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

SEC Registration Number

P W - 1 5 A

C O M P A N Y N A M E

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

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,075	March 16	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, 2022

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 2022**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022

(*With Comparative Audited Balances as at September 30, 2022)*

(Amounts in Thousands)

	Note	**December 31, 2022 (Unaudited)**	September 30, 2022 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	3	**₱159,484**	₱292,530
Trade and other receivables	4	**639,335**	408,769
Inventories	5	**564,870**	862,711
Other current assets	6	**216,397**	343,501
		1,580,086	1,907,511
Assets Held for Sale	7	**897,311**	–
Noncurrent Assets			
Property, plant and equipment:	7		
At cost		**4,440,014**	5,301,277
At revalued amount		**5,667,575**	5,667,575
Investment properties		**490,946**	490,946
Retirement assets – net		**43,867**	43,867
Other noncurrent assets		**1,573,690**	1,507,441
		12,216,092	13,011,106
		₱14,693,489	₱14,918,617
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term borrowings	9	**₱406,560**	₱248,670
Trade and other payables	11	**2,885,218**	2,793,409
Income tax payable		**–**	1,373
		3,291,778	3,043,452
Noncurrent Liabilities			
Long-term borrowings - net of current portion	9	**4,283,923**	4,477,271
Convertible note - net	10	**796,826**	792,713
Retirement liabilities -net		**262,260**	346,859
Deferred tax liabilities - net		**990,797**	990,797
Other noncurrent liabilities		**871**	2,239
		6,334,677	6,609,879
Total Liabilities		**9,626,455**	9,653,331

(Forward)

	Note	**December 31, 2022 (Unaudited)**	September 30, 2022 (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		**21,130**	21,130
Other equity items and reserves		**4,766,215**	4,766,215
Deficit		**(4,112,003)**	(3,916,070)
		5,030,814	5,226,747
Non-controlling Interests		**36,220**	38,539
		5,067,034	5,265,286
		₱14,693,489	₱14,918,617

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, 2022 AND 2021

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

	Three-Month Period October 1 to December 31 (Unaudited)	
	2022	2021
REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 14)	**₱4,181,184**	₱715,675
COST OF SALES (Note 15)	**(4,149,506)**	(704,742)
GROSS INCOME	**31,678**	10,933
OPERATING EXPENSES (Note 16)	**(143,516)**	(125,460)
INTEREST EXPENSE (Note 9)	**(89,929)**	(79,763)
OTHER INCOME (LOSS) – Net (Note 18)	**3,515**	(1,650)
LOSS BEFORE INCOME TAX	**(198,252)**	(195,940)
INCOME TAX EXPENSE		
Current	**–**	(5)
NET LOSS	**(₱198,252)**	(₱195,945)
Net loss attributable to:		
Equity holders of the Parent Company	**(₱195,933)**	(₱194,919)
Non-controlling interests	**(2,319)**	(1,026)
	(₱198,252)	(₱195,945)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Basic	**(₱0.13)**	(₱0.13)
Diluted	**(0.13)**	(0.13)

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, 2022 AND 2021

(Amounts in Thousands)

	Three-Month Period October 1 to December 31 (Unaudited)	
	2022	2021
NET LOSS	**(₱198,252)**	(₱195,945)
OTHER COMPREHENSIVE LOSS		
Remeasurement loss on retirement liabilities	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱198,252)**	(₱195,945)
Total comprehensive loss attributable to:		
Equity holders of the Parent Company	**(₱195,933)**	(₱194,919)
Non-controlling interests	**(2,319)**	(1,026)
	(₱198,252)	(₱195,945)

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, 2022 AND 2021

(Amounts in Thousands)

	Three-Month Period October 1 to December 31 (Unaudited)	
	2022	2021
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	**21,130**	75,790
OTHER EQUITY RESERVES	**4,766,215**	3,890,961
DEFICIT		
Beginning balance	**(3,916,070)**	(3,125,997)
Net loss attributable to equity holders of the Parent Company	**(195,933)**	(194,919)
	(4,112,003)	(3,320,916)
NON-CONTROLLING INTERESTS		
Beginning balance	**38,539**	36,306
Net loss attributable to non-controlling interests	**(2,319)**	(1,026)
	36,220	35,280
TOTAL EQUITY	**₱5,067,034**	₱5,036,587

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, 2022 AND 2021

(Amounts in Thousands)

	December 31, 2022 (Unaudited)	December, 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱191,853)**	(₱195,940)
Adjustments for:		
Interest expense	**89,929**	79,763
Depreciation and amortization	**68,001**	43,588
Retirement expense	**13,299**	11,879
Interest income	**–**	(122)
Operating loss before changes in working capital	**(20,624)**	(60,832)
Decrease (increase) in:		
Trade and other receivables	**(230,566)**	(104,935)
Inventories	**297,841**	(492,508)
Other current assets	**127,104**	(208,103)
Increase in trade and other payables	**1,253**	876,294
Net cash provided by operating activities	**175,008**	9,916
Retirement benefits paid	**(86,206)**	–
Income taxes paid	**(1,373)**	(6)
Interest received	**–**	122
Net cash flows provided by operating activities	**87,429**	10,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(98,482)**	(170,620)
Decrease (increase) in other noncurrent assets	**14,237**	(29)
Proceeds from disposal of property, plant and equipment	**1,036**	–
Net cash flows used in investing activities	**(83,209)**	(170,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest	**(99,766)**	(97,070)
Principal of long-term borrowings	**(37,500)**	–
Net proceeds from issuance of convertible note	**–**	794,000
Net payments of short-term borrowings	**–**	(10,000)
Net cash flows provided by (used in) financing activities	**(137,266)**	686,930
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(133,046)**	526,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**292,530**	58,974
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱159,484**	₱585,287

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

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 First Pacific Natural Resources Holdings, BV (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, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on February 2, 2023.

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, 2022, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Adoption of New and Revised PFRS</u>
The Group adopted the following amendments and improvements to PFRS effective October 1, 2022 as summarized below.

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 January 1, 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.

- 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

  - 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently assessing the impact of the amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024 (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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025 (October 1, 2025 for the Group)

- PFRS 17, *Insurance Contracts*

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

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

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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 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.

Basis of Consolidation
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 below is the list of the subsidiaries.

	Percentage of Ownership		Noncontrolling Interest			
	2022	2021	2022	2021	Nature of Business	Principal Place of Business
CADPI [1]	**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) [1] [2]	**–**	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) [1] [2]	**–**	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) [1]	**–**	100.00%	**–**	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC) [1]	**–**	100.00%	**–**	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [3]	**100.00%**	100.00%	**–**	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [4]	**93.35%**	93.35%	**6.65%**	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Roxas Power Corporation (RPC) [1]	**–**	50.00%	**–**	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [5]	**100.00%**	100.00%	**–**	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *On June 3, 2022, the SEC approved the merger of CADPI, CACI, RBC, RABDC and RPBC, with CADPI as the surviving company.*
(2) *On September 30, 2020, CACI and RBC ceased operations. The entities remain dormant as at December 31, 2022.*
(3) *As at September 30, 2022, RHIPCC has not yet started commercial operations*
(4) *Acquired in April 2015 through RPBC*
(5) *Indirect ownership through CADPI in 2022 and RPBC in 2021*

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, 2022 (Unaudited)	September 30, 2022 (Audited)
Cash on hand	**₱306**	₱381
Cash in banks and cash equivalents	**159,178**	292,149
	₱159,484	₱292,530

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

4. **Trade and Other Receivables**

This account consists of:

	December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
Trade	**₱642,278**	₱427,850
Due from:		
Planters and cane haulers	**51,778**	51,778
Employees	**24,896**	25,383
Others	**79,193**	71,077
	798,145	576,088
Allowance for impairment losses	**(158,810)**	(167,319)
	₱639,335	₱408,769

5. **Inventories**

This account consists of:

	December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
At NRV:		
Materials and supplies	**₱338,586**	₱445,112
Molasses	**–**	232,645
Alcohol	**–**	125,560
At cost:		
Molasses	**142,126**	–
Alcohol	**82,427**	–
Raw sugar	**–**	44,466
Others	**1,731**	14,928
	₱564,870	₱862,711

Cost of inventories valued at NRV is shown below:

	December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
Materials and supplies	**₱379,408**	₱485,628
Alcohol	**–**	153,201
Molasses	**–**	250,131
	₱379,408	₱888,960

6. Other Current Assets

This account consists of:

	December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
Deferred costs	**₱58,452**	₱–
Advances to suppliers	**38,579**	136,706
Input VAT	**30,478**	104,981
Prepayments	**30,991**	30,164
Refundable deposits	**16,027**	16,036
Others	**41,870**	55,614
	₱216,397	₱343,501

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

7. Property, Plant and Equipment, Assets Held for Sale and Discontinued Operations

Property, Plant and Equipment

Acquisitions and disposals

During the three months ended December 31, 2022, the Group did not acquire any assets, excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱357.0 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱10,029.3 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 9).

Assets Held for Sale and Discontinued Operations

On December 14, 2022, the Board of Directors approved and ratified the Management decision for permanent closure of CADPI's milling operations starting Crop Year 2022-2023. The assets held for sale represent CADPI's assets from its milling operations. Included in assets held for sale are CADPI's machinery and equipment amounting to ₱897.3 million.

For the three-month period ending December 31, 2022, CADPI had no milling operations.

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% for the periods ended December 31, 2022 and September 30, 2022.

Total interest expense arising from short-term borrowings amounted to nil and ₱27.7 million for the three-month periods ended December 31, 2022 and 2021, respectively.

The Group has no outstanding short-term borrowings as at December 31, 2022 and September 30, 2022.

9. Long-term Borrowings

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

			Outstanding Balance	
Facility	Terms	Collateral	**December 31, 2022**	September 30, 2022
₱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	MTI	**1,500,000**	**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	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	–	–
			4,750,000	4,750,000
Unamortized transaction costs			**(59,517)**	(24,059)
Noncurrent long-term borrowings			**4,690,483**	4,725,941
Current portion of long-term borrowings			**(406,560)**	(248,670)
			₱4,283,923	₱4,477,271

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 ₱10,029.3 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, 2022 (Unaudited)	September 30, 2022 (Audited)
Less than 1 year	**₱406,560**	₱248,670
One year to less than 2 years	**2,075,620**	523,717
Two years to less than 5 years	**2,208,303**	2,336,979
Five years or more	**–**	1,616,575
	₱4,690,483	₱4,725,941

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 Holding, Inc. (MVPHI), convertible to 8 million common shares of the Company at ₱10 value per share at the option of the holder at the maturity date of the note. MVPHI has the right and option (but not obligation) to exchange any number of SCBI's shares it holds for RHI's common shares at the exchange ratio to be agreed upon by RHI and MVPHI. The convertible is interest-bearing at 3.0% per annum and has a maturity of 7 years.

The convertible note is presented in the statements of financial position as at December 31, 2022 as follows:

Presented under noncurrent liabilities	₱796,826
Presented under equity	21,130
	₱817,956

11. Trade and Other Payables

This account consists of:

	December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
Trade	**₱2,468,665**	₱2,205,223
Accruals for:		
Utilities	**21,067**	23,132
Services	**11,357**	16,975
Interest	**3,986**	3,563
Payroll and other employee benefits	**3,945**	6,592
Others	**27,967**	58,127
Payable to government agencies for taxes and statutory contributions	**138,752**	100,981
Due to:		
Planters	**425**	16,526
Related parties	**–**	1,454
Contract liabilities	**119,440**	275,924
Provision for probable loss	**68,259**	77,669
Others	**21,355**	7,243
	₱2,885,218	₱2,793,409

12. **Equity**

Details of capital stock and treasury stock follow:

	December 31 2022 (Unaudited)		September 30, 2022 (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 RHI Retirement Fund, Inc. (RHIRFI) and 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 RHIRFI and 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.

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, 2022 and 2021. 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, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Sale of goods:		
Raw sugar	**₱2,001,043**	₱–
Refined sugar	**1,314,916**	207,829
Alcohol	**704,668**	496,461
Sugar syrup	**109,129**	–
Molasses	**47,481**	–
Carbon dioxide	**1,248**	2,052
	4,178,485	706,342
Sale of services:		
Power	**1,584**	8,125
Tolling fees	**1,115**	–
Farm services	**–**	1,208
	2,699	9,333
	₱4,181,184	₱715,675

15. **Cost of Sales**

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Direct materials used	**₱3,837,273**	₱520,787
Fuel and oil	**97,803**	59,848
Depreciation and amortization	**40,111**	33,808
Personnel costs	**32,832**	13,419
Outside services	**33,131**	22,839
Planters' subsidy and productivity assistance	**25,366**	28,549
Others	**82,990**	25,492
	₱4,149,506	₱704,742

16. **Operating Expenses**

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
General and administrative expenses	**₱132,857**	₱122,871
Selling expenses	**10,659**	2,589
	₱143,516	₱125,460

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Personnel costs	**₱79,912**	₱71,614
Outside services	**17,135**	9,117
Depreciation and amortization	**9,014**	9,780
Professional fees	**4,122**	2,811
Taxes and licenses	**3,151**	4,097
Communication, light and water	**2,222**	1,546
Transportation and travel	**949**	462
Others	**16,352**	23,444
	₱132,857	₱122,871

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, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Costs of goods sold	**₱32,832**	₱13,419
General and administrative expenses	**79,912**	71,614
	₱112,744	₱85,033

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

This account consists of:

	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
Reversal of long-outstanding payables	**₱5,584**	₱–
Storage, handling and insurance fees	**–**	1,031
Others	**(2,069)**	(2,681)
	₱3,515	(₱1,650)

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 2022

	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	**₱159,484**	**₱–**	**₱–**	**₱–**	**₱159,484**
Trade receivables***	**193,244**	**306,108**	**18,213**	**–**	**517,565**
Due from employees***	**24,763**	**–**	**–**	**–**	**24,763**
Due from related parties	**–**	**–**	**–**	**–**	**–**
Other receivables***	**76,984**	**–**	**–**	**–**	**76,984**
Refundable deposits****	**16,027**	**–**	**–**	**–**	**16,027**
	470,028	**306,108**	**18,213**	**–**	**794,823**
Financial liabilities					
Trade and other payables**	**514,443**	**1,801,376**	**242,948**	**–**	**2,558,767**
Current portion of long term borrowings*	**–**	**406,560**	**–**	**–**	**406,560**
Noncurrent portion of long term borrowings*	**–**	**–**	**2,075,620**	**2,208,303**	**5,767,837**
Convertible note	**–**	**–**	**–**	**796,826**	**796,826**
Lease liabilities	**–**	**871**	**–**	**–**	**871**
	514,443	**2,208,807**	**2,318,568**	**3,005,129**	**9,530,861**
Liquidity position (gap)	**(₱44,415)**	**(₱1,901,828)**	**(₱2,300,355)**	**(₱3,005,129)**	**(₱8,736,038)**

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱280.8 million and ₱626.1 million, respectively.*
*** Excludes payables to government agencies amounting to ₱138.8 million, provision for losses amounting to ₱68.3 million and contract liabilities amounting to ₱119.4 million.*
****Net of related allowances for impairment losses totaling ₱158.8 million.*
*****Presented under other current assets.*

September 30, 2022					
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱292,530	₱–	₱–	₱–	₱292,530
Trade receivables*	95,102	199,526	–	–	294,628
Due from employees*	25,250	–	–	–	25,250
Other receivables*	68,868	–	–	–	68,868
Refundable deposits	16,036	–	–	–	16,036
	497,786	199,526	–	–	697,312
Financial liabilities					
Trade and other payables**	94,541	2,244,190	–	–	2,338,731
Current portion of long-term borrowings***	–	248,670	–	–	248,670
Noncurrent portion of long-term borrowings***	–	–	523,717	3,953,554	4,477,271
Convertible note	–	–	–	800,00	800,000
Lease liabilities	–	104	939	–	1,043
	94,541	2,492,964	524,656	4,753,554	7,865,715
Liquidity position (gap)	₱403,245	(₱2,293,438)	(₱524,656)	(₱4,753,554)	(₱7,168,403)

** Net of related allowances for impairment losses totaling ₱99.6 million.*
*** Excludes payables to government agencies amounting to ₱101.0 million, provision for losses amounting to ₱77.7 million, and contract liabilities amounting to ₱275.9 million..*
**** Includes expected future interest payments for current and noncurrent portion of long-term borrowings amounting to ₱48.3 million and ₱260.7 million, respectively.*
*****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, 2022. Moreover, as part of Group's fund raising activities to settle currently maturing debts and operating liabilities, the Group will receive additional funding from one of its affiliates, which is convertible to capital.*

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, 2022 and September 30, 2022, the analysis of financial assets follows:

	December 31, 2022			
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**ECL**	**Net of allowance for doubtful accounts**
Loans and receivables:				
Cash and cash equivalents*	**₱159,178**	**₱–**	**₱–**	**₱159,178**
Trade and other receivables				
Trade receivables	**193,244**	**324,321**	**124,713**	**517,565**
Due from employees	**24,763**	**–**	**133**	**24,763**
Due from related parties	**–**	**–**	**–**	**–**
Other receivables	**–**	**76,984**	**2,209**	**76,984**
Refundable deposits	**15,553**	**–**	**–**	**15,553**
	₱392,738	**₱401,305**	**₱127,055**	**₱794,043**

**Excluding cash on hand amounting to ₱0.3 million.*
***Included as part of other current assets (see Note 6)*

	September 30, 2022			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for ECL
Loans and receivables:				
Cash and cash equivalents*	₱292,149	₱–	₱–	₱292,149
Trade and other receivables				
Trade receivables	188,741	105,887	133,222	294,628
Due from employees	–	25,250	133	25,250
Other receivables	–	68,868	2,209	68,868
Refundable deposits**	16,036	–	–	16,036
	₱496,926	₱200,005	₱135,564	₱696,931

**Excluding cash on hand amounting to ₱0.4 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, 2022 and September 30, 2022, 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, 2022 and September 30, 2022.

		December 31, 2022				
		Days past due				
	Current	**<30 days**	**30-60 days**	**61 to 90 days**	**> 90 days**	**Total**
Estimated credit loss rate	**2%**	**8%**	**23%**	**47%**	**82%**	**19%**
Estimated total gross carrying amount at default	**₱193,244**	**₱196,088**	**₱100,532**	**₱1,411**	**₱151,003**	**₱642,278**
Expected credit loss	**3,865**	**15,687**	**23,122**	**663**	**81,376**	**124,713**

		September 30, 2022				
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	2%	8%	23%	47%	82%	19%
Estimated total gross carrying amount at default	₱175,785	₱12,956	₱10,985	₱15,269	₱212,855	₱427,850
Expected credit loss	2,934	994	3,385	13,743	112,166	133,222

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, 2022 and September 30, 2022.

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 Group has no loans as at December 31, 2022 and September 30, 2022 that 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, 2022 and September 30, 2022.

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, 2022 and September 30, 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.

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, 2022 (Unaudited)			
	Sugar	**Alcohol**	**Eliminations**	**Consolidated**
Revenue:				
External customers	**₱3,364,555**	**₱816,629**	**₱–**	**₱4,181,184**
Inter-segment	**580**	**69,000**	**(69,580)**	**–**
Cost of goods sold:				
Direct materials used	**3,142,399**	**694,874**	**–**	**3,837,273**
Fuel and oil	**75,103**	**22,700**	**–**	**97,803**
Depreciation and amortization	**9,290**	**30,821**	**–**	**40,111**
Planters' subsidy and productivity assistance	**–**	**25,366**	**–**	**25,366**
Interest expense	**78,090**	**11,839**	**–**	**89,929**
Segment loss	**(190,082)**	**(8,170)**	**–**	**(198,252)**

	Three-Month Periods Ended December 31, 2021 (Unaudited)			
	Sugars	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)

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, 2022 and 2021.

Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	**December 31, 2022 (Unaudited)**	September 30, 2022 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱10,599**	₱11,460	(861)	(8%)
Total assets	**14,693**	14,919	(226)	(2%)
Shareholders' equity	**5,067**	5,265	(198)	(4%)
Net debt [(1)]	**5,328**	5,226	102	2%
Equity ratio	**34.5%**	35.3%	(0.8%)	(2%)
Net debt as % of equity	**1.05x**	0.99x	0.06	6%
Shares				
Market capitalization	**1,192**	1,501	(309)	(21%)
Total shares issued	**1,548**	1,548	–	–
Closing price per share	**0.77**	0.97	-0.2	(21%)

Amounts in Millions except Operational Data	**Three Months Ended December 31 (Unaudited) 2022**	2021	Increase (Decrease) Amount	%
Revenue and Earnings				
Revenue	**₱4,181**	₱716	₱3,465	484%
Gross income (loss)	**32**	(11)	43	(391%)
Depreciation	**68**	119	(51)	(43%)
Operating expenses	**144**	125	19	15%
Interest expense	**90**	80	10	13%
Net loss	**(198)**	(196)	(2)	1%
EBITDA	**(40)**	3	(43)	(1433%)
EBITDA margin [(2)]	**(1.0%)**	(0.4%)	(0.6%)	150%
Return on equity	**(3.9%)**	(3.9%)	–	–
Loss per share	**(0.13)**	(0.13)	–	–
Cash Flow and Investments				
Cash flow provided by operations	**87**	1 0	(77)	(770%)
Investment in fixed assets	**98**	171	(73)	(43%)
Operational Data *(volume in thousands)*				
Tons cane milled	**68**	–	68	100%
Production:				
Refined sugar (Lkg)	**407**	–	407	100%
Ethanol (liters)	**8,260**	7,418	842	11%

(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

Revenues

	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2022**	2021)	Amount	%
Raw sugar	**₱2,001**	₱–	₱2,001	100%
Refined sugar	**1,315**	208	1,107	532%
Molasses	**47**	–	47	100%
Tolling fees	**1**	–	1	100%
	3,364	208	3,156	1,517%
Alcohol	**705**	496	209	42%
Sugar syrup	**109**	–	109	100%
Others	**3**	12	(9)	(75%)
	₱4,181	₱716	₱3,465	484%

Consolidated revenues for the three months ended December 31, 2022 amounted to ₱4,181.2 million, ₱3,465.5 million or 484% higher than the ₱715.7 million consolidated revenues reported in the same period in 2021, primarily due to the extended refinery operations and early start of distillery operations, which brough about an increase in volume sold of ethanol and refined sugar.

Sugar – Revenue from sugar operations increased by ₱3,156.5 million or 1,517% against last year's revenue of ₱208.0 million due to increase in volume sold and higher sugar prices. Refined sugar sales volume increased by 432,698 Lkg or 4,242% versus last year's sales volume of 102 Lkg and average selling price per Lkg of refined sugar price increased to ₱2,576 in current year from ₱2,047 in 2021. Raw sugar sales volume for the three months ended December 31, 2022 was at 679,082 Lkg at an average selling price of ₱2,947.

Alcohol – Revenue from alcohol operations amounted to ₱813.8 million and ₱496.5 million in 2022 and 2021, respectively. The increase of ₱317.3 million is due to sale of sugar syrup, and higher volume and average selling price of alcohol sold in 2022 by 13% and 26%, respectively..

Other income – Other revenues pertains to sale of power and CO_2 of SCBI.

Gross Profit

The gross profit of the Group for the three months ended December 31, 2022 amounting to ₱31.7 million is ₱20.7 million or 190% higher than the ₱10.9 million in 2021. The increase in gross profit is attributable to higher selling prices and improved operational efficiencies on ethanol production.

Sugar – The sugar operation's gross profit of ₱19.7 million is higher by ₱11.1 million from ₱8.6 million reported in the same period in 2021 primarily due to higher refined sugar sales from extended refinery operations. Refined sugar production for the three months ended December 31, 2022 was at 406,615 Lkg.

Alcohol – The gross loss of alcohol for the three months ended December 31, 2022 is ₱9.7 million higher from ₱2.3 million in the same period in 2021. Gross profit rate increased to 1.3% in 2022 from gross profit rate of 0.5% in 2021 due to higher yield and better operational efficiencies. Ethanol production for the three months ended December 31, 2022 increased by 0.8 million liters or 11% from 7.4 million liters production in 2021.

Operating Expenses

	Three Months Ended December 31 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2022**	2021	Amount	%
Salaries, wages and other employee benefits	**₱80**	₱72	₱8	11%
Outside services	**17**	9	8	89%
Selling expenses	**11**	3	8	267%
Depreciation and amortization	**9**	10	(1)	(10%)
Professional fees	**4**	3	1	33%
Taxes and licenses	**3**	4	(1)	(25%)
Communication, light and water	**2**	2	0	0%
Others	**18**	23	(5)	(22%)
	₱144	₱128	₱18	14%

Consolidated operating expenses for the three months ended December 31, 2022 increased by ₱18.1 million or 14% compared to the same period in 2021.

Interest

Interest expense amounted to ₱89.9 million for the three months ended December 31, 2022, which is 13% or ₱10.2 million higher than the ₱79.8 million reported in the same period in 2021, due to the interest expenses from the convertible note.

Net Loss

Consolidated net loss for the three months ended December 31, 2022 amounted to ₱198.3 million, which is ₱2.3 million higher than the ₱195.9 million net loss reported in the same period in 2021. Consequently, loss per share is ₱0.13 for the three months ended December 31, 2022 and 2021.

EBITDA

EBITDA for the three months ended December 31, 2022 is lower by ₱43.1 million or 1,539% than ₱2.8 million income reported in the same period in 2021.

Financial Condition

Consolidated total assets as at December 31, 2022 amounted to ₱14,693.0 million, which is ₱225.6 million lower than the ₱14,918.6 million as at September 30, 2022. Current assets decreased by ₱327.4 million from ₱1,907.5 million as at September 30, 2022 to ₱1,580.1 million as at December 31, 2022. Receivables increased by ₱230.6 million and inventories decreased ₱297.8 million, respectively, due to higher sales while in 2022.

During the three months ended December 31, 2022, the Group made payments for the principal of its long-term borrowings amounting to ₱37.5 million.

Trade and other payables amounted to ₱2,885.2 million as at December 31, 2022, which is ₱91.8 million higher than ₱2,793.4 million as at September 30, 2022.

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 O. 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 2, 2023

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES
AS AT DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Amounts in Thousands)

		December 31, 2022					
		Past due but not impaired					
	Current	**1-30 days**	**31-60 days**	**Over 60 days**	**Subtotal**	**Impaired**	**Total**
Trade	**₱193,244**	**₱196,088**	**₱100,532**	**₱27,701**	**₱324,321**	**₱124,713**	**₱642,278**
Due from:							
Planters	**–**	**–**	**6,781**	**13,242**	**20,023**	**31,755**	**51,778**
Employees	**24,763**	**–**	**–**	**–**	**–**	**133**	**24,896**
Other receivables	**–**	**–**	**–**	**76,984**	**76,984**	**2,209**	**79,193**
	₱218,007	**₱196,088**	**₱107,313**	**₱117,927**	**₱421,328**	**₱158,810**	**₱798,145**

		September 30, 2022					
		Past due but not impaired					
	Current	1-30 days	31-60 days	Over 60 days	Subtotal	Impaired	Total
Trade	₱188,741	₱12,956	₱10,985	₱81,946	₱105,887	₱133,222	₱427,850
Due from:							
Planters	20,023	–	–	–	–	31,755	51,778
Employees	25,250	–	–	–	–	133	25,383
Other receivables	–	–	–	68,868	68,868	2,209	71,077
	₱221,058	₱12,956	₱10,985	₱163,770	₱187,711	₱167,319	₱576,088

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX B. FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022 AND 2021

		December 31	
		2022	2021
Current ratio	Current assets/Current liabilities	**0.48**	1.02
Debt to equity ratio	Total liabilities/Total equity	**1.90**	1.81
Asset to equity ratio	Total assets/Total equity	**2.90**	2.81
Return on assets	Net income/Total assets	**(1.3%)**	(1.4%)
Return on equity	Net income/Total equity	**(3.9%)**	(3.9%)
Book value per share	Total equity/Outstanding shares	**3.3**	3.3