COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	1	5	A					

COMPANY NAME

ROXAS HOLDINGS, INC. AND
SUBSIDIARIES

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

14th Floor, Net One Center,
26th cor. 3rd Avenue,
Bonifacio Global City, Taguig,
Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporatesecretary@rhi.com.ph	(02) 8771-7800	09985914710

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,077	March 17	September 30

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
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

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

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SEC Number PW 15
File _____________

ROXAS HOLDINGS, INC. (formerly CENTRAL AZUCARERA DON PEDRO, INC.)

(Company's Full Name)

14th Floor, Net One Center, 26th corner 3rd Avenue,
Bonifacio Global City, Taguig, Metro Manila

(Company's Address)

(632) 8771-7800

(Company's Telephone Number)

September 30, 2022

(Fiscal Year Ending)

SEC Form 17-Q

(Form Type)

Amended Designation (If Applicable)

December 31, 2021

Period Ended Date

(Secondary License Type and File Number)

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 quarter ended: **31 December 2021**

2. Commission Identification Number **15A**

3. BIR Tax Identification No. **000-290-538**

4. Exact name of registrant as specified in its charter **ROXAS HOLDINGS, INC. (FORMERLY CENTRAL AZUCARERA DON PEDRO, INC.)**

5. Province, country or other jurisdiction of incorporation or organization
   Philippines

6. Industry Classification Code:

7. Address of principal office — Postal Code
   14th Floor, Net One Center, 26th corner 3rd Avenue,
   Bonifacio Global City, Taguig, Metro Manila — **1634**

8. Registrant's telephone number, including area code
   (632) 8771-7800

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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares and Amount of Debt Outstanding
Authorized Capital Stock:	2,000,000,000
No. of common shares issued and outstanding	1,547,935,799
No. of preferred shares issued and outstanding	-

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

    Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 11 of the Securities Revised Code (SRC) and SRC Rule 11(a)-1 there under and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

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ROXAS HOLDINGS, INC. AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial Statements
December 31, 2021 (With Comparative Audited Figures as at September 30, 2021)
and for the Three-Month Periods Ended December 31, 2021 and 2020

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021

(*With Comparative Audited Balances as at September 30, 2021)*
(Amounts in Thousands)

	Note	**December 31, 2021 (Unaudited)**	September 30, 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	3	**₱585,287**	₱58,974
Trade and other receivables	4	**645,160**	533,127
Inventories	5	**1,047,081**	554,573
Other current assets	6	**379,022**	170,927
		2,656,550	1,317,601
Noncurrent Assets			
Property, plant and equipment:	7		
At cost		**4,901,372**	4,849,977
At revalued amount		**4,512,884**	4,512,884
Investment properties		**415,658**	415,658
Retirement assets – net		**48,590**	48,590
Other noncurrent assets		**1,594,152**	1,593,583
		11,472,656	11,420,692
		₱14,129,206	₱12,738,293
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	8	**₱201,800**	₱1,710,800
Trade and other payables	11	**2,396,898**	1,591,876
Income tax payable		**1,697**	1,698
		2,600,395	3,304,374
Noncurrent Liabilities			
Long-term borrowings - net of current portion	9	**4,720,023**	3,236,000
Convertible note – net	10	**718,210**	–
Retirement liabilities -net		**365,213**	353,333
Deferred tax liabilities - net		**686,344**	686,344
Other noncurrent liabilities		**2,434**	1,500
		6,492,224	4,277,177
Total Liabilities		**9,092,619**	7,581,551

(Forward)

	Note	**December 31, 2021 (Unaudited)**	September 30, 2021 (Audited)
Equity Attributable to the Equity Holders of the Parent Company	12		
Capital stock		**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock		**(52,290)**	(52,290)
Equity portion of convertible note		**75,790**	–
Other equity items and reserves		**3,890,961**	3,890,961
Deficit		**(3,320,916)**	(3,125,997)
		5,001,307	5,120,436
Non-controlling Interests		**35,280**	36,306
		5,036,587	5,156,742
		₱14,129,206	₱12,738,293

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2021 AND 2020

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

	Note	Three-Month Period October 1 to December 31 (Unaudited) 2021	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS	14	**₱715,675**	₱351,973
COST OF SALES	15	**(704,742)**	(339,173)
GROSS INCOME		**10,933**	12,800
OPERATING EXPENSES	16	**(125,460)**	(173,822)
INTEREST EXPENSE	8, 9	**(79,763)**	(89,191)
OTHER INCOME (EXPENSE) – Net	18	**(1,650)**	10,403
LOSS BEFORE INCOME TAX		**(195,940)**	(239,810)
INCOME TAX EXPENSE			
Current		**(5)**	(31)
Deferred		**–**	–
		(5)	(31)
NET LOSS		**(₱195,945)**	(₱239,841)
Net loss attributable to:			
Equity holders of the Parent Company		**(₱194,919)**	(₱239,098)
Non-controlling interests		**(1,026)**	(743)
		(₱195,945)	(₱239,841)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Basic		**(₱0.13)**	(₱0.15)
Diluted		**(0.13)**	(0.15)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands)

	Three-Month Period October 1 to December 31 (Unaudited)	
	2021	2020
NET LOSS	**(₱195,945)**	(₱239,841)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱195,945)**	(₱239,841)
Total comprehensive loss attributable to:		
Equity holders of the Parent Company	**(₱194,919)**	(₱239,098)
Non-controlling interests	**(1,026)**	(743)
	(₱195,945)	(₱239,841)

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands)

	Three-Month Period October 1 to December 31 (Unaudited)	
	2021	2020
CAPITAL STOCK	**₱1,565,579**	₱1,565,579
ADDITIONAL PAID-IN CAPITAL	**2,842,183**	2,842,183
TREASURY STOCK	**(52,290)**	(52,290)
EQUITY PORTION OF CONVERTIBLE NOTE	**75,790**	–
OTHER EQUITY RESERVES	**3,890,961**	3,649,712
DEFICIT		
Beginning balance	**(3,125,997)**	(2,191,115)
Net loss attributable to equity holders of the Parent Company	**(194,919)**	(239,098)
	(3,320,916)	(2,430,213)
NON-CONTROLLING INTERESTS		
Beginning balance	**36,306**	36,096
Loss attributable to non-controlling interests	**(1,026)**	(743)
	35,280	35,353
TOTAL EQUITY	**₱5,036,587**	₱5,610,324

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED
DECEMBER 31, 2021 AND 2020
(Amounts in Thousands)

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱195,940)**	(₱239,810)
Adjustments for:		
Interest expense	**79,763**	89,191
Depreciation and amortization	**43,588**	50,342
Retirement expense	**11,879**	21,966
Interest income	**(122)**	(102)
Operating loss before changes in working capital	**(60,832)**	(78,413)
Decrease (increase) in:		
Trade and other receivables	**(104,935)**	385,264
Inventories	**(492,508)**	(78,315)
Other current assets	**(208,103)**	(351,719)
Increase (decrease) in trade and other payables	**876,294**	(440,257)
Net cash generated from (used in) operating activities	**9,916**	(563,440)
Retirement benefits paid	**–**	(50,511)
Income taxes paid	**(6)**	(20)
Interest received	**122**	102
Net cash flows provided by (used in) operating activities	**10,032**	(613,869)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(170,620)**	(55,626)
Decrease (increase) in other noncurrent assets	**(29)**	889
Net cash flows used in investing activities	**(170,649)**	(54,737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of convertible note	**794,000**	–
Net payments of short-term borrowings	**(10,000)**	(71,250)
Payments of:		
Interest	**(97,070)**	(111,556)
Principal portion of lease liabilities	**–**	(4,979)
Net cash flows provided by (used in) financing activities	**686,930**	(187,785)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**526,313**	(856,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**58,974**	888,597
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱585,287**	₱32,206

See accompanying Notes to Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

On February 1, 2017, the Board of Directors (BOD) approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRH, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On the same day, the shareholders approved the subsequent application of the convertible note as subscription to 125,000,000 common shares arising from the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share.

On July 14, 2017, the SEC approved the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH interest on the Parent Company increased from 27% to 32%.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas and San Carlos Ecozone, San Carlos City, Negros Occidental.

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (collectively, the Group) for the three-month period ended December 31, 2021 were authorized for issue in accordance with a resolution of the Board of Directors on February 3, 2021.

2. Basis of Preparation and Basis of Consolidation

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and investment properties that are measured at fair value. The consolidated financial statements have been presented in Philippine Peso, which is the functional currency of the Group. All amounts are rounded to the nearest thousands, except for number of shares and unless otherwise indicated.

The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended September 30, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Adoption of New and Revised PFRS

The Group adopted the following amendments and improvements to PFRS effective October 1, 2021 as summarized below.

Effective beginning on or after January 1, 2021 (October 1, 2021 for the Group)

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
    - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
    - Relief from discontinuing hedging relationships
    - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
    - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
    - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022 (October 1, 2022 for the Group)

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

o Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023 (October 1, 2023 for the Group)

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

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

<u>Basis of Consolidation</u>
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. The Parent Company has control over the investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Presented on the next page is the list of the subsidiaries.

	Percentage of Ownership		Noncontrolling interest			Principal Place of
	2021	2020	**2021**	2020	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00%**	100.00%	**–**	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	**100.00%**	100.00%	**–**	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	**–**	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)	**100.00%**	100.00%	**–**	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	**100.00%**	100.00%	**–**	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)	**100.00%**	100.00%	**–**	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00%**	100.00%	**–**	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) (1)	**100.00%**	100.00%	**–**	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) (2)	**93.35%**	93.35%	**6.65%**	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	**50.00%**	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) (3)	**100.00%**	100.00%	**–**	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *As at September 30, 2021, RHIPCC has not yet started commercial operations*
(2) *Acquired in April 2015 through RPBC*
(3) *Indirect ownership through RPBC*

Non-controlling interests represent the portion of profit or loss and net assets of RPC and SCBI not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

3. Cash and Cash Equivalents

This account consists of:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Cash on hand	**₱358**	₱662
Cash in banks and cash equivalents	**584,929**	58,312
	₱585,287	₱58,974

Cash in banks earn interest at the respective bank deposit rates.

4. Trade and Other Receivables

This account consists of:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Trade	**₱620,371**	₱515,064
Due from:		
Planters and cane haulers	**67,926**	70,263
Employees	**27,452**	28,649
Related parties	**10,169**	–
Others	**70,875**	70,784
	796,793	684,760
Allowance for impairment losses	**(151,633)**	(151,633)
	₱645,160	₱533,127

5. Inventories

This account consists of:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
At NRV:		
Materials and supplies	**₱237,177**	₱210,099
Molasses	**–**	63,295
Alcohol	**–**	79,251
At cost:		
Raw sugar	**664,078**	35,849
Molasses	**61,493**	–
Refined sugar	**42,189**	157,706
Alcohol	**33,925**	–
Others	**8,219**	8,373
	₱1,047,081	₱554,573

Cost of inventories valued at NRV is shown below:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Materials and supplies	**₱269,488**	₱247,493
Alcohol	**–**	106,892
Molasses	**–**	80,781
	₱269,488	₱435,166

6. Other Current Assets

This account consists of:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Deferred milling costs	**₱197,210**	₱5,288
Advances to suppliers	**94,626**	74,953
Input VAT	**42,301**	46,941
Prepayments	**28,897**	27,763
Refundable deposits	**15,988**	15,982
	₱379,022	₱170,927

Input VAT, which includes deferred input VAT, mainly arises from purchases of capital goods and services for operations.

7. Property, Plant and Equipment

Acquisitions and disposals
During the three months ended December 31, 2021, the Group acquired assets amounting to ₱23.2 million excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱414.4 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱4,660.5 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 9).

8. Short-term Borrowings

This account consists of unsecured short-term loans obtained from various local banks for working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 7.00% to 7.25% and 6.00% to 7.25% for the periods ended December 31, 2021 and September 30, 2021, respectively.

Total interest expense arising from short-term borrowings amounted to ₱27.7 million and ₱88.8 million for the three-month periods ended December 31, 2021 and 2020, respectively.

On September 23, 2020, the Company sent letter request to the major creditor banks for the proposed term out of outstanding short-term loans amounting to ₱4,750 million. As of December 23, 2021, the term out has been duly approved by the creditor banks and converted to long-term borrowings (see Note 9).

During the three months ended December 31, 2021, the Group paid a total of ₱10.0 million worth of short-term borrowings.

9. **Long-term Borrowings**

The Group obtained various loans from local banks. Total outstanding payable arising from loan agreements are as follows:

Facility	Terms	Collateral	Outstanding Balance **December 31, 2021**	 September 30, 2021
₱2,000.0 million dated September 29, 2021	Payable in equal semi-annual amortization amounting to ₱125.0 million starting December 2023 until June 2027 and a lump sum payment of the remaining balance on December 2027 and bears fixed interest of 5.75% for two years subject to repricing thereafter	Suretyship agreement and mortgage trust indenture (MTI)	**₱2,000,000**	₱2,000,000
₱1,500.0 million dated December 23, 2021	Payable in quarterly amortization amounting to ₱37.5 million starting December 2022 until September 2024 and a lump sum payment of the remaining balance on December 2024 and bears interest of 6.5% for three years	Mortgage Trust Indenture (MTI)	**1,500,000**	–
₱1,250.0 million dated December 22, 2020	Payable in quarterly amortization amounting to ₱32.9 million for five years starting March 2023 until September 2027 and a lump sum payment of the remaining balance on December 2027 and bears fixed interest of 6.00% for two years subject to repricing thereafter	Mortgage Trust Indenture (MTI)	**1,250,000**	1,250,000
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and MTI	**–**	1,000
			4,750,000	3,251,000
Unamortized transaction costs			**(29,977)**	(15,000)
Noncurrent long-term borrowings			**₱4,720,023**	₱3,236,000

Suretyship Agreement and Mortgage Trust Indenture
The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI and CADPI. Property, plant and equipment with a carrying amount of ₱4,660.5 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors.

Loan Covenants
The foregoing loan agreements are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.10 times and debt-to-equity ratio of not more than 2.33:1 starting 2023;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

The maturities of the long-term borrowings are as follows:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Between one to two years	**₱427,417**	₱98,670
Between two to three years	**1,710,703**	1,145,680
Between three to five years	**763,120**	–
Between five to seven years	**1,848,760**	2,006,650
	₱4,750,000	₱3,251,000

10. Convertible Note – net

On December 17, 2021, the BOD approved the issuance of convertible debt securities amounting to ₱800 million to Metpower Ventures Partners Holdings, Inc., convertible to 80,000,000 common shares of SCBI at ₱10 value per share at the option of the holder. The convertible note is interest bearing and has a maturity of 7 years.

11. Trade and Other Payables

This account consists of:

	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Trade	**₱2,051,785**	₱1,350,406
Accruals for:		
Sugar and molasses purchase	**94,692**	–
Services	**27,317**	15,706
Utilities	**13,365**	12,701
Interest	**8,889**	11,218
Taxes	**8,228**	8,653
Construction in progress	**6,553**	6,553
Offseason costs	**4,145**	–
Payroll and other employee benefits	**3,264**	4,872
Others	**12,051**	25,489
Due to:		
Planters	**13,922**	7,398
Related parties	**7,098**	7,098
Contract liabilities	**40,603**	38,987
Provision for probable loss	**77,318**	77,318
Payable to government agencies for taxes and statutory contributions	**21,019**	17,842
Others	**6,649**	7,635
	₱2,396,898	₱1,591,876

12. **Equity**

Details of capital stock and treasury stock follow:

	December 31, 2021 (Unaudited)		September 30, 2021 (Audited)	
	Number of Shares	**Amount *(in Thousands)***	Number of Shares	Amount *(in Thousands)*
Authorized – common shares “Class A” at ₱1.0 par value	**2,000,000,000**	**₱2,000,000**	2,000,000,000	₱2,000,000
Issued common shares “Class A”	**1,565,579,279**	**₱1,565,579**	1,565,579,279	₱1,565,579
Treasury stock	**(17,643,480)**	**(52,290)**	(17,643,480)	(52,290)
Issued and outstanding	**1,547,935,799**	**₱1,513,289**	1,547,935,799	₱1,513,289

On July 14, 2017, the Parent Company’s application for increase in authorized capital stock was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

13. **Related Party Transactions and Balances**

In the normal course of business, the Group has transactions with related parties as follows:

a. The Group made advances to CADPI Retirement Fund, Inc. (CADPIRFI) for a portion of the retirement payments made to the Group’s qualified retired employees under defined benefit plan. Advances to CADPIRFI are netted under “Trade and other payables” account.

b. Due to related parties, which are presented as part of “Trade and other payables” account, represents noninterest-bearing payable arising from advances from CADPIRFI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment for the three-month periods ended December 31, 2021 and 2020. This assessment is undertaken each reporting period by reviewing the financial position of the related party and the market in which the related party operates.

14. **Revenue from Contracts with Customers**

The components of revenue are as follows:

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Sale of goods:		
Alcohol	**₱496,461**	₱236,758
Refined sugar	**207,829**	105,004
Carbon dioxide	**2,052**	1,183
Molasses	**–**	3,292
	706,342	346,237
Sale of services:		
Power	**8,125**	4,532
Farm services	**1,208**	1,204
	9,333	5,736
	₱715,675	₱351,973

15. **Cost of Sales**

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Direct materials used	**₱520,787**	₱187,404
Fuel and oil	**59,848**	43,902
Depreciation and amortization	**33,808**	34,383
Planters' subsidy and productivity assistance	**28,549**	28,851
Outside services	**22,839**	12,057
Personnel costs	**13,419**	12,691
Communication, light and water	**7,700**	4,708
Others	**17,792**	15,177
	₱704,742	₱339,173

16. **Operating Expenses**

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
General and administrative expenses	**₱122,871**	₱170,043
Selling expenses	**2,589**	3,779
	₱125,460	₱173,822

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Personnel costs	**₱71,614**	₱117,015
Depreciation and amortization	**9,780**	15,959
Outside services	**9,117**	9,344
Taxes and licenses	**4,097**	5,092
Professional fees	**2,811**	2,975
Communication, light and water	**1,546**	3,183
Transportation and travel	**462**	890
Others	**23,444**	15,585
	₱122,871	₱170,043

Others mainly pertain to cost incurred for organizational activities, corporate social responsibility, office supplies among others.

Selling expenses mainly pertain to sugar liens and dues, delivery charges and monitoring fees paid to various regulatory agencies prior to sale of sugar.

17. **Personnel Costs**

Personnel costs are allocated as follows:

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Costs of goods sold	**₱13,419**	₱12,691
General and administrative expenses	**71,614**	117,015
	₱85,033	₱129,706

18. **Other Income (Expense)** - Net

This account consists of:

	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Storage, handling and insurance fees	**₱1,031**	₱16
Rent income	**548**	102
Interest income	**122**	102
Others	**(3,351)**	10,183
	(₱1,650)	₱10,403

19. **Financial Instruments**

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash in banks 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.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the related financial assets used for liquidity management.

	December 31, 2021				
	On demand	**Less than one year**	**Over 1 year but less than 2 year**	**Over 2 year**	**Total**
Financial assets:					
Cash and cash equivalents	**₱585,287**	**₱–**	**₱–**	**₱–**	**₱585,287**
Trade receivables***	**135,568**	**367,267**	**–**	**–**	**502,835**
Due from employees***	**27,319**	**–**	**–**	**–**	**27,319**
Due from related parties	**10,169**	**–**	**–**	**–**	**10,169**
Other receivables***	**68,666**	**–**	**–**	**–**	**68,666**
Refundable deposits	**15,988**	**–**	**–**	**–**	**15,988**
	842,997	**367,267**	**–**	**–**	**1,210,264**
Financial liabilities					
Trade and other payables**	**267,766**	**2,030,795**	**–**	**–**	**2,298,561**
Short-term borrowings*	**–**	**216,431**	**–**	**–**	**216,431**
Noncurrent portion of long term borrowings*	**–**	**281,396**	**701,414**	**4,926,183**	**5,908,993**
	267,766	**2,528,622**	**701,414**	**4,926,183**	**8,423,985**
Liquidity position (gap)**	**₱575,231**	**(₱2,161,355)**	**(₱701,414)**	**(₱4,926,183)**	**(₱7,213,721)**

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱14.6 million and ₱1,189.0 million, respectively.*
*** Excludes payables to government agencies amounting to ₱21.0 million and provision for losses amounting to ₱77.3 million.*
****Net of related allowances for impairment losses totaling ₱119.9 million.*

September 30, 2021					
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱58,974	₱–	₱–	₱–	₱58,974
Trade receivables***	62,870	334,658	–	–	397,528
Due from employees***	28,516	–	–	–	28,516
Other receivables***	68,575	–	–	–	68,575
Refundable deposits	15,982	–	–	–	15,982
	234,917	334,658	–	–	569,575
Financial liabilities					
Trade and other payables**	162,676	1,334,040	–	–	1,496,716
Short-term borrowings*	–	1,813,448	–	–	1,813,448
Noncurrent portion of long-term borrowings*	–	190,066	287,249	3,722,510	4,199,825
Lease liabilities	–	9,811	255	488	10,554
	162,676	3,347,365	287,504	3,722,998	7,520,543
Liquidity position (gap)** **	₱72,241	(₱3,012,707)	(₱287,504)	(₱3,722,998)	(₱6,950,968)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱102.6 million and ₱963.8 million, respectively.
** Excludes payables to government agencies amounting to ₱17.8 million and provision for losses amounting to ₱77.3 million.
***Net of related allowances for impairment losses totaling ₱99.6 million.
****Liquidity position is expected to improve within the next 12 months as the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 3 years after September 30, 2021 (see Note 8 and 9).

Credit risk

Credit risk is the risk that the Group incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have significant concentrations of credit risk as the Group's customers and dealers are dispersed throughout the country.

To reduce the Group's exposure to bad debts, the Group took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Group's procedures for identifying and managing exposures to credit risk. Since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Group which consist of cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Group given that the Group has limited creditors, stockholders and local banks.

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

b. As at December 31, 2021 and September 30, 2021, the analysis of financial assets follows:

	December 31, 2021			
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**ECL**	**Net of allowance for doubtful accounts**
Loans and receivables:				
Cash and cash equivalents*	**₱584,929**	**₱–**	**₱–**	**₱584,929**
Trade and other receivables				
Trade receivables	**367,267**	**253,104**	**(117,536)**	**502,835**
Due from employees	**27,319**	**133**	**(133)**	**27,319**
Due from related parties	**10,169**	**–**	**–**	**10,169**
Other receivables	**–**	**70,875**	**(2,209)**	**68,666**
Refundable deposits	**15,988**	**–**	**–**	**15,988**
	₱1,005,672	**₱324,112**	**(₱119,878)**	**₱1,209,906**

**Excluding cash on hand amounting to ₱0.4 million.*
***Included as part of other current assets (see Note 6)*

	September 30, 2021			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for ECL
Loans and receivables:				
Cash and cash equivalents*	₱58,312	₱–	₱–	58,312
Trade and other receivables				
Trade receivables	351,545	163,519	(117,536)	397,528
Due from employees	–	28,649	(133)	28,516
Other receivables	–	70,784	(2,209)	68,575
Refundable deposits**	15,982	–	–	15,982
	₱425,839	₱262,952	(₱119,878)	₱568,913

**Excluding cash on hand amounting to ₱0.7 million.*
***Included as part of other current assets (see Note 6)*

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.
As at December 31, 2021 and September 30, 2021, the age of the entire Group's past due but not impaired receivables is over 60 days.

Trade Receivables
The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2021 and September 30, 2021.

		December 31, 2021				
		Days past due				
	Current	**<30 days**	**30-60 days**	**61 to 90 days**	**> 90 days**	**Total**
Estimated credit loss rate	**2%**	**8%**	**44%**	**90%**	**35%**	**19%**
Estimated total gross carrying amount at default	**₱212,446**	**₱139,811**	**₱15,010**	**₱10,558**	**₱242,546**	**₱620,371**
Expected credit loss	**4,249**	**11,185**	**6,604**	**9,502**	**85,996**	**117,536**

		September 30, 2021				
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	2%	8%	44%	90%	37%	23%
Estimated total gross carrying amount at default	₱144,116	₱207,428	₱54,532	₱65,858	₱43,130	₱515,064
Expected credit loss	2,406	15,912	24,115	59,278	15,825	117,536

c. Impairment analysis

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

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of December 31, 2021 and September 30, 2021.

Commodity price risk
The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk
The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 8 and 9.

The loans amounting to ₱4,951.8 million and ₱4,961.8 million as at December 31, 2021 and September 30, 2021, respectively, bear floating interest and expose the group to interest rate risk.

The other financial instruments of the Group are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the Group's 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 Group's dividend declaration is dependent on availability of 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 periods ended December 31, 2021 and September 30, 2021.

Management considers the total consolidated equity reflected in the consolidated statement of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio.

Fair Values

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term nature or the interest rates that they carry approximate the interest rate on comparable instruments in the market. For the long term loans, these are subject to both fixed and floating rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payables, short-term borrowings, current portion of long-term borrowings and dividends payable. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. Fair values of long-term borrowings as at December 31, 2021 and September 30, 2021 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.

20. **Segment Reporting**

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of two operating subsidiaries: CADPI and RABDC that manufactures and sells raw and refined sugar, molasses and provides tolling and farm operations services. The alcohol segment consists of one operating subsidiary, SCBI, that manufactures and sells bioethanol fuel.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally its revenue from domestic operations. Thus, geographical business information not required.

The Group's senior management regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income.

The following tables present information about the Group's operating segments:

	Three-Month Periods Ended December 31, 2021 (Unaudited)			
	Sugar	**Alcohol**	**Eliminations**	**Consolidated**
Revenue:				
External customers	**₱209,036**	**₱506,639**	**₱–**	**₱715,675**
Inter-segment	**142**	**–**	**(142)**	**–**
Cost of goods sold:				
Direct materials used	**192,683**	**328,104**	**–**	**520,787**
Planters' subsidy and productivity assistance	**–**	**28,549**	**–**	**28,549**
Depreciation and amortization	**5,997**	**27,811**	**–**	**33,808**
Fuel and oil	**–**	**59,848**	**–**	**59,848**
Interest expense	**79,763**	**–**	**–**	**79,763**
Segment loss	**(180,283)**	**(15,662)**	**–**	**(195,945)**

	Three-Month Periods Ended December 31, 2020 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱109,500	₱242,473	₱–	₱351,973
Inter-segment	22,217	279	(22,496)	–
Cost of goods sold:				
Direct materials used	110,362	96,279	(19,237)	187,404
Planters' subsidy and productivity assistance	3,959	24,892	–	28,851
Depreciation and amortization	6,093	28,290	–	34,383
Fuel and oil	–	43,902	–	43,902
Interest expense	82,331	6,860	–	89,191
Segment loss	(229,150)	(10,691)	–	(239,841)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Interim Condensed Consolidated Financial Statements as at and for three-month periods ended December 31, 2021 and 2020.

Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	**December 31, 2021 (Unaudited)**	September 30, 2021 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱9,830**	₱9,779	51	1%
Total assets	**14,129**	12,738	1,391	11%
Shareholders' equity	**5,037**	5,157	(120)	(2%)
Net debt (1)	**5,055**	4,888	167	3%
Equity ratio	**35.7%**	40.5%	(4.8%)	(12%)
Net debt as % of equity	**1.00x**	0.95x	0.05	5%
Shares				
Market capitalization	**1,610**	1,935	(325)	(17%)
Total shares issued	**1,548**	1,548	–	–
Closing price per share	**1.04**	1.25	(0.21)	(17%)

Amounts in Millions except Operational Data	**Three Months Ended December 31 (Unaudited) 2021**	2020	Increase (Decrease) Amount	%
Revenue and Earnings				
Revenue	**₱716**	₱352	₱364	103%
Gross loss	**11**	13	(2)	(15%)
Depreciation	**119**	121	(2)	(2%)
Operating expenses	**125**	174	(49)	(28%)
Interest expense	**80**	89	(9)	(10%)
Net loss	**(196)**	(240)	44	18%
EBITDA	**3**	(30)	33	110%
EBITDA margin (2)	**(0.4%)**	(8%)	8%	100%
Return on equity	**(3.9%)**	(4.3%)	0.4%	9%
Income (loss) per share	**(0.13)**	(0.15)	0.02	13%
Cash Flow and Investments				
Cash flow provided by operations	**10**	(614)	624	102%
Investment in fixed assets	**171**	56	115	205%
Operational Data *(volume in thousands)*				
Production - Ethanol (liters)	**7,418**	5,656	1,762	31%

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings, convertible note and long-term debt, including current portion).

(2) EBITDA margin for the period is measured as EBITDA divided by revenues.

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

1. Raw sugar production – a principal determinant of consolidated revenues and is computed as the gross amount of raw sugar output of CADPI.

2. Refined sugar production – the most important determinant of revenues and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production – a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of molasses undergoing distillation and dehydration processes.

4. Earnings before interest, taxes, depreciation and amortization (EBITDA) – the measure for cash income from operations and computed as the difference between revenues and cost of sales and operating and other expenses, but excluding finance charges from loans, income taxes and adding back allowances for depreciation and other non-cash amortization.

5. Return on equity – denotes the capability of the Group to generate returns on the shareholders' funds computed as a percentage of net income to total equity.

Company Overview

Roxas Holdings, Inc. (RHI), a sugar and energy company, is the largest integrated sugar business and the biggest ethanol producer in the Philippines. The Company started operating as a sugar milling company in Nasugbu, Batangas in 1927 and was then known as Central Azucarera Don Pedro.

The Company's subsidiaries include the following:

- Central Azucarera Don Pedro, Inc. (CADPI), located in Batangas, provides the refined sugar requirements of traders and industrial customers such as multinational food and beverage and pharmaceutical companies in Luzon.

- San Carlos Bioenergy, Inc. (SCBI), located at San Carlos Ecozone, Barangay Palampas and Punao, San Carlos City, Negros Occidental, operates integrated sugar mill and bioethanol distillery complex.

- RHI Agri-Business Development Corporation (RHIADC), located in Batangas City, manages and operates agricultural land and planting and cultivation of sugar cane and other farm products, has started commercial operations as at September 30, 2016.

Results of Operations

<u>Revenues</u>

	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2021**	2020	Amount	%
Refined sugar	**₱208**	₱105	₱103	98%
Molasses	**–**	3	(3)	(100%)
	208	108	100	93%
Alcohol	**496**	237	259	109%
Others	**12**	7	5	71%
	₱716	₱352	₱364	103%

Consolidated revenues for the three months ended December 31, 2021 amounted to ₱715.7 million, ₱363.7 million or 103% higher than the ₱352.0 million consolidated revenues reported in the same period in 2020, primarily due to increase in volume sold brought about by increase in ethanol production and carry over refined sugar inventory.

Sugar – Revenue from sugar operations increased by ₱99.7 million or 93% against last year's revenue of ₱108.3 million due to increase in volume sold and higher sugar prices. Refined sugar sales volume increased by 47 Lkg or 85% versus last year's sales volume of 55 Lkg and average selling price per Lkg of refined sugar price increased to ₱2,047 in current year from ₱1,914 in 2020.

Alcohol – Revenue from alcohol operations amounted to ₱496.5 million and ₱236.8 million in 2021 and 2020, respectively. The increase of ₱259.7 million is due to higher volume sold in 2021 by 102%.

Other income – Other revenues pertains to sale of power and CO_2 of SCBI and sale of sugar cane and farm services of ADC.

Gross Profit

The gross profit of the Group for the three months ended December 31, 2021 amounting to ₱10.9 million is ₱1.9 million or 15% lower than the ₱12.8 million in 2020. The decrease in gross profit is attributable to lower gross margin from ethanol due to decreased alcohol yield from cane syrup and low steam pressure.

Sugar – The sugar operation's gross income of ₱8.6 million is higher by ₱2.9 million from ₱5.7 million reported in the same period in 2020 primarily due to high carry over refined sugar inventory.

Alcohol – The gross profit of alcohol for the three months ended December 31, 2021 is ₱4.8 million lower from ₱7.1 million gross loss in the same period in 2020. Gross profit rate decreased to 0.5% in 2021 from gross profit rate of 2.9% in 2020 due to high feedstock cost and lower yield. Ethanol production for the three months ended December 31, 2021 increased by 1.8 million liters or 31% from 5.7 million liters production in 2020.

Operating Expenses

	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2021**	2020	Amount	%
Salaries, wages and other employee benefits	**₱72**	₱117	(₱45)	(38%)
Depreciation and amortization	**10**	16	(6)	(38%)
Outside services	**9**	9	–	–
Taxes and licenses	**4**	5	(1)	(20%)
Selling expenses	**3**	4	(1)	(25%)
Communication, light and water	**2**	3	(1)	(33%)
Professional fees	**3**	3	–	–
Transportation and travel	**–**	1	(1)	(100%)
Others	**22**	16	6	38%
	₱125	₱174	(₱49)	(28%)

Consolidated operating expenses for the three months ended December 31, 2021 decreased by ₱48.3 million or 28% compared to the same period in 2020.

Interest
Interest expense amounted to ₱79.8 million for the three months ended December 31, 2021, which is 11% or ₱9.4 million lower than the ₱89.2 million reported in the same period in 2020, due to refinancing of long-term loans in 2021.

Net Loss
Consolidated net loss for the three months ended December 31, 2021 amounted to ₱195.9 million, which is ₱43.4 million lower than the ₱239.8 million net loss reported in the same period in 2020. Consequently, loss per share is ₱0.13 and ₱0.15 for the three months ended December 31, 2021 and 2020, respectively.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the three months ended December 31, 2021 is higher by ₱32.4 million or 110% than ₱29.6 million losses reported in the same period in 2020.

Financial Condition

Consolidated total assets as at December 31, 2021 amounted to ₱14,129.2 million, which is ₱1,390.9 million higher than the ₱12,738.3 million as at September 30, 2021. Current assets increased by ₱1,338.9 million from ₱1,317.6 million as at September 30, 2021 to ₱2,656.6 million as at December 31, 2021. Receivables increased by ₱112.0 million due to higher sales while inventories increased by ₱492.5 million as a result of increased production in 2021.

During the three months ended December 31, 2021, the Group paid a total of ₱10.0 million worth of short-term borrowings and issued ₱800.0 million debt securities convertible to 80.0 million common shares at the option of the holder.

Trade and other payables amounted to ₱2,396.8 million as at December 31, 2021, which is ₱805.3 million higher than ₱1,591.9 million as at September 30, 2021.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

OTHER INFORMATION

1. New projects or investments in another project, line of business or corporation;
   None for the period.

2. Composition of Board of Directors;

Name	Position
PEDRO E. ROXAS	**Chairman**
MANUEL V. PANGILINAN	**Vice Chairman**
CELSO T. DIMARUCUT	**President and CEO**
CHRISTOPHER H. YOUNG	**Director**
RAY C. ESPINOSA	**Director**
ALEX ERLITO S. FIDER	**Director**
SANTIAGO T. GABIONZA, JR.	**Independent Director**
OSCAR J. HILADO	**Independent Director**
ARLYN S. VILLANUEVA	**Independent Director**

3. Performance of the corporation or result or progress of operations;

   See unaudited interim condensed consolidated financial statements and management's discussion and analysis of results of operations and financial conditions

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; **None for the period**

8. Offering of rights, granting of Stock Options and corresponding plans therefore; **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**

SIGNATURES

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

Registrant

ROXAS HOLDINGS, INC.

Signature and Title:

ATTY. AIMEE E. PEDAYO
Asst. Corp. Secretary

VERONICA C. CORTEZ
VP – Finance and Administration

February 3, 2021

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES
AS AT DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Amounts in Thousands)

		December 31, 2021					
		Past due but not impaired					
	Current	**1-30 days**	**31-60 days**	**Over 60 days**	**Subtotal**	**Impaired**	**Total**
Trade	**₱212,446**	**₱139,811**	**₱15,010**	**₱135,568**	**₱290,389**	**₱117,536**	**₱620,371**
Due from:							
Planters	**36,171**	**–**	**–**	**–**	**–**	**31,755**	**67,926**
Employees	**27,319**	**–**	**–**	**–**	**–**	**133**	**27,452**
Related parties	**10,169**	**–**	**–**	**–**	**–**	**–**	**10,169**
Other receivables	**–**	**–**	**–**	**68,666**	**68,666**	**2,209**	**70,875**
	₱286,105	**₱139,811**	**₱15,010**	**₱204,234**	**₱359,055**	**₱151,633**	**₱796,793**

		September 30, 2021					
		Past due but not impaired					
	Current	1-30 days	31-60 days	Over 60 days	Subtotal	Impaired	Total
Trade	₱144,116	₱152,896	₱54,532	₱45,984	₱253,412	₱117,536	₱515,064
Due from:							
Planters	38,508	–	–	–	–	31,755	70,263
Employees	28,516	–	–	–	–	133	28,649
Other receivables	–	–	–	68,575	68,575	2,209	70,784
	₱211,140	₱152,896	₱54,532	₱114,559	₱321,987	₱151,633	₱684,760

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX B. FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2021 AND 2020

		December 31	
		2021	2020
Current ratio	Current assets/Current liabilities	**1.02**	0.38
Debt to equity ratio	Total liabilities/Total equity	**1.81**	1.34
Asset to equity ratio	Total assets/Total equity	**2.81**	2.34
Return on assets	Net income/Total assets	**(1.4%)**	(1.8%)
Return on equity	Net income/Total equity	**(3.9%)**	(4.3%)
Book value per share	Total equity/Outstanding shares	**3.3**	3.6