670,645**	**595,386**	**31,655**	**22,654**	**280,647**	**22,111**	**2,623,099**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**244,789**	**73,902**	**205**	**19,153**	**228,261**	**–**	**566,309**
Depreciation & amortization	**29,778**	**12,177**	**–**	**1,221**	**10,221**	**–**	**53,398**
Assets held for sale	**(3,157)**	**(948)**	**–**	**–**	**(502)**	**–**	**(4,607)**
Balance at end of year	**271,410**	**85,131**	**205**	**20,374**	**237,981**	**–**	**615,100**
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	**₱1,267,693**	**₱236,860**	**₱31,451**	**₱2,280**	**₱42,666**	**₱22,111**	**₱1,603,061**

	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 September 30, 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	₱161,455	₱337	₱384	₱162,176
At September 30, 2023	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2022	159,302	337	384	160,024
At September 30, 2023	160,019	337	384	160,741
Net Book Value	₱1,435	₱–	₱–	₱1,435

	2022			
	Hotel Suites	Sales Office	Herb Garden	Total
Cost				
At December 31, 2022 and 2021	161,455	337	384	162,176
Accumulated Depreciation and Amortization				
At December 31, 2021	136,135	309	338	136,782
Depreciation and amortization (Note 22)	23,167	28	46	23,241
At December 31, 2022	159,302	337	384	160,023
Net Book Value	₱2,153	₱–	₱–	₱2,153

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of period	**₱2,797**	₱40,822
Interest expense	**–**	1,485
Payments	**(902)**	(39,510)
Balance at end of period	**₱1,895**	₱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 September 30, 2023 and December 31, 2022 follows:

	2023	2022
Lease liabilities	**₱1,895**	₱2,797
Less: noncurrent portion of lease liabilities	**615**	–
Current portion of lease liabilities	**₱1,280**	₱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 and RSAI 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 September 30, 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 nine months ended September 30, 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 September 30, 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 nine months ended September 30, 2023 and 2022.

15. **Long-term Borrowings**

Long-term borrowings consist of loans from:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Bank of the Philippine Islands (BPI)	**₱1,309,078**	₱1,324,744
Robinsons Bank Corporation (RBC)	**787,821**	752,887
Land Bank of the Philippines (formerly UCPB)	**683,000**	683,000
Amalgamated Investment Bancorporation	**370,000**	370,000
China Bank Corporation (China Bank)	**190,688**	194,781
Asia United Bank	**196,956**	182,500
BDO Unibank, Inc.	**64,000**	64,000
SIDC	**11,418**	
East West Banking Corporation (EWBC)	**1,335**	1,497
	3,614,296	3,573,409
Current portion	**(1,003,421)**	(1,190,012)
Noncurrent portion	**2,610,875**	2,383,397
Long-term borrowings attributable to asset disposal group	**(369,939)**	(369,939)
Noncurrent portion - net of liabilities from discontinued operations	**₱2,240,935**	₱2,013,458

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
RAHC	**₱1,395,618**	₱1,377,548
RCI	**846,994**	851,595
RLC	**688,684**	661,266
RSAI	**683,000**	683,000
	₱3,614,296	₱3,573,409

Loan of RLC

The bank loan is classified as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	**₱291,112**	₱472,053
Noncurrent portion	**397,572**	189,213
	₱688,684	₱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 September 30, 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 September 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	**₱607,797**	₱610,238
Noncurrent portion	**787,821**	767,310
	₱1,395,618	₱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 September 30, 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 September 30, 2023 and December 31, 2022, respectively (see Note 11).

Loan of RCI
The bank loans are classified as follows:

	2023	2022
Current portion	**₱474,452**	₱477,661
Noncurrent portion	**372,542**	373,934
	₱846,994	₱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 2023:

In August 2023, the request of RLC to restructure its AUB loan which was due September 2, 2023 was approved for 5 years inclusive of two (2 year) grace period on principal repayment. Principal loan to be paid in quarterly payments of P15.2M starting 1st quarter of the 3rd year (Nov. 2025) up to the end of term. Interest is at 7% per annum to be paid monthly starting September 2023.

Loan restructuring in 2022:

<u>RLC</u>
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.

<u>RAHC</u>
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.

<u>RSAI</u>
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:

<u>RCI</u>
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.

<u>RLC</u>
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 for both September 30, 2023 and December 31, 2022.

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%.

<u>RAHC</u>
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 ₱210.5 million and ₱193.8 million for the nine months ended September 30, 2023 and 2022, respectively.

Maturities
The maturities of the long-term borrowings are as follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Less than one year	**₱1,003,421**	₱1,190,012
Between one and two years	**201,824**	30,000
Between two and five years	**198,290**	1,130,572
Over five years	**1,840,821**	852,886
	₱3,244,356	₱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	**₱3,614,295**	₱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	**₱3,244,456**	₱3,203,470

16. Trade and Other Payables

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	**₱343,593**	₱317,893
Accrued expenses	**258,196**	242,092
Accrued interest	**280,781**	151,524
Due to related parties (Note 19)	**159,391**	187,386
Statutory payables	**151,012**	113,091
Retention payable	**67,939**	67,529
Payroll and other employee benefits	**21,909**	25,465
Dividends (Note 18)	**21,921**	21,921
Payables to contractors	**25,044**	17,655
Others	**64,592**	40,944
	₱1,394,378	₱1,185,500

17. Retirement Benefits

<u>Retirement Benefits</u>
The amounts recognized as retirement benefits in the consolidated statements of income are as follows:

	2023 (Nine months)	2022 (Nine months)
Net interest cost	**₱–**	₱809
Current service cost	**3,922**	276
	₱3,922	₱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 September 30, 2023 and December 31, 2022.

Retirement Liability
Retirement liability recognized in the consolidated statements of financial position follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Present value of obligation	**₱77,863**	₱46,528
Fair value of plan assets	**(3,701)**	(3,711)
Retirement liability	**₱74,162**	₱42,817

Movements in the defined benefit obligation follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**₱46,528**	₱95,540
Interest cost	**–**	9,136
Current service cost	**3,922**	3,510
Actuarial loss (gain) on DBO due to:		
Experience adjustments	**–**	(44,113)
Changes in financial assumptions	**23,712**	(17,545)
Balance at end of period	**₱74,162**	₱46,528

Movements in the fair value of plan assets for the nine months ended September 30, 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 September 30, 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:

	September 30, 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 September 30, 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 September 30, 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 September 30, 2023 and December 31, 2022.

18. **Equity**

a. Capital Stock

	September 30, 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:

	September 30,2023 (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:

	September 30, 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	**(447,568)**	692,675
Reversal of restriction for treasury stock	**–**	44,270
Balance at end of period	**2,094,484**	2,542,052
	₱3,725,749	₱4,173,317

Retained earnings that are not available for dividend declaration are as follows:

	September 30, 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 September 2023		
First	₱0.65	₱0.42
Second	0.51	0.42
Third	0.54	0.41
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	**September 30, 2023**	**₱–**	**31,054**	**₱13,211**
		December 31, 2022	–	40,287	₱13,211
FLC	Dividends receivable	**September 30, 2023**	**–**	**3,369**	**–**
		December 31, 2022	–	3,369	–
RADC	Noninterest-bearing advances	**September 30, 2023**	**–**	**–**	**10,966**
		December 31, 2022	–	–	10,966
Joint Ventures					
VJPI	Noninterest-bearing advances	**September 30, 2023**	**–**	**116**	**182**
		December 31, 2022	–	116	182
Marilo Realty Development Corporation	Noninterest-bearing advances	**September 30, 2023**	**–**	**1,310**	**156**
		December 31, 2022	–	1,310	156
LPC	Defrayment of cost and expenses for restructuring	**September 30, 2023**	**–**	**–**	**23,729**
		December 31, 2022	–	–	23,729
Entities under common control	Interest-bearing advances	**September 30, 2023**	**3,312**	**3,405**	**81,250**
		December 31, 2022	5,567	–	139,142

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)
		September 30, 2023		**₱48,487**	**₱129,494**
		December 31, 2022		₱35,849	₱187,386

**Amounts represent transactions for the three months ended September 30, 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 September 30, 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:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Salaries and short-term benefits	**₱36,873**	**36,157**
Retirement benefits	**2,603**	**2,603**
	₱39,476	**₱38,760**

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
November 29, 2022				60,000	60,000
December 23, 2022				60,000	60,000
February 02, 2023				40,000	40,000
February 24, 2023				60,000	60,000
March 28, 2023				60,000	60,000
April 13, 2023				60,000	60,000
April 21, 2023				150,000	150,000
May 12, 2023				60,000	60,000
May 16, 2023				125,000	125,000
May 19, 2023				60,000	60,000
August 7, 2023				60,000	60,000
August 11. 2023				150,000	150,000
August 30, 2023				150,000	150,000

The expense recognized on the foregoing amounted to nil for both nine months ended September 30, 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	**₱68,827**	₱270,790
Hotels and services	**326,045**	289,901
Sale of goods	**172,120**	84,092
	₱566,992	₱644,783

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	**₱162,945**	₱159,091
Food and beverage	**99,022**	82,472
Spa	**9,269**	8,722
Others	**54,809**	39,616
	₱326,045	₱289,901

i. Real Estate

	September 30, 2023							
Segments	Raw land	Anya	Landing Townhomes	Orchards	Palmstrip	SAMG	Palico/ Others	Total
Sale of real estate	–	**48,394**	**1,703**	**801**	**3,960**	**6,291**	**7,678**	**68,827**
Geographical markets								
Nasugbu, Batangas	–	–	**1,703**	**801**	**3,960**	**6,291**	**7,678**	**20,433**
Tagaytay City, Cavite	–	**48,394**	–	–	–	–	–	**48,394**
Timing of revenue recognition								
Goods transferred over time	–	**48,394**	**1,703**	**801**	**3,960**	**6,291**	**7,678**	**68,827**
Goods transferred at a point in time	–	–	–	–	–	–	–	–

Segments	September 30, 2022 Raw land	Anya	Landing Townhomes	Orchards	Palmstrip	SAMG	Palico/ Others	Total
Sale of real estate	**213,700**	**27,808**	**4,502**	**1,406**	**16,653**	**6,064**	**657**	**270,790**
Geographical markets								
Nasugbu, Batangas	**213,700**	**–**	**4,502**	**1,406**	**16,653**	**6,064**	**657**	**242,982**
Tagaytay City, Cavite		**27,808**	**–**	**–**	**–**	**–**	**–**	**27,808**
Timing of revenue recognition								
Goods transferred over time	**–**	**27,808**	**4,502**	**1,406**	**16,653**	**6,064**	**657**	**57,090**
Goods transferred at a point in time	**213,700**	**–**	**–**	**–**	**–**	**–**	**–**	**213,700**

Other real estate revenue includes interment revenue amounting to ₱0.72 million and ₱0.66 million for the nine months ended September 30, 2023 and 2022, respectively.

ii. Sale of goods

Sale of goods by product type

	2023	2022
Coco milk/cream	**₱31,427**	₱58,762
Coco water concentrate	**64,667**	23,781
Fresh Coconut Meat	**64,409**	–
Other Revenue	**11,617**	–
Virgin coconut oil	**–**	1,549
	₱172,120	₱84,092

Sale of goods by sales type

	2023	2022
Export	**₱95,885**	₱82,432
Domestic	**76,235**	1,660
	₱172,120	₱84,092

b. Contract balances

The Company's contract balances as at September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
Contract asset	**₱107,217**	₱125,634
Contract liabilities	**82,699**	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
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:

	2023	2022
Contract assets - current	**₱85,277**	₱96,100
Contract assets - noncurrent	**21,941**	29,534
	₱107,218	₱125,634

Contract liabilities

a. Deferred income amounting to ₱50.5 million and ₱43.5 million in 2023 and 2022, respectively, pertains to collections from buyers exceeding the recognized sale of real estate based on percentage-of-completion.

b. Customers’ deposits amounting to ₱36.7 million and ₱98.6 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 ₱58.7 million and ₱7.9 million as at period ended September 30, 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:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Depreciation and amortization	**₱23,903**	₱30,498
Food and beverage cost	**25,758**	34,844
Salaries, wages and other employee benefits	**33,844**	32,028
Outside services	**25,671**	32,407
Communication, light and water	**15,174**	15,679
Travel and transportation	**1,728**	1,535
Others	**54,672**	34,267
	₱180,750	₱181,257

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:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Materials used and changes in inventory	**₱111,188**	₱50,491
Indirect labor	**12,172**	21,938
Packaging materials	**8,237**	18,324
Direct labor	**13,516**	11,930
Communication, light and water	**18,668**	9,293
Depreciation (see Note 11)	**19,622**	14,112
Factory supplies	**1,476**	8,747
Taxes and licenses	**2,133**	6,596
Repairs and maintenance	**360**	3,535
Rent expense	**320**	769
Others and Non-operating days	**34,049**	1,169
	₱221,741	₱146,904

Operating expenses consist of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
General and administrative expenses	**₱200,787**	₱193,152
Selling expenses	**21,722**	34,027
	₱222,509	₱227,179

General and administrative expenses from consist of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Salaries, wages and other employee benefits (Notes 17 and 22)	**₱92,089**	₱85,461
Depreciation and amortization (Note 11)	**17,509**	46,778
Taxes and licenses	**26,092**	18,209
Outside services	**9,320**	13,315
Communication, light and water	**20,212**	16,919
Representation and entertainment	**4,571**	5,875
Repairs and maintenance	**3,919**	4,111
Travel and transportation	**5,411**	2,195
Materials and consumables	**2,014**	2,591
Insurance	**762**	166
Rent	**1,973**	1,456
Yield guarantee	**–**	(17,310)
Others	**16,915**	13,386
	₱200,787	₱193,152

Others include professional fees, training and development and other miscellaneous charges.

<u>Selling Expenses</u>
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 21) in the consolidated statements of income are as follows:

	September 30, 2023 (Unaudited)	September30, 2022 (Unaudited)
Salaries and wages	**₱ 72,198**	₱67,700
Allowances and other employee benefits	**47,784**	14,304
Retirement benefits (Note 17)	**3,922**	8,795
	₱92,089	₱90,799

23. **Others - Net**

Others - Net consists of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Sale of scrap	**₱150**	₱5,014
Penalty for late payment	**450**	635
Rent income	**285**	398
Gain on Sale of Investment	**430**	–
Realized Forex loss	**(674)**	–
Fees & Other Charges	**(1,703)**	–
Others	**176**	1,473
	(₱886)	₱7,520

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:

	September 30, 2023 (Nine months, Unaudited)	September 30, 2022 (Nine months, Unaudited)
Current	**₱1,824**	₱8,661
Deferred	**–**	–
	₱1,824	₱8,661

b. The components of the recognized deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	June 30, 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	**₱32,041**	**₱–**	₱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**	**–**	63	–
Unrealized foreign exchange loss	**–**	**–**	–	–
	91,285	**–**	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)	**₱64,169**	**(₱98,060)**	₱61,960	(₱98,060)

25. **Earnings (Loss) Per Share**

Basic/diluted earnings (loss) per share are computed as follows:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net loss attributable to the equity holders of the Parent Company:	**(₱447,568)**	**(₱292,327)**
Weighted average number of shares issued and outstanding:		
Issued and outstanding ordinary shares	**2,238,565,159**	**2,230,711,002**
Basic/diluted loss per share:	**(₱0.20)**	**(₱0.13)**

There are no potential dilutive common shares as at September 30, 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 September 30, 2023, the Group has unused lines of credit with local banks amounting to nil (see Notes 14 and 15).

27. 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 nine months ended September 30, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	**₱5,472,083**	₱5,183,122
Total equity	**8,146,852**	8,631,943
Total liabilities and equity	**₱13,618,934**	₱13,815,065
Debt-to-equity ratio	**0.67:1.0**	0.60:1.0

28. **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 September 30, 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 September 30, 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.

29. **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:

	September 30, 2023 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	**₱68,827**	**326,045**	**172,120**	**0**	**0**	**566,992**
Cost of sales and services	**(38,717)**	**(180,750)**	**(221,741)**	**0**	**0**	**(441,208)**
Interest income	**5,582**	**3,332**	**0**	**3,736**	**(3,259)**	**9,391**
Interest expense	**(35,275)**	**(58,135)**	**(48,707)**	**(50,725)**	**3,259**	**(189,582)**
Others	**(50,902)**	**(116,646)**	**(37,752)**	**(30,750)**	**12,655**	**(223,395)**
Income (loss) before income tax	**(51,208)**	**(25,430)**	**(136,080)**	**(77,740)**	**12,655**	**(277,802)**
Loss on discontinued Operations	**0**	**(23,235)**	**0**	**0**	**0**	**(23,235)**
Income tax expense	**(117)**	**(1,707)**	**0**	**0**	**0**	**(1,824)**
Segment Income (loss)	**(51,325)**	**(50,372)**	**(136,080)**	**(77,740)**	**12,655**	**(302,861)**
Equity in net earnings of associates and a joint venture	**0**	**0**	**0**	**(182,230)**	**0**	**(182,230)**
Consolidated Net Income (Loss)	**(51,325)**	**(50,372)**	**(136,080)**	**(259,969)**	**12,655**	**(485,091)**
Assets and Liabilities					**68,239**	
Current assets	**₱665,928**	**410,793**	**205,675**	**232,985**	**73,688**	**1,583,621**
Noncurrent assets	**261,112**	**2,249,637**	**676,809**	**10,837,960**	**(1,990,205)**	**12,035,313**
Total Assets	**927,040**	**2,660,430**	**882,484**	**11,070,946**	**(1,921,966)**	**13,618,934**
Current liabilities	**(105,681)**	**1,710,681**	**599,164**	**509,310**	**553,666**	**3,267,140**
Noncurrent liabilities	**753,942**	**791,534**	**696,861**	**1,272,382**	**(1,309,776)**	**2,204,943**
Total Liabilities	**648,261**	**2,502,215**	**1,296,024**	**1,781,693**	**(756,110)**	**5,472,083**

	September 30, 2022 (Unaudited)					
	Real Estate	Hotel	Manufacturing	Others	Eliminations	Consolidated Balances
Sales	₱270,795	₱332,118	₱84,092	₱–	(₱16,180)	₱500,015
Cost of sales and services	(95,224)	(198,041)	(146,904)	–	1,724	(438,446)
Interest income	7,570	3,808	1	1,673	(3,947)	9,105
Interest expense	(25,786)	(90,167)	(32,211)	(49,623)	3,947	(193,841)
Others	(68,214)	(117,171)	(31,507)	(24,118)	(273)	(241,282)
Income (loss) before income tax	89,141	(69,453)	(126,529)	(72,067)	(14,729)	(193,638)
Income tax expense	(15,273)	(1,327)	–	–	7,939	(8,661)
Segment Income (loss)	73,868	(70,780)	(126,529)	(72,067)	(6,790)	(202,299)
Equity in net earnings of associates and a joint venture	–	–	–	(129,365)	–	(129,365)
Consolidated Net Income (Loss)	₱73,868	(₱70,780)	(₱126,529)	(₱201,433)	(₱6,790)	(₱331,664)
Assets and Liabilities						
Current assets	₱1,123,050	₱242,180	₱203,803	₱220,761	(₱756,775)	₱1,033,021
Noncurrent assets	673,817	2,240,369	968,183	10,360,339	(2,936,458)	11,306,250
Total Assets	1,796,867	2,482,550	1,171,987	10,581,100	(3,693,233)	12,339,271
Current liabilities	796,653	2,196,681	910,971	391,333	(748,240)	3,547,398
Noncurrent liabilities	252,388	72,135	179,676	1,289,307	(390,144)	1,403,362
Total Liabilities	₱1,049,041	₱2,268,816	₱1,090,647	₱1,680,640	(₱1,138,384)	₱4,950,760

30The 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.

31. **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.

Roxas & Company, Inc.

ANNEX "B"

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

3rd Quarter Ended September 30, 2023 and 2022

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

INTERIM RESULTS (UNAUDITED) – 3rd Quarter ending September 30, 2023

Results of Operation

Consolidated revenues amounted to ₱567 million, a decrease of 12% against Q3 2022's ₱645 million. Realty sales decreased by 75% to ₱69 million, partly offset by revenue increase from hotel operations by 13% to ₱326 million, particularly the high-end Anya Resort. Sales of coconut products rose by 105% to ₱172 million.

Roxaco Asia Hospitality Corp.'s (RAHC) Go Hotel revenue increased by 10% to ₱159 million as average occupancy and room rates further recovered post-Covid. The normalization of local transient movements and the steady return of international guests boosted performance across all properties. Anya Resort Hotel (ART) revenue grew 16% to ₱181 million attributable to increase in average occupancy and sustained social and corporate event bookings. RSAI's exports grew 14% as the surge in coconut water concentrate orders offset lower coconut cream shipments. Fresh coconut meat was introduced in 2023 and generated ₱65 million. AHG's revenue expanded by 12% to ₱35 million following the closure of new accounts.

Gross income amounted to ₱126 million. Operating expenses decreased by 2% to ₱223 million from last year's ₱227 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 ₱182 million, higher than last year's ₱129 million due to the cessation of milling operations and slow refining activity.

Interest cost of ₱190 million was ₱16 million or 9% higher than same period of last year following loan restructuring re-pricing.

Other income of ₱9.4 million represents scrap sale, realty fees, penalty for late payment, and forfeited reservation deposits.

Consolidated net loss for the nine months ended September 30, 2023 of ₱485 million was higher than last year's loss of ₱332 million mainly from delayed realty programs, lower margins mix of RSAI coconut products, and share in equity loss from an associate, partly offset by improving RAHC operating income and strong delivery across all segments in the high-end Anya Hotel.

Financial Position

Consolidated total assets amounting to ₱13,619 million as at September 30, 2023 is lower than ₱13,815 million as at December 31, 2022 mainly due to share in equity loss of investments in RHI.

Current ratio is at 0.52:1 and 0.52:1 for September 30, 2023 and December 31, 2022, respectively.

Debt to equity (D/E) ratio of 0.60:1 as of December 31, 2022 and 0.67:1 as of September 30, 2023 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 noncore assets and investments and use the proceeds to deleverage.

Book value per share is at ₱3.55 as at September 30, 2023.

Trade and other receivables of ₱271 million increased by 38% from December 31, 2022 balance of ₱195 million due largely to collection timing.

Total liabilities increased to ₱5,472 million from ₱5,183 million due to a rise in payables and accruals.

Total equity amounting to ₱8,146 million as at September 30, 2023 decreased by 5.6% from December 31, 2022 balance of ₱8,632 due to net loss for the 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 September 30, 2023 (Nine Months)	December 31, 2022 (One Year)	December 31, 2021 (One Year)
Gross profit	₱125.8 million	₱273.7 million	₱436.5 million
Export sale of coconut products	₱95.9 million	₱88.0 million	₱ 184.9 million
Hotel occupancy and average daily room rate			
- *Anya Hotel*	59% / ₱3,887	60% / ₱4,354	36% / ₱5,755
- *Go Hotels*	53% / ₱1,432	43% / ₱1,429	55% / ₱1,572
EBITDA	(₱27 million)	₱1,006.7 million	₱683.8 million
Return on equity	(5.95%)	7.22%	3.08%

<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

For the remainder of the year, the Realty group is ramping lot and housing development, memorial lot reservations, and raw land sales in Nasugbu, Batangas. A new 8-room villa block in Anya Hotel is scheduled to be topped off in time for the Christmas and New Year peak. The new Silang exit at CALAX will cut travel time to the hotel by another 15 minutes and enhance the property's accessibility. The consolidation of San Miguel's CBEX and Metro Pacific's CTBEX tollway plans is seen to drive new investment in the Group's landholdings and enhance portfolio value. The annual land appraisal will be conducted in Dec 2023.

The budget hotels are completing repair and refresh works on its facilities to address wear and tear and customer feedback. As a result, satisfaction survey scores are consistently improving since the switch back to regular rooms from quarantine use. Consumers continue to demand quality service at the hyper-competitive hospitality segment. RAHC implemented dynamic pricing to match area competitors multiple times daily as required.

For coconut exports, RSAI is offsetting lower global aseptic cream demand by shipping record levels of coconut water concentrate and temporarily selling fresh coconut meat to a local party off taker. It's also implementing its turn-around program anchored on recovery of cancelled orders, improved plant reliability, capacity utilization, and fulfillment metrics, as well as continuous funding. RSAI's mid-term strategy is to achieve full integration within two years. The company hosted various international brokers, ingredient consolidators, and importers in Q3. It forecasts an increase in requests for product samples, laboratory testing, and potential new purchase orders for 2024/2025.

ROXAS AND COMPANY, INC AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	September 30, 2023	September 30, 2022	December 31, 2022
1. LIQUIDITY RATIO			
Current Ratio	0.52 : 1.00	0.29 : 1.00	0.52 : 1.00
2. SOLVENCY RATIO			
Debt to Equity ratio	0.67 : 1.00	0.67 : 1.00	0.60 : 1.00
3. Asset to Equity Ratio	1.67	1.67	1.60
4. PROFITABILITY RATIOS			
Return on Assets	(3.56%)	(2.69%)	4.51%
Return on Equity	(5.95%)	(4.49%)	7.22%
Book Value per share	3.55	3.21	3.77

ROXAS AND COMPANY, INC. AND SUBSIDIARIES
Consolidated Aging of Receivables
As of September 30, 2023

	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	104,295,041	-	37,124,160	15,974,604	13,019,033	15,893,616	22,283,628
Allowance for impairment losses	(2,440,645)	-	-	-	-	-	(2,440,645)
Trade receivables	**101,854,397**	**-**	**37,124,160**	**15,974,604**	**13,019,033**	**15,893,616**	**19,842,984**

	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	71,211,154	-	8,658,133	1,292,876	5,260,200	11,766,475	44,233,469
Contractors and suppliers	23,208,261	708,139	3,181,265	1,788,310	3,434,030	888,111	13,208,407
Employees	6,289,300	375,484	537,348	-	-	-	5,376,467
Others	99,496,336	-	7,280,951	474,806	352,041	696,086	90,692,452
Total non-trade	200,205,051	1,083,623	19,657,697	3,555,992	9,046,271	13,350,672	153,510,796
Allowance for impairment losses	(31,373,325)	-	-	-	-	-	(31,373,325)
Non-Trade receivables	**168,831,726**	**1,083,623**	**19,657,697**	**3,555,992**	**9,046,271**	**13,350,672**	**122,137,471**

Summary

Trade	104,295,041	-	37,124,160	15,974,604	13,019,033	15,893,616	22,283,628
Non-Trade	200,205,051	1,083,623	19,657,697	3,555,992	9,046,271	13,350,672	153,510,796
Total trade and other receivables	304,500,092	1,083,623	56,781,857	19,530,596	22,065,304	29,244,288	175,794,424
Allowance for impairment losses	(33,813,969)	-	-	-	-	-	(33,813,969)
Trade and other receivables	**270,686,122**	**1,083,623**	**56,781,857**	**19,530,596**	**22,065,304**	**29,244,288**	**141,980,455**