COVER SHEET

PW-15A

SEC Registration Number

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.roxasholdings.com	**(02) 8771-7800**	**–**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,081	**February 18**	**September 30**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	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: 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.

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.
(Subject to Verification and Review of the Quality of the Attached Document)
Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR
PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please go to our website:

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For your information and guidance.

Thank you and keep safe.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: September 30, 2022

2. SEC Identification Number: 15-A.................. 3. BIR Tax Identification No.: 000-290-538

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

5. Republic of the Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code:

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

8. (02) 8771-7800
   Issuer's telephone number, including area code

9. n.a.
   Former name, former address, and former fiscal year, if changed since last report.

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 of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,547,935,799

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

    Yes [x] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange, Inc. — Common Shares

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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

Assuming that the number of shares held by non-affiliates as of November 29, 2021 is 254,546,187 and assuming further that the closing trading price as of the same date is ₱1.20 per share then the aggregate value of voting shares held by non-affiliates as of the said date is ₱305,455,424.40.

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] Not Applicable [x]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

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 Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of holding and investing in corporations engaged in the business of manufacturing 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) as "ROX".

Through the years, RHI became an integrated sugar company that has expanded its business interests to include bioethanol and co-generation. RHI has the following subsidiaries:

	Percentage of Ownership			Noncontrolling Interest				Principal Place of
	2022	2021	2020	**2022**	**2021**	2020	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI) [1]	**100.00%**	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]	**100.00%**	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%	100.00%	**–**	**–**	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC) [1]	**100.00%**	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%	100.00%	**–**	**–**	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC) [1]	**100.00%**	100.00%	100.00%	**–**	**–**	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC) [1]	**100.00%**	100.00%	100.00%	**–**	**–**	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [2]	**100.00%**	100.00%	100.00%	**–**	**–**	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [3]	**93.35%**	93.35%	93.35%	**6.65%**	**6.65%**	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	**–**	–	–	**–**	**–**	–	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	50.00%	**50.00%**	**50.00%**	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [4]	**100.00%**	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] *As at September 30, 2020 , RHIPCC has not yet started commercial operations.*
[3] *Acquired in April 2015 through RPBC.*
[4] *Indirect ownership through RPBC.*

As of fiscal year-end September 30, 2019, RHI also holds a 45.09% equity investment in HPCO, a sugar company located in Silay City, Negros Occidental. Subsequently, however, in November 2019, RHI divested its entire equity investment in HPCO.

As of fiscal year-end September 30, 2020, RHI sold its sugar mill and ethanol plant in La Carlota City, Negros Occidental and all of its equity interests in Najalin Agri-Ventures, Inc. to Universal Robina Corporation. Likewise, as at September 30, 2020, RHI and subsidiaries, collectively referred herein as "the Group", is one of the biggest raw sugar producers in the country with a capacity of twelve thousand (12,000) metric tons cane per day. The Group also owns the second largest sugar refinery with a capacity of eighteen thousand (18,000) Lkg bag. per day and one of the biggest ethanol producers in the country with a daily production capacity of one-hundred twenty-five thousand (125,000) liters.

Amid the challenges that come with the ASEAN integration, RHI thrives in a strong and young domestic market and is gradually setting its sights in the region.

<u>*Changes in Corporate Structure*</u>

As of September 30, 2013, the Parent Company is 66% owned by Roxas and Company, Inc. (RCI), a publicly-listed company incorporated and domiciled in the Philippines. On November 29, 2013, RCI sold its 27% equity interest in the Parent Company to First Pacific Natural Resources Holdings BVI Limited (FPNRHBV), a subsidiary of First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company. RCI remained the major shareholder of the Parent Company with 35% equity.

On February 28, 2015, First Pacific Agri Holdings Corporation (FPAHC), a Philippine affiliate of FPNRHBV, acquired 241,780,709 treasury shares of the Company amounting to ₱1.7 billion representing 24% interest in the Company. As a result, equity interest of RCI in the Parent Company was further diluted from 35% to 28%.

On May 2016, the Parent Company completed its stock rights offering for 266,753,974 outstanding common shares of RHI, with par value of ₱1.00 each, on a pre-emptive basis to holders of common shares of the capital stock of RHI as of May 4, 2016 (the "Record Date") at an offer price of ₱4.19 per Rights Share (the “Offer Price”).

On June 8, 2016, the SEC approved the amendment in the Parent Company’s articles of incorporation to change the registered address to 14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila from 6th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, 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 February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company’s application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC.

On January 19, 2022, the BOD and stockholders of each of CADPI, CACI, RBC, RABDC and RPBC approved the merger of aforementioned entities, with CADPI as the surviving company. The application for merger of the entities was filed on January 19, 2022 and approved by the SEC on June 3, 2022.

Business Description

RHI is one of the largest integrated sugar businesses and the biggest ethanol producer in the Philippines. At the forefront of the Philippine sugar and ethanol industries, it is a trusted brand recognized for its contributions and legacy in the areas of sugar and bio-ethanol production.

With a history that is close to a century, RHI owns and operates the largest milling operations in the Philippines as well as the second largest sugar refiner, and two of the country’s pioneering bioethanol plants. Together, the complementary locations of the sugar mills and ethanol plants enable RHI to serve customers throughout the Philippines.

(a) Principal Products, Markets and Relative Contribution to Consolidated Revenue

RHI has reorganized its subsidiaries to form two Strategic Business Units (SBUs) defined along its two core product lines: sugar and bioethanol, offering the following principal products and services:

1. ***Sugar.*** The Group produces raw and refined sugar in different grades. Big industrial users, including food and beverage, and pharmaceutical companies, prefer the Group’s premium raw sugar for blending in their own products. Customers with unique product specifications, such as packaging and delivery, also rely on the Group to provide them with customized sugar solutions.

2. ***Bioethanol.*** The Group, through SCBI, produces ethanol for local oil companies in compliance with the Biofuels Act of 2006 which mandates the blending of 10% ethanol in gasoline.

3. ***Tolling/Refining.*** The Group, through CADPI, offers tolling or refining services to raw sugar owners.

The relative contribution of each principal product and service to consolidated revenue for the years ended September 30, 2022, 2021 and 2020 follow:

	Fiscal Year Ended September 30		
	2022	2021	2020
Refined sugar	59.5%	31.3%	31.0%
Bioethanol	22.5%	34.7%	20.4%
Raw sugar	0.0%	7.5 %	30.5%
Milling revenue	7.7%	15.8%	9,7%
Others	10.3%	10.7%	8.4%
	100.0%	100.0%	100.0%

CADPI sells sugar mainly to the domestic market but cater to foreign buyers when opportunity arises. On the other hand, molasses is sold by CADPI only to the domestic market. SCBI sells anhydrous alcohol directly to domestic oil companies.

(b) Distribution Methods

Distribution is through direct selling to various traders and industrial users. They are not dependent on specific entities for the distribution of their products.

SCBI sells bioethanol fuel to the domestic market directly to oil companies. Majority of the major oil companies purchase their ethanol requirements from the Group.

(c) Competition

Over the years, RHI has developed solid relationships with high quality, tier one customers. Through its excellent level of service and reliability, and quality products, RHI has established a long-term relationship with its customers, which include multinational food and beverage, and pharmaceutical companies.

CADPI supplies sugar to entities engaged in pharmaceutical, food, and beverage businesses, among others. Raw sugar is also supplied to households and small and medium-sized enterprises through wholesalers and retailers.

Raw sugar producers in the country include URC-Balayan in Batangas and Victorias Milling Company, Inc., Binalbagan-Isabela Sugar Company, HPCO and Lopez Sugar Corporation in Negros. The main competitors of CADPI's refined sugar production are Victorias Milling Company, Inc., Lopez Sugar Corporation, and Central Azucarera de Tarlac in Central Luzon.

SCBI supplies bioethanol fuel to oil companies. Some of its competitors are Green Futures Innovations, Inc., Leyte Agri Corp., and Cavite Biofuels Producers Inc.

(d) Sources and Availability of Raw Materials

CADPI sources its sugar cane requirements from planters and traders in Batangas. SCBI sources its molasses and sugar cane requirements from planters and traders in San Carlos City, Negros Occidental.

Sourcing of cane has been challenging in previous crop years. As such, the management created RHI-ADC to assist in cane sourcing requirements of the Group. RHI-ADC aims to improve farm productivity in the milling districts, increase the volume of canes delivered to RHI mills and create new revenue streams.

The Group's principal suppliers are (i) La Carlota Mill District Multi-Purpose Cooperative. (ii) All

Asian Countertrade, Inc. (iii) Pacific Sugar Corporation Limited (iv) Central Azucarera De San Antonio, Inc. (v) Central Azucarera De Bais, Inc. (vi) Jet Power Corporation (vii) Universal Robina Corporation (viii) Crystal Sugar Company, Inc. (ix) Tao Commodity Trader, Inc. and (x) Energies Supply Chain Solutions, Inc..

The Group's main contracts with principal suppliers are as follows:

1. Hauling Services Contracts

   The Group has agreements with various service providers for hauling services for the transport of sugarcane from the plantations to milling facilities. Hauling expenses are recorded as part of the cost of raw and refined sugar sold.

2. Manpower Supply Contract

   The Group has various agreements with service providers for the supply of manpower for the upkeep, maintenance and continuous operation of the Group's sugar mills.

3. Milling Contracts

   The Group has milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

   In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2021 to 2022. Renewal is upon mutual consent of both parties thereafter.

(e) Dependence to Single or a Few Customers

The Group has established long-term relationships with various customers and is not dependent on a single or a few customers to generate revenue. Most of these customer relationships have been in place for as long as 15 years, with some companies sourcing sugar from RHI since its inception. Furthermore, with its wide network of customers, the Group enjoys customer diversification and is not reliant on only a select group of clients.

(f) Transactions with and/or Dependence on Related Parties

Please refer to Note 19, *Related Party Transactions and Balances* to the consolidated financial statements.

(g) Patents, Trademarks and Copyrights

RHI, CADPI, SCBI and RHI-ADC have the following registered trademarks:

Company	**Trademarks**
Roxas Holdings, Inc.	RHI Roxas Holdings, Inc.
Central Azucarera Don Pedro, Inc.	Central Azucarera Don Pedro, Inc.
San Carlos Bioenergy, Inc.	San Carlos Bioenergy, Inc.
RHI Agri-Business Development Corporation	ADC RHI Agri-Business Development Corporation

(h) Need for government approvals of principal products

The Group's sugar business principally regulated by Republic Act No. 10659, otherwise known as the Sugarcane Industry Development Act of 2015, and the policies and the rules and regulations of the Philippine Sugar Regulatory Administration ("SRA") while its bioethanol business is principally regulated by RA 9367, otherwise known as the Biofuels Act of 2006, and the rules and regulations issued by the Philippine Department of Energy ("DOE").

(i) Effect of existing or probable governmental regulations on the business

Republic Act No. 10963 – Tax Reform for Acceleration and Inclusion (TRAIN)

The law imposes an excise tax of six pesos (Php 6.00) per liter on sugar sweetened beverages and twelve pesos (Php 12.00) per liter on sweetened beverages using high fructose corn syrup, among others. It tasked the Food and Drug Administration to require manufacturers and importers of sweetened beverages to indicate the type of sweetener used in the label, and the equivalent volume of liter per serving if the beverage is in powder form. The law resulted to a decrease in the use and importation of high fructose corn syrup domestically, and the resurgence of the use of sugar by manufacturers of sweetened beverages.

Sugar Industry Development Act

Republic Act No. 10659, otherwise known as the Sugar Industry Development Act of 2015 ("SIDA") was enacted to law on 27 March 2015. The SIDA was passed to promote the competitiveness of the sugarcane industry by providing for the establishment of various government-led program which aim to maximize the utilization of sugarcane resources, and increase the incomes of farmers through improved productivity, product diversification, job generation, and increased efficiency of sugar mills. On 4 August 2015, the Implementing Rules and Regulation of the SIDA (the "SIDA IRR") were approved.

The Productivity Improvement Programs under the SIDA include the Block Farm Program wherein small farms can consolidate to be able to take advantage of the economies of scale in the production of sugarcane. Those who will not qualify for the Block Farm Program, can avail of the Farm Support Program which will include the provision of socialized credit, farm management and technical assistance, and professional services. On the other hand, the Farm Mechanization Program focuses on encouraging and training farmers to utilize appropriate agricultural machineries and equipment necessary for the efficient planting, cultivation, care and maintenance, harvesting and handling of sugarcane. Finally, to facilitate the transport of sugarcane to mills and distilleries and enhance the marketing and export of sugar and other products derived from sugarcane, farm-to-mill roads and irrigation facilities shall be provided.

The SRA under the Department of Agriculture is the main agency overseeing the sugar industry. With the enactment of the SIDA, the regulatory functions of the SRA as provided for in Executive Order No. 18 s. 1986 were significantly increased.

First, the SRA established a supply chain monitoring system from sugarcane to sugar at the retail level to ensure sufficiency and safety of sugar. In line with this objective, certain individuals and entities are now required to register with the SRA. Second, the SRA was tasked to classify imported sugar according to its appropriate classification when imported at a time that domestic production is sufficient to meet domestic sugar requirements. Third, it now provides for extension services such as technical assistance and advice, conduct of tests, propagation, and dissemination of high yielding varieties, and operation of demonstration farms. Lastly, in coordination with the DOST, it intensified research and development in this area.

Laws Related to Sugar Trade

In August 1987, the SRA issued Sugar Order No.1 which served as the basis for the annual sugar allocation for sugar produced in the Philippines. The said order allocated the country's total domestic sugar into the following categories: "A" for export to the US, "B" for domestic sugar, "C" for reserve sugar, and "D" for export to other foreign markets. These allocations are determined by the SRA Board at the beginning of every crop year. These same allocations affect the total amount of raw sugar available for domestic refineries. The SRA releases Sugar Orders all throughout every year after its creation. As part of the US sugar import quota system, the Philippines is also given annual sugar export allocations which vary for every crop year. Early 2017, the SRA issued Sugar Order No. 3 and Sugar Order No.3-A, regulating and providing the guidelines in importing High-Fructose Corn Syrup (HFCS) and Purely Chemical Fructose, which products are commonly used by beverage companies as sugar substitute.

On 17 June 1997, Executive Order No. 420 was issued which modified the rates of duty on sugar as provided under the Tariff and Customs Code of 1978, as amended, in order to implement the ASEAN preferential rates of duty on cane sugar and beet sugar, among others. Under the Order, the tariff on these products was placed at 65% from 1997 up to 1998; after which, sugar could be placed under the sensitive list allowing the gradual phase-down of tariffs. Additionally, it provided that the margins of preference (MOP) accorded under the ASEAN Preferential Trading Arrangements (PTA) will no longer be extended to any of the products covered under the same Order.

On 9 January 2004, Executive Order No. 268 was issued, which modified the rates of duty on other sugars under Section 104 of the Tariff and Customs Code of 1978, as amended, in order to implement the commitment to reduce the tariff rates on sixty percent (60%) of the products in the inclusion list to zero percent (0%) under the Common Effective Preferential Tariff (CEPT) scheme for the Asean Free Trade Area (AFTA).

On 3 March 2004, Executive Order No. 295 was issued, which provided that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be levied the MFN (Most Favored Nation) rates of duty therein prescribed. Moreover, the Order provides that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be imposed the ASEAN CEPT rates of duty therein prescribed subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the ASEAN Free Trade Area.

Biofuels Act of 2006

Republic Act No. 9367, also known as “The Biofuels Act of 2006”, aims to reduce the dependence of the transport sector on imported fuel with due regard to the protection of public health, the environment and natural ecosystems consistent with the country’s sustainable economic growth that would expand opportunities for livelihood by mandating the use of biofuels as a measure to develop and utilize indigenous and sustainably-sourced clean energy sources, and to mitigate toxic and greenhouse gas (GHG) emissions, increase rural employment and income and ensure the availability of alternative fuels.

The law provides that all liquid fuels for motors and engines sold in the Philippines shall contain locally sourced biofuels components. It further provides that within two (2) years from the effectivity of the law, at least 5% bioethanol shall comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country, subject to the requirement that all bioethanol blended gasoline shall contain a minimum of 5% bioethanol fuel by volume. Further, the law mandated that all gasoline fuel sold by every oil company in the Philippines should contain a minimum 10% blend of bioethanol starting August 6, 2011.

Department Circular No. DC 2007-05-006 was issued by the DOE on 17 May 2007 to implement the Biofuels Act of 2006. It covers the production, blending, storage, handling, transportation, distribution, use, and sale of biofuels, biofuel-blends and biofuel feedstock in the Philippines.

In 2008, a Joint Administrative Order known as the “Guidelines Governing the Biofuel Feedstock Production and Biofuels and Biofuel Blends Production, Distribution and Sale” (the “Guidelines”) was issued by various Philippine government agencies. The Guidelines were issued to govern the biofuel feedstock production and biofuels and biofuel blends production, distribution and sale of biofuels. The objectives of the Guidelines are to develop and utilize indigenous renewable and sustainably-sourced clean green energy sources to reduce dependence on imported oil, to mitigate toxic and GHG emissions, to increase rural employment and income, to promote the development of the biofuel industry in the country and to encourage private sector participation and to institute mechanisms which will fast track investments in the biofuel industry and to promote biofuel workers' welfare and protection, among others.

Other laws and regulations related to the business:

Foreign Investment Act of 1991

The Foreign Investment Act of 1991 ("FIA") liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity of domestic market enterprises, except in areas specified in the Foreign Investment Negative List. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. The oil refining and distribution business is not found in the latest 9th Negative List of the FIA.

In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

(a) a citizen of the Philippines;

(b) a domestic partnership or association wholly-owned by citizens of the Philippines;

(c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;

(d) a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or

(e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Local Government Code

The Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and *barangay* governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (the "ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the "EMB"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("EIS") to the EMB while a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "IEE") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act", was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

(j) *Research and Development*

CADPI contributes ₱2.00 per Lkg. of sugar produced to the Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN) in compliance with SRA Sugar Order No. 2, Series of 1995.

CADPI was the first sugar factory in the country which volunteered in the Industrial Environmental Management Project (IEMP) funded by the United States Agency for Industrial Development (US-AID) under the supervision of the DENR. IEMP advocates waste minimization through Pollution Management Appraisals (PMA).

(k) *Cost and Effects of Compliance with Environmental Laws*

The Group is subject to various environmental laws related to clean air and water quality, proper handling and disposal of solid, hazardous and chemical wastes, DOE's Renewable Energy Safety, Health and Environment Rules and Regulations (RESHERR). All subsidiary plants are covered by Environmental Compliance Certificates issued by Environmental Management Bureau DENR. All plants also have valid wastewater Discharge permits issued by EMB DENR.

The following are the significant environmental programs implemented to comply with various requirements:

1. Installation of wastewater treatment and impounding facilities prior to disposal as land fertilizer or for irrigation.
2. Installation of air pollution control devices for equipment emitting regulated air pollutants, i.e., wet gas scrubbers
3. Regular sampling and testing of air and water samples based on regulatory requirements and secure permit to operate from responsible government agencies.
4. Implement solid waste management program that includes waste segregation and construction of material recovery facility (MRF), proper disposal to accredited sanitary landfill and reuse of solid waste as fertilizers.
5. Implement hazardous waste management program that includes proper segregation, storage, disposal and inventory of materials categorized as hazardous waste.
6. Implement an environmental management system that is aligned with ISO 14001:2015 standards. This system helps the company to identify, manage, monitor and control the environmental issues in a holistic manner.

(l) *Total number of employees and number of full-time employees*

As of September 30, 2022, the Company has the following number of employees:

	No. of Employees
Executive	18
Managers	211
PT/MRF/DRF	436
Total	**665**

CADPI has a standing Collective Bargaining Agreement (CBA) with the Batangas Labor Union (BLU) for a period of five years from July 1, 2021 to June 30, 2026 and with Central Azucarera Don Pedro, Inc. Professional and Technical Monthly Paid Workers Union Charter-Member of the National Congress Of Unions in the Sugar Industry of the Philippines-Trade Union Congress of the Philippines (CADPPTMPWU-NACUSIP-TUCP) for a period of five years from May 1, 2022 to April 30, 2027. For the past five years, the labor unions of CADPI have not staged a strike.

SCBI has a CBA with its employees under the union, San Carlos Bioenergy Employees Labor Union – All Workers Alliance Trade Unions (SCBELU-AWATU) for a period of five years from March 2, 2020 to March 2, 2025. For the past three years, the labor union of SCBI has not staged a strike. An economic review of the existing CBA will happen in the early months of the 1st quarter 2023

Item 2. Properties

The Parent Company owns a parcel of land located in Nasugbu, Batangas valued at ₱5,031.7 million as of September 30, 2022.

CADPI is the owner of sugar milling and refining facilities, machineries and furniture and fixtures, transportation equipment and tools located in Nasugbu, Batangas, as well. As of September 30, 2022, these properties are valued, net of depreciation, at ₱2,761.4 million. CADPI is also the owner of parcels of land (through the merger with CACI) located in La Carlota City and Municipalities of Pontevedra and Hinigaran in Negros Occidental. As of September 30, 2022, properties are valued at ₱112.5 million.

CADPI is the owner of a parcel of land (through the merger with RBC) located in La Carlota City, Negros Occidental. As of September 30, 2022, the property valued at ₱1.9 million is considered impaired.

SCBI is the owner of a bioethanol plant as well as parcels of land and machineries, fixtures and transportation equipment located in Brgys. Punao and Palampas, San Carlos City, Negros Occidental. As of September 30, 2022, these properties are valued, net of depreciation at ₱2,994.2 million.

Item 3. Legal Proceedings

In the ordinary course of its business, the Parent Company and its subsidiaries are engaged in litigations either as complainant or defendant. In the opinion of the Group, these cases do not have any material adverse effect on its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders, through solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market information

The Company's common shares are listed in the Philippine Stock Exchange. The high and low prices of ROX shares for each quarter of fiscal years 2022, 2021 and 2020, as reported by the PSE, are shown below:

	FY2022		FY2021		FY2020	
Quarter	Low	High	Low	High	Low	High
1	1.04	1.34	1.63	2.00	1.74	2.39
2	1.00	1.41	1.36	2.25	1.36	1.84
3	1.09	1.60	1.42	1.54	1.28	1.67
4	0.97	1.28	1.20	1.52	1.33	2.36

As of December 16, 2022, the closing price of RHI's shares is ₱0.60 per share.

Stockholders

There were about 2,081 holders of the company's common shares as of September 30, 2022. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	Nationality	Total No. of Shares	%
1.	PCD Nominee Corporation	Filipino	903,570,994	57.715
2.	PCD Nominee Corporation	Non-FIlipino	523,427,381	33.433
3.	Roxas & Company, Inc.	Filipino	99,624,995	6.363
4.	Insular Life Assurance Co., LTD	Filipino	1,198,520	0.077
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.066
6.	Gilbert Liu	Filipino	1,014,000	0.065
7.	Emilio Pantoja	Filipino	785,078	0.050
8.	Armando M. Medina	Filipino	770,640	0.049
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.039
10.	O. Ledesma & Co., Inc.	Filipino	446,160	0.028
11.	BMI Holding Corporation	Filipino	431,964	0.028
12.	Antonio G. Nieto	Filipino	367,450	0.023
13.	Corona Realty & Development Corp.	Filipino	365,040	0.023
14.	Lorna Perez Laurel	Filipino	354,900	0.023
15.	Abel Z. Silva III	Filipino	354,900	0.023
16.	Elaine Villar Rivilla	Filipino	346,788	0.022
17.	Rodolfo W. Antonino	Filipino	338,000	0.022
18.	Emma Lopez	Filipino	324,804	0.021
19.	Evelina M. Boongaling	Filipino	321,214	0.021
20.	E. Zobel, Inc.	Filipino	318,435	0.020
	Subtotal		1,535,998,670	98.111%
	Other Shareholders		13,597,399	1.889%
	Grand Total		1,549,596,069	100%

Dividends

a) History of dividends paid:

Declaration Date	Record Date	Type and Amount of Dividends
28 June 2006	14 July 2006	Cash - ₱0.06 per share
27 September 2006	12 October 2006	Cash - ₱0.06 per share
20 June 2007	13 July 2007	Cash - ₱0.06 per share
19 September 2007	15 October 2007	Cash - ₱0.05 per share
25 June 2008	15 July 2008	Cash - ₱0.06 per share
3 October 2008	15 October 2008	Cash - ₱0.06 per share
24 June 2009	15 July 2009	Cash - ₱0.06 per share
17 September 2012	01 October 2012	Cash - ₱0.06 per share
12 December 2012	28 December 2012	Cash - ₱0.04 per share
07 August 2013	30 August 2013	Cash - ₱0.06 per share
06 November 2013	20 November 2013	Cash - ₱0.06 per share
06 August 2014	22 August 2014	Cash - ₱0.12 per share
05 December 2014	22 December 2014	Cash - ₱0.12 per share
19 August 2015	04 September 2015	Cash - ₱0.12 per share

The Parent Company's ability to declare and pay dividends on its common equity is generally limited by the Corporation Code of the Philippines such as the prohibition on capital impairment and the limitation on the discretion of the Board of Directors to declare dividends based on their fiduciary duty, among others. The Parent Company's policy is to declare a minimum of 35% of its annual earnings as cash or stock dividend payable out of its unrestricted retained earnings.

Recent Sales of Unregistered Securities

a) Securities Sold

A Stock Rights Offering of 266,753,974 Common Shares was conducted by the Company and sold during the Offer Period of May 12-18, 2016 to its stockholders of record as of May 4, 2016. The Offer Price is ₱4.19 per Rights Share at an entitlement ratio of 1 Rights Share for 4.33 Common Shares held as of record date. After the Offer Period, all shares were fully subscribed. These shares were likewise listed with the Philippine Stock Exchange (PSE).

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, 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 February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly-subscribed 125,000,000 common shares.

b) Exemption from Registration Claimed

On July 12, 2013, the Securities and Exchange Commission (SEC) issued a Resolution exempting the issuance of Thirty Five Million (35,000,000) common shares for the Group's Employee Stock Option Plan 1 (ESOP 1) from the registration requirement of the Commission.

Also, on May 6, 2014, the SEC issued a Resolution exempting the issuance of Thirty Million (30,000,000) common shares for the Group's ESOP 2 from the registration requirement of the SEC.

On March 30, 2016, the SEC approved the Parent Company's Request for Confirmation of Exemption from Registration of 266,753,974 Common Shares from the registration requirements under the SRC Rules. These shares were subject of the Stock Rights Offering as described above.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription, was approved by SEC, together with a confirmation of exemption from registration of these 125,000,000 common shares.

c) Description of Registrant's Securities

The authorized capital stock of the company is Two Billion Pesos (₱2,000,000,000.00), Philippine currency, consisting of Two Billion (2,000,000,000) common shares with par value of One Peso (₱1.00) per share. As of September 30, 2021, the company's total outstanding capital stock is 1,547,935,799 shares. Shares in treasury total 17,643,480 common shares.

The shareholders do not have pre-emptive rights to subscribe to issues or disposition of the shares of stock of the company of any class unless the Board of Directors decides otherwise. There are no provisions in its Charter or By-laws, which would delay, defer or prevent a change in the control of the company.

Item 6. Management's Discussion and Analysis or Plan of Operation

FULL FISCAL YEAR 2021-2022

Events arising from Global Outbreak of COVID-19 Pandemic
The COVID-19 pandemic which broke out in early 2020 resulted to nationwide mandated lockdowns and negatively impacted the Philippine economy. The community quarantine imposed decreased demand for fuel that resulted to early plant shutdown of the Group's alcohol units. The group also produced 70% alcohol which were sold and donated to help with the pandemic. As part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020. As at September 30, 2022, the term out of the remaining ₱1.5 million short-term loans has been duly approved by creditor banks and converted to long-term borrowings. Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

Financial Highlights and Key Performance Indicators

	September 30		Increase (Decrease)	
	2022	2021		
Amounts in Thousands except Closing Price per Shares	**(Audited)**	(Audited)	Amount	%
Balance Sheet				
Fixed assets	**₱11,459,798**	₱9,778,519	₱1,681,279	17%
Total assets	**14,918,617**	12,738,293	2,180,324	17%
Shareholders' equity	**5,265,286**	5,156,742	108,544	2%
Net debt [(1)]	**5,226,124**	4,887,826	338,298	7%
Equity ratio	**35.3%**	40.5%	(5.2%)	(13%)
Net debt as % of equity	**0.99x**	0.95x	0.04	5%
Shares				
Market capitalization	**1,501,498**	1,934,920	(433,422)	(22%)
Total shares issued	**1,547,936**	1,547,936	–	–
Closing price per share	**0.97**	1.25	(0.28)	(22%)

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands except Operational Data	**2022**	2021	Amount	%
Revenues and Earnings				
Revenues	**₱7,067,523**	₱4,528,762	₱2,538,761	56%
Gross profit	**(34,911)**	(67,363)	32,452	48%
Depreciation and amortization	**480,858**	504,197	(23,339)	(5%)
Operating expenses	**597,188**	712,570	(115,382)	(16%)
Interest	**322,693**	338,286	(15,593)	(5%)
Net loss	**(797,012)**	(938,920)	141,908	15%
Core net loss	**(797,012)**	(938,920)	141,908	15%
Return on equity	**(15.14%)**	(18.21%)	3.07%	17%
Earnings per share	**(0.51)**	(0.60)	0.09	15%
Cash Flow and Investments				
Cash flow from operations	**828,172**	383,638	444,534	116%
Investment in fixed assets	**933,474**	325,505	607,969	187%
Operational Data *(volume in thousands)*				
Tons cane milled	**477**	733	(256)	(35%)
Production:				
Raw sugar (Lkg)	**834**	1,214	(380)	(31%)
Refined sugar (Lkg)	**2,029**	1,034	995	96%
Ethanol (liters)	**25,775**	28,860	(3,085)	(11%)

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

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 revenue and computed as the gross amount of raw sugar output of CADPI. It pertains to production capacity\y, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.

2. Refined sugar production - the most important determinant of revenue 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 feedstock undergoing fermentation, distillation and dehydration processes.

4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands	**2022**	2021	Amount	%
Refined sugar	**₱4,204,313**	₱1,417,968	₱2,786,345	197%
Milling revenue	**543,786**	715,623	(171,837)	(24%)
Molasses	**324,547**	345,086	(20,539)	(6%)
Tolling fees	**184,378**	88,228	96,150	109%
Raw sugar	**–**	339,489	(339,489)	(100%)
	5,257,024	2,906,394	2,350,630	81%
Alcohol	**1,590,065**	1,570,723	19,342	1%
Sugar syrup	**182,638**	–	182,638	100%
Power	**31,686**	44,955	(13,269)	(30%)
Carbon dioxide	**6,110**	6,690	(580)	(9%)
	₱7,067,523	₱4,528,762	₱2,538,761	56%

Consolidated revenue amounted to ₱7,067.5 million in 2022, an increase of ₱2,538.8 million or 56% versus ₱4,528.8 million in 2021. The increase is due to increase in volume sold, particularly, refined sugar, from increased production. Sugar operations contributed ₱5,257.0 million or 74% of total revenue in 2022, while ₱1,810.5 million or 26% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations increased by ₱2,350.6 million or 81% against last year's revenue of ₱2,906.4 million, primarily due to decrease in volume sold of refined sugar and tolling. Raw sugar sales volume decreased by 221 Lkg or 100% this year compared to 2021 while refined sugar sales volume increased by 1,170 Lkg or 166% versus last year's sales volume of 704 Lkg. Average selling prices per Lkg of raw and refined sugar in 2022 amounted to nil and ₱2,243, respectively, from ₱1,535 and ₱2,013, respectively in 2021.

Alcohol. Revenue from alcohol operations amounted to ₱1,590.1 million and ₱1,570.7 million in 2022 and 2021, respectively. The increase is primarily due to higher selling price in 2022 by 10%.

Gross Income

Consolidated gross profit in 2022 improved by ₱32.5 million or 48%, from ₱67.4 million gross loss last fiscal year, and gross loss rate decreased from 1.5% in 2021 to 0.5% in 2022. The i gross profit is attributable to improved yield and decreased milling cost due to derating of mills.

Operating Expenses

Amounts in Thousands	**Years Ended September 30** **2022**	2021	Increase (Decrease) Amount	%
Salaries, wages and other employee benefits	**₱275,044**	₱318,653	(₱43,609)	(14%)
Outside services	**72,945**	100,778	(27,833)	(28%)
Depreciation and amortization	**59,390**	85,755	(26,365)	(31%)
Taxes and licenses	**39,583**	44,694	(5,111)	(11%)
Provision for probable losses	**28,875**	20,079	8,796	44%
Selling expenses	**28,042**	20,257	7,785	38%
Provision for impairment losses on receivables	**15,686**	20,837	(5,151)	(25%)
Repairs and maintenance	**14,258**	5,325	8,933	168%
Communication, light and water	**9,763**	12,268	(2,505)	(29%)
Materials and consumables	**9,341**	7,980	1,361	17%
Corporate social responsibility	**5,121**	5,715	(594)	(10%)
Travel and transportation	**4,696**	3,691	1,005	27%
Representation and entertainment	**3,231**	1,877	1,354	72%
Others	**31,213**	64,661	(33,448)	(52%)
	₱597,188	₱712,570	(₱115,382)	(16%)

Operating expenses decreased by ₱115.4 million or 16% from ₱712.6 million in 2021 to ₱597.2 million in 2022.

Interest
Interest expense for the current fiscal year amounted to ₱322.7 million versus ₱338.3 million in 2021, attributed to payment of short term loans in 2022.

Net Income
Consolidated net loss after tax decreased by ₱141.9 million versus ₱938.9 million in 2021. Consequently, loss per share is ₱0.51 and ₱0.61 as at September 30, 2022 and 2021, respectively.

Financial Position

Consolidated total assets as at September 30, 2022 amounted to ₱14,918.6 million against ₱12,738.3 million as at September 30, 2021. This increase is mainly due to appraisal of land.

Consolidated total liabilities as at September 30, 2022 amounted to ₱9,653.3 million, higher by ₱2,071.8 million than last year's balance of ₱7,581.6 million.

Book value per share increased to ₱3.40 as at September 30, 2022 from ₱3.33 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.

FULL FISCAL YEAR 2020-2021

Events arising from Global Outbreak of COVID-19 Pandemic
The COVID-19 pandemic which broke out in early 2020 resulted to nationwide mandated lockdowns and negatively impacted the Philippine economy. The community quarantine imposed decreased demand for fuel that resulted to early plant shutdown of the Group's alcohol units. The group also produced 70% alcohol which were sold and donated to help with the pandemic. As part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020. As at September 30, 2021, the term out of ₱3.3 billion out of ₱4.8 billion short-term loans has been duly approved by creditor banks and converted to long-term borrowings while the remaining loan still going thorough credit reviews Management has also been

implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

Financial Highlights and Key Performance Indicators

Amounts in Thousands except Closing Price per Shares	September 30 2021 (Audited)	2020 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱9,778,519**	₱9,752,071	₱26,448	0%
Total assets	**12,738,293**	14,027,346	(1,289,053)	(9%)
Shareholders' equity	**5,156,742**	5,850,165	(693,423)	(12%)
Net debt [1]	**4,887,826**	4,481,953	(405,873)	9%
Equity ratio	**40.5%**	41.7%	(1.2%)	(3%)
Net debt as % of equity	**0.95x**	0.77x	0.18	24%
Shares				
Market capitalization	**1,934,920**	2,600,532	(665,612)	(26%)
Total shares issued	**1,547,936**	1,547,936	–	–
Closing price per share	**1.25**	1.68	(0.43)	(26%)

Amounts in Thousands except Operational Data	Years Ended September 30 2021	2020[2]	Increase (Decrease) Amount	%
Revenues and Earnings				
Revenues	**₱4,589,412**	₱4,798,579	(₱209,167)	(4%)
Gross profit	**(105,160)**	101,823	(206,983)	(203%)
Depreciation and amortization	**504,197**	844,030	(339,833)	(40%)
Operating expenses	**614,123**	738,424	(124,301)	(17%)
Interest	**338,286**	395,997	(57,711)	(15%)
Net loss	**(938,920)**	(2,356,860)	1,417,940	60%
Core net loss	**(938,920)**	(974,184)	35,264	4%
Return on equity	**(18.21%)**	(40.29%)	22.08%	55%
Earnings per share	**(0.60)**	(1.51)	0.91	60%
Cash Flow and Investments				
Cash flow from operations	**383,638**	914,966	(531,328)	(58%)
Investment in fixed assets	**325,505**	335,087	(9,582)	(3%)
Operational Data *(volume in thousands)*				
Tons cane milled	**733**	655	78	12%
Production:				
Raw sugar (Lkg)	**1,214**	1,253	(39)	(3%)
Refined sugar (Lkg)	**1,034**	1,088	(54)	(5%)
Ethanol (liters)	**28,860**	14,359	14,501	101%

[1] Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).
[2] Continuing operations only.

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

5. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI. It pertains to production capacity\y, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.

6. Refined sugar production - the most important determinant of revenue 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.

7. 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 feedstock undergoing fermentation, distillation and dehydration processes.

8. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands	**2021**	2020[1]	Amount	%
Refined sugar	**₱1,417,968**	₱1,479,693	(₱61,725)	(4%)
Milling revenue	**715,623**	461,472	254,151	55%
Molasses	**345,086**	232,134	112,952	49%
Raw sugar	**339,489**	1,457,274	(1,117,785)	(77%)
Tolling fees	**88,228**	158,198	(69,970)	(44%)
	2,906,394	3,788,771	(882,377)	(23%)
Alcohol	**1,570,723**	975,092	595,631	61%
Farm services	**60,650**	21,807	38,843	178%
Power	**44,955**	7,914	37,041	468%
Carbon dioxide	**6,690**	4,995	1,695	34%
	₱4,589,412	₱4,798,579	(₱209,167)	(4%)

(1) *Continuing operations only.*

Consolidated revenue amounted to ₱4,589.4 million in 2021, a decrease of ₱209.2 million or 4% versus ₱4,798.6 million in 2020. The decrease is due to decrease in volume sold, particularly, raw sugar caused by the sale of sugar mill in La Carlota City, Negros Occidental. Sugar operations contributed ₱2,906.4 million or 64% of total revenue in 2021, while ₱1,570.7 million or 36% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations decreased by ₱882.4 million or 23% against last year's revenue of ₱3,788.8 million, primarily due to decrease in volume sold of raw sugar, refined sugar and tolling. Raw sugar sales volume decreased by 765 Lkg or 78% this year from 986 Lkg in 2020 while refined sugar sales volume decreased by 59 Lkg or 8% versus last year's sales volume of 763 Lkg. Average selling prices per Lkg of raw and refined sugar in 2021 amounted to ₱1,535 and ₱2,013, respectively, from ₱1,479 and ₱1,939, respectively in 2020.

Alcohol. Revenue from alcohol operations amounted to ₱1,570.7 million and ₱975.1 million in 2021 and 2020, respectively. The increase is primarily due to higher production volume in 2021 by 101%.

Gross Income

Consolidated gross income in 2021 decreased by ₱207.0 million or 203% from ₱101.8 million last fiscal year and gross profit rate decreased from 2.1% in 2020 to gross loss rate of 2.3% in 2021. The decreased gross profit is attributable to prolonged La Nina phenomenon that caused a general decline in the yields of sugarcanes and likewise extended the harvesting and milling operations.

Operating Expenses

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands	**2021**	2020[1]	Amount	%
Salaries, wages and other employee benefits	**₱318,653**	₱347,055	(₱28,402)	(8%)
Outside services	**63,013**	60,325	2,688	4%
Depreciation and amortization	**60,609**	73,626	(13,017)	(18%)
Taxes and licenses	**44,694**	84,799	(40,105)	(47%)
Provision for impairment losses on receivables	**20,837**	28,533	(7,696)	(27%)
Selling expenses	**20,257**	35,369	(15,112)	(43%)
Provision for probable losses	**20,079**	–	20,079	100%
Communication, light and water	**12,268**	17,249	(4,981)	(29%)
Materials and consumables	**7,980**	5,902	2,078	35%
Corporate social responsibility	**5,715**	3,594	2,121	59%
Repairs and maintenance	**5,325**	3,554	1,771	50%
Travel and transportation	**3,691**	6,121	(2,430)	(40%)
Representation and entertainment	**1,877**	2,047	(170)	(8%)
Others	**29,125**	70,250	(41,125)	(59%)
	₱614,123	₱738,424	(124,301)	(17%)

[1] *Continuing operations only.*

Operating expenses decreased by ₱124.3 million or 17% from ₱738.4 million in 2020 to ₱614.1 million in 2021.

Interest
Interest expense for the current fiscal year amounted to ₱338.3 million versus ₱396.0 million in 2020, attributed to payment of long-term loans in 2020.

Net Income
Consolidated net loss after tax decreased by ₱417.9 million versus ₱2,356.9 million in 2020. Consequently, loss per share is ₱0.60 and ₱1.51 as at September 30, 2021 and 2020, respectively.

Discontinued operations
The results of operations of the Group's sugar milling and distillery operations in La Carlota City, Negros Occidental are presented as discontinued operations in the consolidated financial statements as at September 30, 2020.

Revenue and gross profit from discontinued operations amounted to ₱4,497.8 million and ₱295.8 million, respectively.

Net loss from discontinued operations resulted to ₱1,533.6 million after incurring operating expenses and interest expense amounting to ₱369.2 million and ₱243.6 million, respectively.

Financial Position

Consolidated total assets as at September 30, 2021 amounted to ₱12,738.3 million against ₱14,027.3 million as at September 30, 2020. This decrease is due to decrease in receivables by ₱719.2 million as a result of extended collection efforts and decrease in cash by ₱829.6 million due to payment of short-term borrowings and additional investment in fixed assets.

Consolidated total liabilities as at September 30, 2021 amounted to ₱7,581.6 million, lower by ₱595.6 million than last year's balance of ₱8,177.2 million.

Book value per share decreased to ₱3.33 as at September 30, 2021 from ₱3.78 as at September 30, 2020.

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.

Item 7. Financial Statements

Refer to the attached Audited Consolidated Financial Statements.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There has been no disagreement with the external auditor, Sycip Gorres Velayo & Co., on accounting, financial concerns, and disclosures in the Consolidated Financial Statements, attached herein.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers of the Issuer

Board of Directors & Corporate Secretary

Pedro O. Roxas is 66 years old and is a Filipino. He has been a member of the Board of Directors for 39 years or since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and a member of the Corporate Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an Independent Director of listed companies: Philippine Long Distance Telephone Company (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

Mr. Roxas attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Manuel V. Pangilinan is 76 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and has been a member for 8 years. He is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Company (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical

Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila Univerity and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia Money. Mr. Pangilinan also received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

Mr. Pangilinan attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Celso T. Dimarucut is 60 years old and is a Filipino. He was formerly appointed as EVP-CFO and Group Head of Finance last December 1, 2015 and recently appointed as the President and Chief Executive Officer of RHI last December 16, 2020.

Mr. Dimarucut, prior to joining the company, served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr. Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant (CPA).

Christopher H. Young is 65 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015. He has been a director for RHI for 7 years.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.

Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

Mr. Young attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Ray C. Espinosa is 66 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and he has been a director for 9 years. Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc.

He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm’s Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. Asia Law & Practice, Euromoney and The Asia Pacific Legal 500 named Atty. Espinosa as one of the leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002.

Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School’s Clyde Alton Dewitt Scholarship Foundation.

Atty. Espinosa attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Alex Erlito S. Fider is 69 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. He has been an RHI director for 8 years. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

Atty. Fider attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Oscar J. Hilado is 85 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. He has been an Independent Director for RHI for 5 years. Mr. Hilado is the Lead Independent Director and is the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Energy Corporation; Phinma Property Holdings Corp.; and Union Galvasteel Corporation.

Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation.

He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador. He was awarded the MAP Management Man of the Year in 1991.

Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

Mr. Hilado attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Santiago T. Gabionza, Jr. is 65 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance and Compensation Committees. He has been an Independent Director for RHI 2 years.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a member of the Board of Directors of various corporations. He is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

Atty. Gabionza attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

Arlyn S. Villanueva is 66 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit Committee. . She has been an Independent Director for RHI 2 years. Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission's Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982. She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction". In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France.

Dr. Villanueva attended two sessions of the 2021 Corporate Governance Enhancement Seminar on September 17, 2021 and November 12, 2021.

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Board of Advisors

Senen C. Bacani is 76 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.

He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966.

Corporate Officers.

Pedro O. Roxas (See above)

Manuel V. Pangilinan (See above)

Celso T. Dimarucut (See above)

Cynthia L. Dela Paz is 60 years old and is a Filipino. She has been the Corporate Secretary of the Group since February 15, 2017. Atty. de la Paz is a senior partner at Picazo Buyco Tan Fider & Santos. She has been in the practice of corporate law and taxation for the last 27 years. She has been a Director of Tax Management Association of the Philippines (TMAP) for the last 10 years. Atty. de la Paz holds a law degree from the University of the Philippines and graduated from the same university with a degree in Psychology.

George T. Cheung is 48 years old and is a Filipino. He was appointed as Executive Vice-President, Chief Commercial Officer and Chief Risk Officer on January 15, 2022. Mr. Cheung was formerly a Managing Partner in Commodity Partners Pte., Ltd., Head of Domestic Coal Trading of Trafigura Investment China, Ltd, based in Shanghai, Associate Director & General Manager-Sugar Division of Wilmar Sugar Pte. Ltd/Yihai Commercial Eagle Trading, General Manager at the Greater China Region of ED&F Man, a global supplier of sugar, and a Trading Manager of the Sugar Division in Hong Kong of Cargill, among others. He also served as VP-Head of Trading of PILMICO. Mr. Cheung obtained his degree in Bachelor of Science in Food Sciences and Technology at the University of British Columbia in Vancouver, British Columbia, Canada. He also earned his diploma in Business Administration at the International Correspondence Schools, and his Master in Business Administration (MBA) Global Executive program at the Duke University in Durham, North Carolina, USA.

Jose Manuel D. Mapa is 55 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agri-business Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graduate School in Bacolod and holds a Bachelor degree in Agribusiness Management from the University of the Philippines Los Baños in Laguna. Mr. Mapa served 2GO Group, Inc. for 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

Frederick E. Reyes[1] is 61 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. He was as assigned as Corporate Governance Officer on December 16, 2020. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has decades of experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a "wireless" telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

Jaynel R. Sulangi is 47 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. for seven years as Senior Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAP, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

Veronica C. Cortez is 43 years old and is a Filipino. She is currently VP-Head of Finance and Administration having been promoted from her previous position as AVP of Finance from February 10, 2016. She was also appointed as Data Protection Officer and Deputy Risk Officer on December 16, 2020. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant (CPA).

Ma. Hazel L. Rabara-Retardo is 42 years old and is a Filipino. She is currently the Company's Treasurer and VP-Head of Legal and Treasury/Treasurer and Compliance Officer. She previously held the position of AVP for Corporate Governance and Deputy Compliance Officer, as well as Assistant Corporate Secretary from September 20, 2016. Prior to joining RHI, Atty. Rabara-Retardo was Vice President for Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

Josephine M. Logroño[2] is 47 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant (CPA) and a Certified Internal Auditor. Ms. Logroño was formerly Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as Finance - Process Solution Officer and as an Internal Auditor from 2003 to 2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from

[1] Mr. Reyes has retired effective June 30, 2022.
[2] Ms. Logrono has resigned effective June 30, 2022.

1999 to 2003.

Jaypee V. Jimenez[3] is 38 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MRO Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

Aimee E. Pedayo is 31 years old and is a Filipino. She was appointed as Legal Manager on January 14, 2019 and was subsequently appointed as Assistant Corporate Secretary on June 4, 2020. Atty. Pedayo was an Associate at Puno and Puno Law Offices prior to joining the Company. Atty. Pedayo obtained her Bachelor of Science in Commerce, Major in Legal Management from De La Salle University-Manila. She obtained her Juris Doctor Degree from the Ateneo De Manila University-Law School, where she graduated with Second Honors.

Significant Employees

The Group is not highly dependent on the services of an employee who is not an Executive Officer so as to be a key in the business.

Family Relationships

There are no family relations among the Directors or Officers of the Group.

Legal Proceedings

The Group is not aware of any legal proceeding/s during the last five (5) years up to the present, involving the members of its Board of Directors, Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the company is not in possession of any information indicating that the members of its Board of Directors or Executive Officers have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

[3] Mr. Jimenez has resigned effective January 14, 2022.

Item 10. Executive Compensation

Compensation of Executive Officers

Name and Principal position	Fiscal Year	Salary	Other Employee Benefits	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Celso T. Dimarucut - President and CEO • George T. Cheung - EVP and Chief Strategy Officer • Alfredo P. Aquino Jr. – SVP, Chief Manufacturing Officer • Jaynel R. Sulangi – VP, ICT • Gil M. Morales – Head, Manufacturing Services	2022	₱42,086,400	₱6,981,000	₱480,000
All other officers and directors as a group unnamed*		39,168,000	6,447,840	480,000
The CEO and four most highly compensated Executive Officers: • Celso T. Dimarucut - President and CEO • George T. Cheung - EVP and Chief Commercial Officer • Pilipino T. Cayetano – VP, Chief Manufacturing Officer • Jaynel R. Sulangi – VP, ICT • Gil M. Morales – Head, Manufacturing Services	2021	₱40,800,000	₱6,646,600	₱–
All other officers and directors as a group unnamed*		23,793,516	3,912,146	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2020	₱53,243,628	₱8,847,218	₱–
All other officers and directors as a group unnamed*		46,943,808	7,717,088	–

Compensation of Directors

Article 19 of the By-Laws of the Parent Company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax to be distributed as fees in the following manner: 2% to the Executive Committee and 4% to the Board of Directors. Each member of the Board of Directors and of the Board of Advisors receives a per diem of ₱25,000.00 for every meeting attended. Each member of the Audit & Risk Committee, Compensation Committee, and Nomination, Election & Governance Committee, receives a per diem of ₱25,000.00 for every meeting attended. Except for the Chairman, the members of the Executive Committee receive a per diem of ₱25,000.00 for every meeting attended.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The table below shows persons of groups known to the Group as of September 30, 2021 to be directly or indirectly the record or beneficial owner of more than 5% of the Parent Company's voting securities:

Title of Class	Name and Address of Owner	Number and Nature of Ownership (Indicate Record and/or Beneficial)		Percent of Class
Common	Roxas & Company, Inc. 7/F CG Building, 101 Aguirre St., Legaspi Village, Makati City (Shareholder)	318,341,705	Record and Beneficial	20.57%
Common	First Pacific Natural Resources Holdings BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands (Shareholder)	505,667,566	Beneficial	32.67%
Common	First Agri Holdings Corp. 10th Floor MGO Building Dela Rosa cor Legaspi Sts. Makati City (Shareholder)	467,854,834	Beneficial	30.22%
Common	PCD Nominee Corp 37F Tower 1 Enterprise Center Makati City (Shareholder)	445,747,616	Beneficial	28.8%

The members of the Board of Directors of Roxas & Co., Inc. (RCI) are Pedro O. Roxas, Santiago R. Elizalde, Francisco R. Elizalde, Edgar P. Arcos, Gerardo C. Ablaza, Jr., Aurelio R. Montinola III and Corazon De La Paz-Bernardo. Collectively, they have the power to decide how the shareholdings of RCI in RHI shall be voted. Pedro O. Roxas is authorized to vote the shares of RCI in the annual meeting. Manuel V. Pangilinan or Atty. Ray C. Espinosa or Atty. Alex Erlito S. Fider or Christopher H. Young or Celso T. Dimarucut are authorized to vote the shares of First Pacific Natural Resources Holdings BV and First Agri Holdings Corp.

Security Ownership of Management as of September 30, 2022

The following are the number of shares owned of record by the Directors and the President & Chief Executive Officer (PCEO) and the percentage of shareholdings of each:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*
Common	Pedro O. Roxas Chairman of the Board	Filipino	1,026,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Celso T. Dimarucut President/CEO	Filipino	50,000 (b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago T. Gabionza Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Arlyn S. Villanueva Independent Director	Filipino	50,000 (r)	0.0000 %
	TOTAL		1,830,565 (r & b)	0.0006%

Item 12. Certain Relationships and Related Transactions

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Executive Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 62.93% of the outstanding capital stock of the company as of November 30, 2019. Mr. Pedro O. Roxas is also the Chairman of Roxas and Company, Inc. (RCI). RCI owns 20.57% of the outstanding capital stock of the company as of November 30, 2019.

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

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

In compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, the Group submitted its Manual on Corporate Governance on August 30, 2002. Since its effectivity on January 1, 2003, the company complied with the principles contained in the Manual insofar as they may be relevant to its businesses. It likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. Measures are also being undertaken by the company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Executive Committee, Audit & Risk Committee, Executive Compensation Committee and the Nomination, Election & Governance Committee, the election of the required number of independent directors to its Board of Directors and the amendment of Article 13 of its By-Laws on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual. The company has not deviated from or violated the provisions of the Manual and it will improve on its corporate governance as may be required by law or the exigency of business. A revised Manual on Corporate Governance was submitted on May 25, 2017 to comply with the directive of Memorandum Circular No. 19, series of 2016 of the SEC.

Insider Trading Policy

The Company has an Insider Trading Policy which prohibits the purchase, sale, or trading in securities of the Company or another corporation while in possession of material non-public information. The Policy likewise prohibits the giving of material non-public information, directly or indirectly, to anyone. A violation of the Policy subjects the member of the Board of Directors, Board of Advisors, officer, or employee to disciplinary action in addition to possible civil and criminal actions.

Whistle Blowing Policy

The Group has a public interest disclosure or a whistle blowing policy whereby all employees have the right and moral responsibility to report improper actions and omissions. A workplace culture is developed in which employees who act in good faith and in compliance with the law are protected from interference in or retaliation for reporting improper actions and cooperating with subsequent investigations and proceedings. Public Interest Disclosure is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear or intimidation or reprisal.

Policy on Related Party Transactions

The Company has a Related Party Transactions Policy which sets out the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board. The Policy also includes rules and procedures in relation to Material Related Party Transactions set out by the Securities and Exchange Commission.

Policy on Data Privacy

The Company recognizes the importance of the privacy of every individual it associates with. Thus, to strengthen this campaign, the Policy on Data Privacy was adopted to make sure that all employees who handle matters involving personal information of individuals are aware of their roles in safeguarding this information. Personal information of individuals must be held in confidence by all employees and disclosure should only be done with the individual's written consent or when requested by a Court or law enforcement agency.

In accordance with the requirement of the National Privacy Commission, the Company has appointed a Data Protection Officer and a Compliance Office for Privacy to oversee the compliance of the Company to relevant privacy laws and issuances. The Company has also established protocols in the Policy to ensure that all employees are properly informed about the measures to be taken if a data breach occurs and how it will be promptly addressed. Updates and frequent review of privacy controls are being done to protect the Personal Information in the Company's safekeeping.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

(1) Audited Consolidated Financial Statements for the years ended September 30, 2022, 2021 and 2020
- Statement of Management's Responsibility for Consolidated Financial Statements
- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements
- Supplementary Schedule of Adoption of Effective Accounting Standards and Interpretations

(2) Supplementary Schedules
- Required by SRC Rule 68.1, As Amended
  - Schedule A. Financial Asset
  - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
  - Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
  - Schedule D. Intangible Assets – Other Assets
  - Schedule E. Long-term Debt
  - Schedule F. Indebtedness to Related Parties
  - Schedule G. Guarantee of Securities of Other Issuers
  - Schedule H. Capital Stock
- Schedule of Financial Soundness Indicators
- Corporate Structure

Reports on SEC Form 17-C

Material actions or resolutions are summarized below.

2021-2022

October 18, 2021 – Resignation of Mr. Pilipino T. Cayetano as VP - CMO (CADPI and SCBI) & Chief Compliance Officer.

December 17, 2021 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2021;

2. Approved the Press Release;

3. Approved the issuance of Convertible Notes by RHI's subsidiary, San Carlos Bioenergy, Inc.;

4. Approved the Report of the Audit & Risk Committee for the fiscal year ending 30 September 2021; and

5. Set the holding of the Annual Stockholders Meeting on 16 March 2022 with Record Date for the said Meeting on 05 January 2022, and for the shareholders to attend through remote participation or voting in absentia or by appointing the Chairman of the meeting as proxy, subject to validation procedures, and the internal rules and procedures set by the Corporation.

January 14, 2022 – Resignation of Mr. Jaypee V. Jimenez as Assistant Vice President/Head - RHI Procurement & Materials Management

February 4, 2022 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the first quarter ending 31 December 2021, of the current fiscal year; and,

2. Approved the Press Release.

March 16, 2022 - Results of Annual Shareholders' Meeting:

1. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2021;

2. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of March 17, 2021;

Results of the Organizational Meeting of the Board of Directors

Name		Position
Mr. Pedro O. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Celso T. Dimarucut	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. George T. Cheung	-	EVP-Chief Commercial Officer/Chief Risk Officer
Mr. Jose Manuel D. Mapa	-	VP-Cane Supply and Agri-Business Services
Mr. Frederick E. Reyes	-	VP-Human Resources/Chief Governance Officer
Mr. Jaynel R. Sulangi	-	VP-Information & Communications Technology

Ms. Veronica C. Cortez	-	VP-Head of Finance & Administration/Deputy Risk Officer/Data Protection Officer
Atty. Ma. Hazel L. Rabara-Retardo	-	VP-Head of Legal & Treasury/Treasurer/ Compliance Officer
Gil M. Morales	-	VP-Plant Head, CADPI
Alexander A. Pino	-	VP-Plant Head, SCBI
Ms. Josephine M. Logroño	-	AVP-Internal Audit
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary/Legal Manager/ Deputy Corporate Information Officer/Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro O. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro O. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 6, 2022 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the second quarter ending 31 March 2022, of the current fiscal year; and,

2. Approved the Press Release.

June 7, 2022 – Appointment of Mr. Narciso D. Dimaano as Vice President & Group Head of Engineering and Technical Services (CADPI and SCBI).

June 27, 2022 – Appointment Mr. Alfredo P. Aquino, Jr. as Senior Vice-President, Chief Manufacturing Officer of San Carlos Bioenergy, Inc.

June 30, 2022 – Retirement of Mr. Frederick E. Reyes as Vice President - Human Resources/Chief Governance Officer. Resignation of Ms. Josephine M. Logrono as AVP/Head - Internal Audit.

August 1, 2022 – Appointment of Mr. Andre Marie B. Brillantes as Vice President - Head of Commercial Operations.

August 5, 2022 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the third quarter ending 30 June 2022, of the current fiscal year; and,

2. Approved the Press Release.

September 30, 2022 – Approval of the change in the designation of Mr. George T. Cheung from EVP-Chief Commercial Officer/Chief Risk Officer to EVP-Chief Strategy Officer/Chief Risk Officer effective October 1, 2022.

2020-2021

November 13, 2020 – Resignation of Ms. Anna G. Yu as AVP - Treasury, Chief Risk & Credit Officer

December 17, 2020 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2020;

2. Approved the Press Release;

3. Set the holding of the Annual Stockholders Meeting on 17 March 2021 with Record Date for the said Meeting on 8 January 2021, and for the shareholders to attend through remote participation or voting in absentia or by appointing the Chairman of the meeting as proxy, subject to validation procedures, and the internal rules and procedures set by the Corporation;

4. Appointed the following officers of RHI to the positions indicated herein:

   a. Celso T. Dimarucut – President and Chief Executive Officer (PCEO) effective immediately

   b. George T. Cheung - Executive Vice-President, Chief Commercial Officer and Chief Risk Officer (effective January 15, 2021)

   c. Ma. Hazel L. Rabara-Retardo - Treasurer effective immediately.

   d. Other key executive positions were also confirmed to be held by the following persons effective immediately, concurrently with their existing functions:

      i. Pilipino T. Cayetano - Chief Compliance Officer

      ii. Frederick E. Reyes - Chief Governance Officer

      iii. Veronica C. Cortez - Deputy Risk Officer/ Data Privacy Officer

      iv. Atty. Aimee E. Pedayo - Assistant Corporate Secretary/ Deputy Compliance Officer

January 11, 2021 Change in Designation of Mr. Julius G. Rugas from VP - Manufacturing Operations Head – CADPI to VP - Head, Refined Sugar Operations - CADPI

February 5, 2021 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the first quarter ending 31 December 2020, of the current fiscal year; and,

2. Approved the Press Release.

March 17, 2021 - Results of Annual Shareholders' Meeting:

3. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2020;

4. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of June 4, 2020;

Results of Organizational Meeting of the Board of Directors:

Name		Position
Mr. Pedro O. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Celso T. Dimarucut	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. George T. Cheung	-	EVP-Chief Commercial Officer/Chief Risk Officer
Mr. Pilipino T. Cayetano	-	VP-Chief Manufacturing Officer, CADPI & SCBI/ Chief Compliance Officer
Mr. Jose Manuel D. Mapa	-	VP-GM, RHI-ADC
Mr. Julius G. Rugas	-	VP-Head of Refined Sugar Operations, CADPI
Mr. Frederick E. Reyes	-	VP-Human Resources/Chief Governance Officer
Mr. Jaynel R. Sulangi	-	VP-Information & Communications Technology
Ms. Veronica C. Cortez	-	VP-Head of Finance & Administration/Deputy Risk Officer/Data Protection Officer
Atty. Ma. Hazel L. Rabara-Retardo	-	VP-Head of Legal & Treasury/Treasurer
Ms. Josephine M. Logroño	-	AVP-Internal Audit
Mr. Jaypee V. Jimenez	-	AVP-Procurement and Materials Management
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary/Legal Manager/ Deputy Corporate Information Officer/ Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro O. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro O. Roxas	-	Member

Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 10, 2021 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the second quarter ending 31 March 2021, of the current fiscal year; and,

2. Approved the Press Release.

August 9, 2021 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the third quarter ending 30 June 2021, of the current fiscal year; and

2. Approved the Press Release.

August 25, 2021 - Resignation of Mr. Julius G. Rugas as Vice President/Head - Refined Sugar Operations of Central Azucarera Don Pedro, Inc., subsidiary of Roxas Holdings, Inc.

October 17, 2021 – Resignation of Mr. VP - CMO (CADPI and SCBI) and Chief Compliance Officer. Appointment of Atty. Ma. Hazel L. Rabara-Retardo as Compliance Officer.

2019-2020

December 4, 2019 – Results of the Board Meeting of the RHI Board of Directors
1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2019;
2. Approved the Press Release and,
3. Approved the holding of the Annual Stockholders Meeting on 18 March 2020 and setting the Record Date for the said Meeting on 31 December 2019

February 4, 2020 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the first quarter ending 31 December 2019, of the current fiscal year; and,

2. Approved the Press Release.

March 13, 2020 – Postponement of the Annual Shareholders meeting indefinitely, due to coronavirus 19 pandemic

April 17, 2020 – Setting May 13, 2020 as tentative date of Annual Shareholders meeting

May 12, 2020 – Postponement of the Annual Shareholders Meeting to June 4, 2020, and holding of the said meeting online, by allowing the shareholders to attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

June 4, 2020 - Results of Annual Shareholders' Meeting:

5. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2019;

6. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of April 30, 2019;

Results of Organizational Meeting of the Board of Directors:

Name		Position
Mr. Pedro O. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/Operations Advisor
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, CADPI/ SCBI
Mr. Pilipino T. Cayetano	-	VP-Chief Manufacturing Officer, CACI/ RBC
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Julius G. Rugas	-	VP-Manufacturing Operations Head, CADPI
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel R. Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & OIC- Compliance Officer; Data Protection Officer; Corporate Information Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary; Deputy Corporate Information Officer; Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro O. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro O. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

September 18, 2020 - the RHI Board approved the sale of the Company's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in Najalin Agri-Ventures, Inc.

September 30, 2020 – Resignation of Mr. Jose B. Villanueva III as Vice President/Chief Manufacturing Officer - SCBI & CADPI effective September 30, 2020.

October 12, 2020 – Change of Designation of Mr. Pilipino T. Cayetano from Vice President/Chief Manufacturing Officer – CACI & RBC to Vice President/Chief Manufacturing Officer - CADPI & SCBI.

October 31, 2020 – Retirement of Mr. Hubert D. Tubio as President and CEO.

2018-2019

November 7, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

1. Mr. Arcadio S. Lozada, Jr.
2. Ms. Josephine M. Logrono

December 12, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

3. Mr. Hubert D. Tubio
4. Mr. Frederick E. Reyes
5. Mr. Jaynel R. Sulangi
6. Mr. Bernard Jose S. Lachica
7. Mr. Jaypee V. Jimenez

December 17, 2018 – Resignation of Mr. Fernando H. Corpuz Vice-President and General Manager of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc., has resigned from RHI effective 15 December 2018.

February 12, 2019 – Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Financial Statements and Management Discussion and Analysis for the first quarter ending December 31, 2018;

2. Approved the holding of the Annual Stockholders Meeting on 3 April 2019 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 28 February 2019;

3. Approved the Press release on the First Quarter of Operations for Fiscal Year 2018-2019; and,

4. Confirmed the appointment of Ms. Anna Gonzales-Yu as AVP- Head, Treasury to replace Ms. Kathrina Estrella L. Sebastian who tendered her resignation.

February 12, 2019 – Press Release on the Results of Operations for the First Quarter ending December 31, 2018 of Fiscal Year 2018-2019

February 15, 2019 – Resignation of Mr. David L. Balangue as Independent Director of Roxas Holdings, Inc. effective 15 February 2019.

March 15, 2019 – Resignation of Mr. Bernard Jose S. Lachica as Vice President and Chief Manufacturing Officer (CMO) of Sugar SBU

April 30, 2019 – Results of Annual Shareholders' Meeting:

7. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2018;

8. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of February 12, 2019.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on, April 30, 2019, elected the following officers:

Name		Position
Mr. Pedro O. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit
Mr. George T. Cheung	-	SVP, Commercial Operations
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, Alcohol Mr.
Esteban H. Coscolluela	-	VP-GM, CACI
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP

		Governance & Deputy Compliance Officer; Data Protection Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro O. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro O. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 2, 2019 - Appointment of Mr. Pilipino T. Cayetano as Vice President - Chief Manufacturing Officer (CMO)

May 9, 2019 - Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Second Quarter of Fiscal Year ending 30 September 2019 and press release; and,

2. Confirmed the appointment of Mr. Pilipino T. Cayetano as RHI's Vice-President, Chief Manufacturing Officer.

May 30, 2019 – Resignation of Mr. George T. Cheung, Senior Vice President – Commercial Operations of Roxas Holdings, Inc., effective 02 June 2019.

June 4, 2019 – Appointment of Mr. Elvi Manuel G. Bayle as Vice President – Commercial Operations effective June 4, 2019.

July 3, 2019 – Appointment of the following officers:

1. Mr. Julius Rugas as Vice President – Manufacturing Operations Head - CADPI
2. Mr. Gil M. Morales as Assistant Vice President for Project Management - CACI effective July 1, 2019.

August 1, 2019 - Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter of Fiscal Year ending 30 September 2019 and the accompanying Press Release; and,

2. Confirmed the appointments of the following officers:

    a. Mr. Elvi Manuel G. Bayle as VP-Group Head, Commercial Operations to replace Mr. George T. Cheung;

    b. Mr. Julius G. Rugas as VP- Manufacturing Operations Head, Central Azucarera Don Pedro, Inc. (CADPI), to replace the former VP-General Manager Ferdinand Corpuz; and,

    c. Mr. Gil M. Morales as AVP for Project Management, Central Azucarera de la Carlota, Inc. (CACI)

September 13, 2019 – Resignation of Mr. Elvi Manuel G. Bayle, Vice President & Group Head – Commercial Operations of Roxas Holdings, Inc., effective 14 September 2019.

October 1, 2019 – Change in Officers:

1. Appointment of Mr. Alexander A. Pino as AVP and Factory Operations Head of San Carlos Bioenergy Inc., a subsidiary of Roxas Holdings, Inc. effective October 1, 2019.

2. Retirement of Mr. Simon P. Turno III as AVP- Factory Operations Head of CADPI effective October 1, 2019.

October 15, 2019 – Appointment of Mr. Edward R. Villanueva as AVP and Factory Operations Head of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc. effective October 15, 2019.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of City of Makati on DEC 23 2022.

By:

PEDRO E. ROXAS Chairman of the Board	**CELSO T. DIMARUCUT** President and CEO
VERONICA C. CORTEZ VP – Finance, Treasury and Administration	**AIMEE E. PEDAYO** Asst. Corporate Secretary

SUBSCRIBED AND SWORN to before me this DEC 23 2022 day of ______ 20__ affiants exhibiting to me their government-issued IDs, as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite
Aimee E. Pedayo	273-720-041	—	—

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M 019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

Doc No. 367
Page No. 75
Book No. 269
Series of 2022.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
Index to the Consolidated Financial Statements
As at and For the Year Ended September 30, 2022

Schedule I : Supplementary schedules required by Annex 68-E

Schedule	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Intangible Assets – Other Assets - N/A
E	Long-term Borrowings
F	Indebtedness to Related Parties (Long-term Loans from Related Companies) - N/A
G	Guarantees of Securities of Other Issuers - N/A
H	Capital Stock

Schedule II : Supplementary schedules of financial soundness indicators

Schedule III : Schedule of all effective standards and interpretation (Part 1, 4J)

Schedule IV : Map of the relationships of the companies within the group

Schedule V : Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)

N/A – Not applicable

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
SEPTEMBER 30, 2022
(Amounts in Thousands)

Description	Carrying Value	Fair Value
Cash on hand	₱381	₱381
Loans and receivables:		
Cash in banks	290,038	290,038
Trade receivables*	294,628	294,628
Due from employees*	25,250	25,250
Others*	68,868	68,868
	₱679,165	₱679,165

**Net of related allowance for impairment losses totaling to ₱135.6 million.*

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

SEPTEMBER 30, 2022

(Amounts in Thousands)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/advances)	₱28,649	₱30,448	(₱33,714)	₱–	₱25,383	₱–	₱25,383

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Amounts in Thousands)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Intercompany trade transactions								
Roxas Holdings, Inc. (RHI)	Central Azucarera Don Pedro, Inc. (CADPI)	₱60	₱212	(₱233)	₱–	₱39	₱–	₱39
CADPI	RHI	50,000	50,000	(50,000)	–	50,000	–	50,000
	San Carlos Bioenergy, Corp (SCBI)	966	361	–	–	1,327		1,327
CACI	CADPI	271	–	–	–	271	–	271
	RHIADC	523	–	–	–	523	–	523
RBC	SCBI	720	–	–	–	720	–	720
SCBI	CADPI	26	62,683	(62,709)	–	–	–	–
	RHIADC	629	–	–	–	629	–	629
RHIADC	CADPI	60	177	(237)	–	–	–	–
		53,255	113,433	(113,179)	–	53,509	–	53,509
Intercompany non-trade transactions								
RHI	RBC	1,023,096	9,646	(1,032,742)	–	–	–	–
	SCBI	–	2,622,630	(2,621,268)	–	1,362	–	1,362
	Roxas Power Corporation (RPC)	389	–	–	–	389	–	389
	ADC	5,971	15,194	(21,165)	–	–		–
CADPI	RHI	474,040	3,202,958	(2,663,610)	(1,013,388)	–	–	–
CACI	RHI	519,534	64,072	(583,606)	–	–	–	–

(Forward)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
SCBI	Roxas Pacific Bioenergy, Inc. (RPBC)	₱900,813	₱–	₱–	(₱900,813)	₱–	₱–	₱–
	RHI	1,199,872	–	(1,199,872)	–	–	–	–
RPBC	RHI	77	–	(77)	–	–	–	–
RHIADC	RHI	–	–	–	–	–	–	–
CADPI Insurance Agency, Inc.(CADPIAI)	RHI	621	–	–	–	621	–	621
CADPI Port Services, Inc. (CADPSI)	RHI	397	–	–	–	397	–	397
Northeastern Port and Storage Corporation	RHI	2,051	–	–	–	2,051	–	2,051
		4,166,861	5,914,500	(8,122,340)	(1,914,201)	4,820	–	4,820
		₱4,220,116	₱6,027,933	(₱8,235,519)	(₱1,914,201)	₱58,329	₱–	₱58,329

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E
LONG-TERM BORROWINGS
SEPTEMBER 30, 2022
(Amounts in Thousands)

Date Availed	Terms	Amount shown under "Current portion of long-term borrowings" account in the consolidated statement of financial position	Amount shown under "Noncurrent portion of long-term borrowings" account in the consolidated statement of financial position*
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	₱–	₱1,987,623
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		1,488,318
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	–	1,250,000
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	–	1,000
		₱–	₱4,725,941

**Net of transaction cost*

Details are discussed in Note 15 to consolidated financial statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H
CAPITAL STOCK
SEPTEMBER 30, 2022

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under "capital stock" account in the consolidated statement of financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common shares - "Class A" at ₱1 par value	2,000,000,000	1,547,935,799	65,000,000	1,291,864,105	1,525,507	254,546,187

SCHEDULE II

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

SEPTEMBER 30, 2022 and 2021

	2022	2021
Financial Ratios required under Loan Covenants		
Debt to Equity Ratio (not more than 2.33)	1.83	1.47
Debt Service Coverage Ratio (at least 1.25)	(0.05)	(0.02)
Others		
Return on Equity	(15.14%)	(18.21%)
Return on Asset	(5.34%)	(7.37%)
Asset-to-Equity Ratio	2.83	2.47
Current Ratio	0.63	0.40
Book Value per Share	₱3.40	₱3.33

SCHEDULE III

ROXAS HOLDINGS, INC.AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

SEPTEMBER 30, 2022

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3 : Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3 : Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
PFRS 3 (Revised)	Amendments to PFRS 3: Reference to the Conceptual Framework		✓	
PFRS 4	Insurance Contracts		✓	
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts		✓	
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4		✓	
	Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16: Interest Rate Benchmark Reform – Phase 2		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Method of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Servicing Contracts			✓
	Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16: Interest Rate Benchmark Reform – Phase 2			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8 : Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments’ Assets to the Entity’s Asset	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16: Interest Rate Benchmark Reform – Phase 2			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Clarification of the Scope of the Standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13 : Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases	✓		
	Amendment to PFRS 16: COVID-19-related Rent Concessions beyond 30 June 2021	✓		
	Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16: Interest Rate Benchmark Reform – Phase 2			✓
PFRS 17	Insurance Contracts		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative	✓		
	Amendments to PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies		✓	
	Amendments to PAS 1: Classification of Liabilities as Current or Non-current		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 8: Definition of Accounting Estimates		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 : Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendments to PAS 12: Deferred Tax related to Assets ad Liabilities arising from a Single Transaction		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and 38: Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
	Amendments to PAS 16: Plant and Equipment: Proceeds before Intended Use		✓	

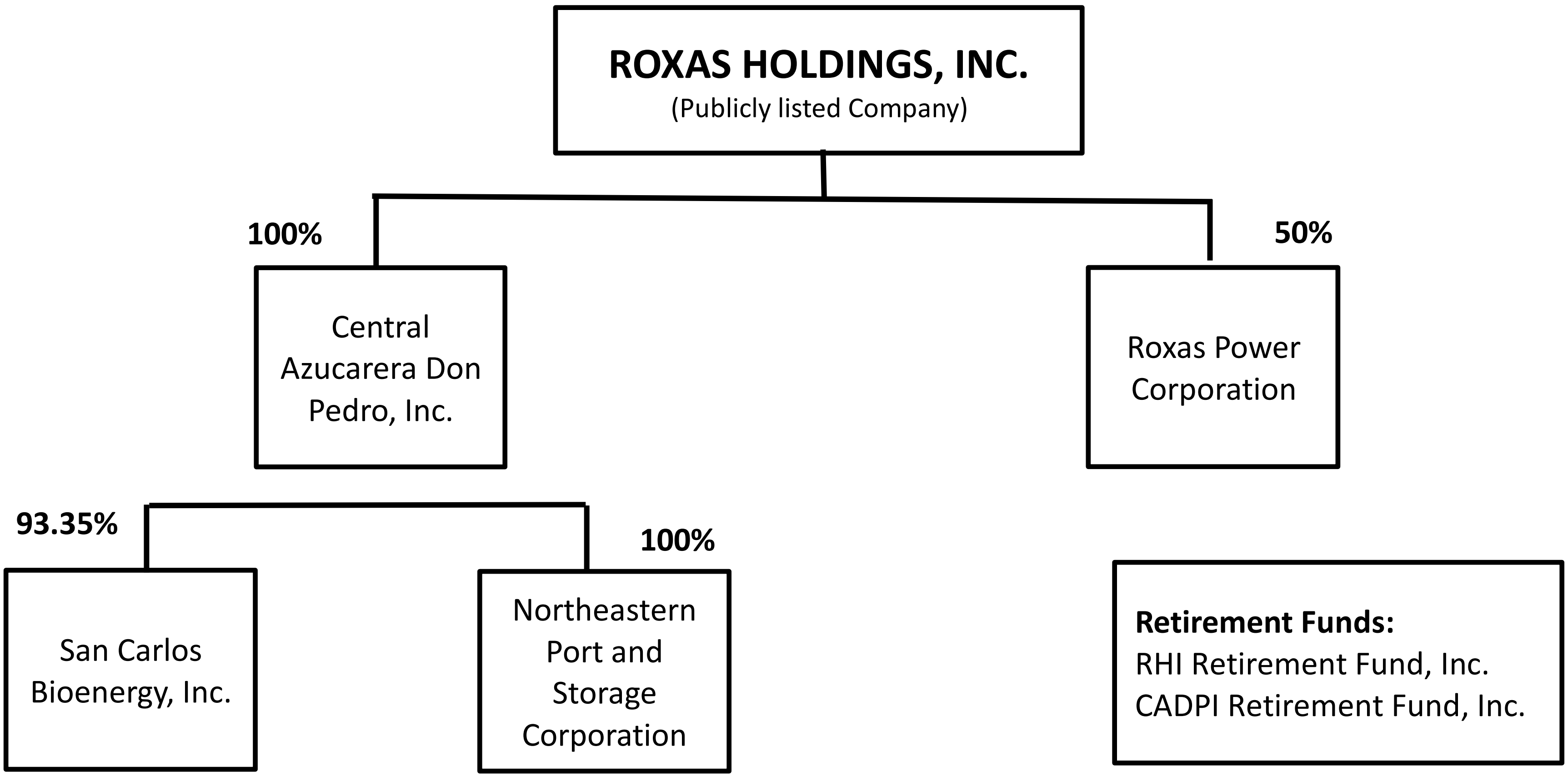
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 10 and PAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
	Amendments to PAS 37: Onerous Contracts – Costs of Fulfilling a Contract		✓	
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		Adopted	Not Early Adopted	Not Applicable
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16: Interest Rate Benchmark Reform – Phase 2			✓
PAS 40	Investment Property	✓		
	Interrelationship between PFRS 3 and PAS 40	✓		
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2022		**Adopted**	**Not Early Adopted**	**Not Applicable**
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
September 30, 2022



SCHEDULE V

ROXAS HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF SEPTEMBER 30, 2022

Retained earnings, beginning	₱2,905,447,904
Cumulative unrealized fair value gain on investment properties, net of tax, beginning	(1,953,250,478)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Retained earnings available for dividend declaration, beginning	(58,684,329)
Net income earned during the year	770,505,354
Unrealized fair value gain on investment properties, net of tax	(840,113,990)
Unappropriated retained earnings available for dividend declaration at end of year	(₱128,292,965)

SUSTAINABILITY REPORT

CORPORATE PROFILE

Roxas Holdings, Inc. (RHI) is one of the largest integrated sugar and ethanol producers in the Philippines and pioneer of the agri-business in the country. It manages sugar mill/refinery and agri-business mover Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas and ethanol producer – San Carlos Bioenergy, Inc. (SCBI) in San Carlos City in Negros Occidental. Its head office is located at the 14th Floor, Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig. Further information on RHI, listed as ROX at the Philippine Stock Exchange, Inc. (PSEi), can be obtained at www.roxasholdings.com.ph.

VISION: To be a world-class leader in ethanol and sugarcane-based products and services in the Asia Pacific.

MISSION:

For customers: To provide quality ethanol and sugar cane-based products and services.

For partners: To be fair and transparent in its dealings.

For stockholders: To enhance shareholder value with reasonable return on equity.
For people: To provide professional growth, development and recognition.

For communities: To be a responsible corporate citizen.

For the environment: To operate the facilities with minimal harmful effects to nature and to continue to find ways to protect the surrounding environment.

VALUES

RELIABILITY & RELEVANCE

Reliability: We fulfill expectations and deliver our commitments with all stakeholders.
Relevance: We are mindful of the constant challenges and changes affecting the environment, and address them with creative, fresh and competent solutions.

HIGH STANDARDS
We constantly set high standards and ethics in our operations and with our products, and strive to exceed them.

INTEGRITY
We consider doing business following the time-tested principles of fairness, transparency and honesty.

OPERATIONAL HIGHLIGHTS: SUGAR BUSINESS UNIT

The sugar business was faced with hurdles throughout Crop Year (CY) 2021-2022. The continuous imposition of varying levels of community quarantine to contain the spread of COVID-19, decreased in farm productivity yield & challenges in factory equipment. Despite this, the Group continues its thrust of resiliency and continues to rise amidst the challenges faced.

CENTRAL AZUCARERA DON PEDRO, INC. (CADPI)

Batangas-based Central Azucarera Don Pedro, Inc. (CADPI) ended its milling operations for crop year (CY) 2021-2022 last April 09, 2022 with 15 weeks of milling operation, which is six weeks shorter than the 21 weeks of milling operation during CY 2020-2021.

Despite the 11% decrease in market share from 49% last CY, CADPI still managed to be the leading mill of choice in the Batangas area because of continuous thrust to improve quality of sugar production.

It was able to mill 477,487 tons of cane, which is 21% higher than the 733,272 tons cane milled (TCM) in the previous crop year. Despite this, the raw sugar yield was 1.75 LKg/TC or 3% higher compared to the previous period.

The main factors which slowed down the milling operation this crop year were low farm productivity, dwindling number of manual cane cutters & challenges in factory equipment

Sugar refined by CADPI with an actual amount of 2.04 million LKg for the period was 33% higher than the previous year which generated an actual production volume of 1.03 million LKg.

The economic impact of the COVID-19 Pandemic has substantially affected all businesses across the nation. In spite of the measures to mitigate such impact, the pandemic has affected the operation and OSR activities of the plant since March 2020. Yet, CADPI showed its resiliency by responding to the challenges and coming up with different and more cost-effective ways of doing business. For some internal and external communications, the company has engaged and utilized the use of online platforms.

CADPI has been continuously optimizing the use of bagasse & biomass as fuel for its four boilers. Boiler 5 was also utilize using coal as its main fuel & biomass to support refinery operation during the off-milling refinery operation.

With CADPI's continuous efforts to improve the Mill, Boiling House, Refinery, Boiler and its over-all plant efficiency, the company reciprocally ensures that the people running the facility are well-equipped with knowledge and experience. And with the provision of all necessary resources, CADPI would always be buoyant over business challenges.

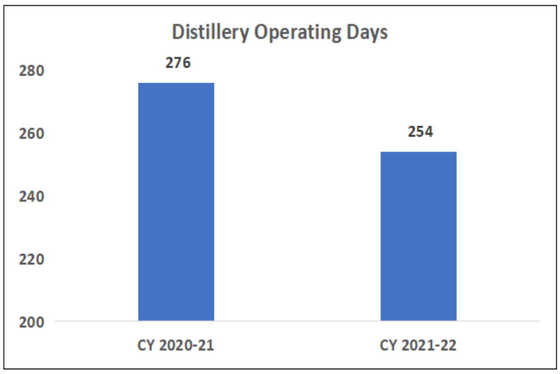
OPERATIONAL HIGHLIGHTS: ETHANOL BUSINESS UNIT

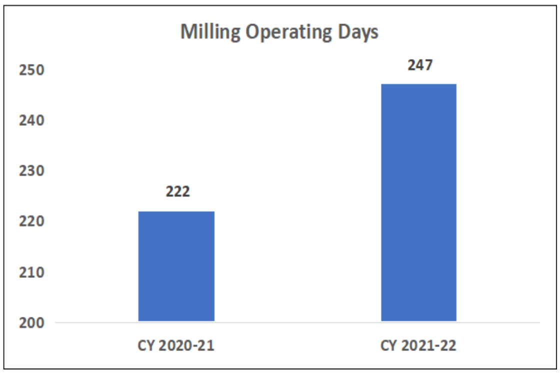
The Group's ethanol business had its share of challenges during the crop year.

Amid the challenges, RHI's ethanol business continues, with further operational enhancements being implemented regularly.

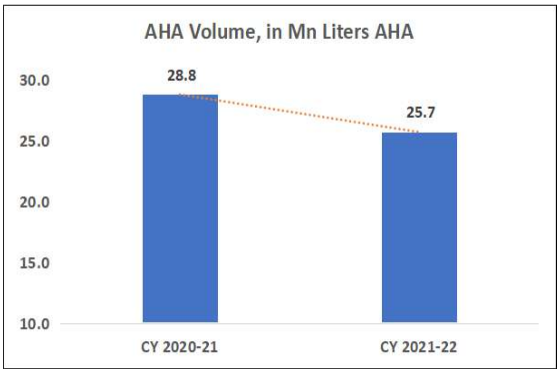
SAN CARLOS BIOENERGY, INC. (SCBI)

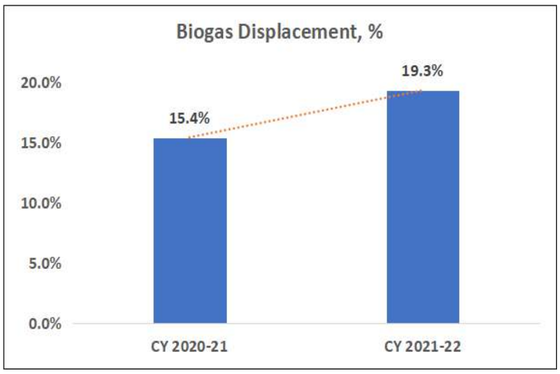
San Carlos Bioenergy, Inc. (SCBI) was highly affected by the continuing plant operational challenges and by typhoon Odette last year. Distillery operating days decreased to 254 (CY 2021-2022) from 276 last CY 2020-21. But SCBI milled for a longer period in CY 2021-2022 with 247 days, from 222 days in CY 2020-2021.

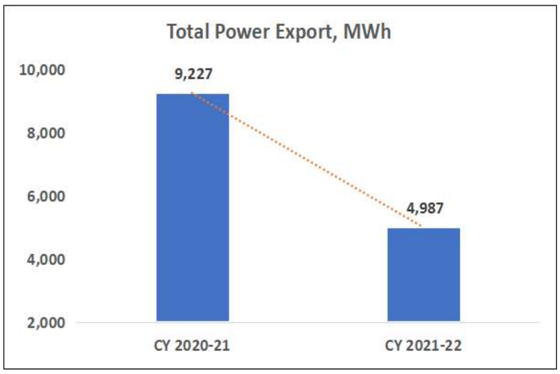




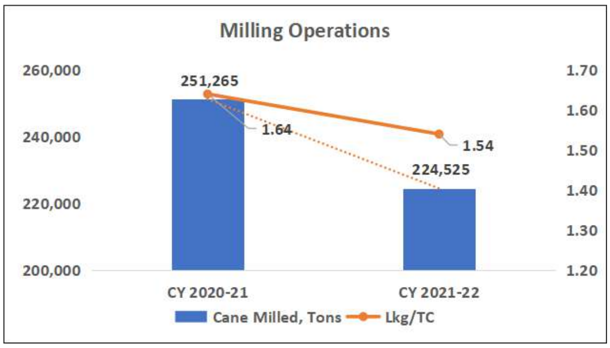
SCBI also produced lower volume of AHA at 25.7 million for CY 2021-22 liters compared to 28.8 million in the last CY 2020-2021. Despite the challenges of the plant affecting distillery operations, SCBI was able to maintain a very good biogas displacement at 19.3%, vs. 15.4% last crop year. With the shorter operating days, the ethanol plant exported 4,987 megawatts hour (MWh), which is lower than the 9,227 MWh exported in the last crop year.







Meanwhile, the Lkg/TC of SCBI went down to 1.54 from 1.64, and it milled 224,525 tons compared to 251,265 Tons Cane Milled (TCM) in CY 2020-2021.



Faced with the pressing concern on the very high price of molasses, SCBI changed its strategy by using cane syrup as its main feedstock to its distillery operations.

The pronounced lack of molasses hampered the production of bioethanol in the country, but SCBI continued with its operations while finding other ways to manage the crippling inadequacy of feedstock.

The Plant also rolled out significant repairs on its steam turbine generator, reboiler milling equipment, and established procedures to ensure that SCBI would remain resilient in any situation.

CANE SUPPLY AND AGRI-BUSINESS

CY 2021-2022 was beset with difficulties felt all over the world. One of the impacts of the invasion of Ukraine by Russia in February 2022 involved a product most consumers never see: fertilizer. Its effect on food supplies and rising costs reverberated across the globe, from the modern cities of the world to the smallest farms in Batangas. Russia is one of the top global producers and exporters of fertilizer and the war caused its shortage and eventual rise of

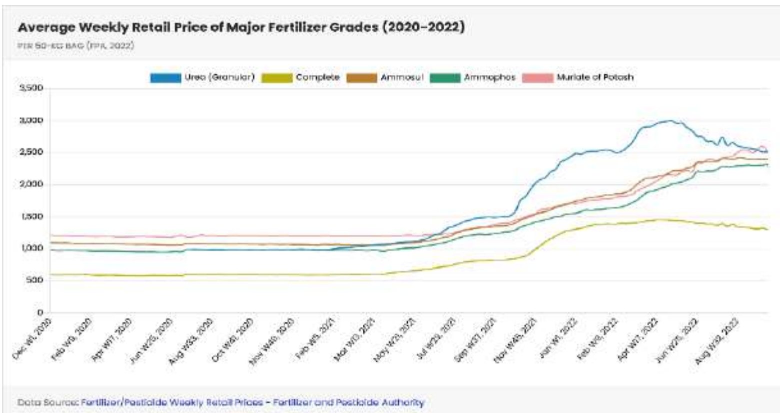


Figure 1. Fertilizer Prices. Source: https://www.philrice.gov.ph/ricelytics/fertprices

prices in the market. Price of the most widely used Urea was less than a Thousand Pesos per bag in Oct. 2020. It reached its peak at P3,000 per bag in May 2022, then settled at P2,539 per bag at the end of CY 2021-2022.

Apart from this, the pandemic was still at heights during the first two quarters of the season. The pandemic's effects on the Team's operations were mostly on logistics and manpower supply.

The global economy's recovery after the pandemic created more demand for gasoline, pushing the prices to record highs. Local truckers were hurt directly at the pump, and higher transportation costs meant higher prices on everything, including sugarcane which in effect hurt the RHI factories. Fuel prices started to increase at the beginning of CADPI's milling in January 2022.

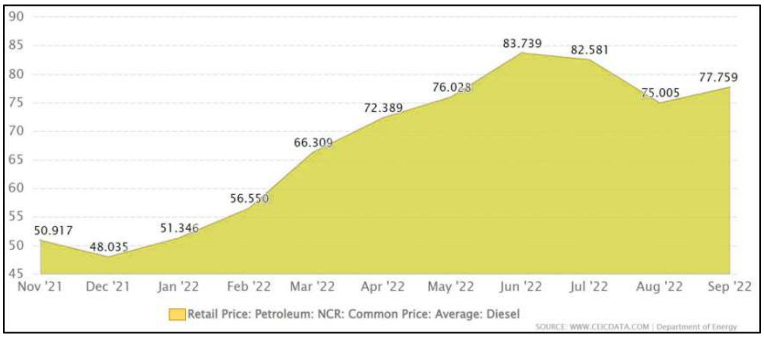


Figure 2. Diesel Price. Source: www.ceicdata.com

Despite the many challenges, Roxas Holdings, Inc., through its subsidiaries, Central Azucarera Don Pedro, Inc. and San Carlos Bioenergy Inc. stepped up to the plate and came up with efforts to help their farmers sustain and improve sugarcane farm productivity and deliveries.

CADPI milled for 95 days in Crop Year 2021-2022, 28 days shorter than last season. It processed 477,487 tons of sugarcane which resulted to 41,682 metric tons of raw sugar.

Transloading Station Facility

To abate the effect of high fuel prices on the planters delivering canes to CADPI, a Cane Transloading Station which consolidates cane deliveries from small trucks into larger and more efficient truck-trailers was established in Brgy. Muzon I, Alitagtag, Batangas. It was positioned in the Eastern side of Batangas to capture a portion of the volume delivered to nearer competitor mills. A total of 5,570 tons of canes were delivered to CADPI from the Transloading Station.

Figure 3. Transloading Station in Alitagtag, Batangas

Mudpress Disposal

Figure 4. Pile of mudpress, CADPI

Mudpress is a waste by-product from sugar production requiring a significant amount of money and space for handling and storage. It is about 5% of sugarcane production. In CADPI, around 9 hectares of land is allocated to store mudpress that has accumulated over the decades. However, this by-product is rich in organic content and nutrients, making it suitable to enhance crop quality and yield. This crop year, in its attempt to help the factory dispose the by-product and help farmers reduce the use of chemical fertilizers, the Team campaigned to disperse mudpress to sugarcane farms in the neighboring areas. It has delivered 203 trucks of mudpress in CY 2021-2022.

BMO Liquid Foliar (Beneficial Microorganism)

Figure 5. BMO diluted with water

BMO (Beneficial Microorganism) is a liquid foliar product developed by the Sugar Regulatory Administration (SRA) to help address the issue of high cost of fertilizers. Mixed with another sugar factory waste material-molasses sludge, the

Figure 6. Spraying of BMO

BMO has effective microorganisms (Nitrogen-fixing bacteria) that enhance growth, suppress soil-borne pathogens and pests and promote germination. SRA recommends 2 containers of BMO per hectare of farm per crop cycle. The Team has reproduced and distributed 387 containers of BMOs to the farmers covering over 300 hectares of farms

Distribution of High-Yielding Varieties

CADPI maintains a 25-hectare nursery of high-yielding varieties in Nasugbu and Tuy. To help the farmers who are loyal in delivering canes to CADPI and to entice the others to do the same, the Team sells canepoints or planting materials of HYVs at below prevailing prices. The limited number of varieties available in the market and the high cost of planting materials are disincentives to farmers to replant, therefore keeping their farm yields low or even shifting to other crops. The team distributed 260 lacsas or 2.6M seed pieces of HYVs from PHILSURIN, a privately-funded research organization supported by mills like CADPI as well as planters' organizations, and SRA this crop year.

Bioorganic Fertilizer Facility

This crop year, the Group collaborated with one of the biggest planters' groups in Batangas BSPCMA, Sugar Regulatory Administration, Mill District Development Foundation, Inc. and the poultry industry to construct a Bio-organic Fertilizer Facility in the CADPI Compound. As the Team advocates for a slow transition from chemical fertilizer use to regenerative agriculture, this facility was conceptualized and executed this crop year. Now on its final stage of construction, it can produce 20,000 sacks of organic fertilizer per month utilizing mill by-products including mudpress, mill ash, and chicken dung, and some microbes and enzymes. While waiting for final completion, the Team started this crop year with manual mixing and was able to distribute 10,000 sacks of organic fertilizer to farmers at the introductory price of Php100 per sack, much lower than prevailing market prices of organic fertilizer.

Mechanized Harvesting

To address the issue of labor scarcity, a more sustainable approach in harvesting is through mechanization. Apart from its own pool of farm machineries, the Team partnered with third party service providers of mechanical harvesters. This Crop Year 2021-22, cane deliveries harvested using mechanical harvesters increased by 56% while those served by grab loaders increased by 74% compared to the previous crop year.

Ram Pump Irrigation

Figure 16. Ribbon-cutting of the Agos Project. RHI VP Jose Manuel Mapa and Coca-Cola Foundation President Cecilia Alcantara

In the absence of irrigation systems in Batangas, the vast majority of farms rely on rainwater. The downside of this is the deficiency of water during the dry season which hinders optimum growth of sugarcane. As such, the Team partnered with Ram Pump Technical Experts: Alternative Indigenous Development Foundation Inc. (AIDFI), and sole funder Coca-Cola Foundation Philippines, Inc. (CCFPI). This ram pump irrigation system is a grant project of CCFPI to support the water irrigation needs of sugarcane farms in Barangay Talon, Batangas. Ram pump systems make use of the momentum of a relatively large amount of moving water to pump a relatively small amount of water uphill and thus have no need for any form of fuel, making it a highly sustainable form of irrigation.

Aside from the Coca-Cola Foundation being the main funder, the project was made possible through the joint efforts of staff and personnel of RHI- Central Azucarera Don Pedro, Inc., Sugar Regulatory Administration Mill District Office of Nasugbu, Mill District Development Foundation Inc., Tuy Municipal Agricultural Office and Office of the Mayor, Sangguniang Barangay, and Brgy. Talon Farmers Association.

The Ram Pump Irrigation system has the potential to irrigate and improve the production and income of around 83 hectares of sugarcane farms, benefiting a total of 41 sugarcane farmers. In addition, this water irrigation support encourages food security as farmers can plant other vegetable crops and maximize the use of their sugarcane lands via the intercropping system, or planting in between cane rows, all throughout the year. Moreover, other sugarcane projects from SRA can be implemented such as putting up nurseries to produce planting materials (canepoints), drip irrigation, rain gun sprinkler irrigation, organic fertilization, which are all sugarcane yield improving projects and activities. This is CCFPI’s first water irrigation projects in Batangas. And, they plan to expand more projects to other areas here in Batangas, especially if the impact of the project to the community is greatly realized.

CORPORATE GOVERNANCE

Corporate Governance and Sustainability

Roxas Holdings, Inc. (RHI), as a listed organization and among the leading integrated sugar and bioethanol producers in the Philippines, puts high importance on corporate governance.

In compliance with the circular of the Securities and Exchange Commission (SEC) requiring all listed companies to submit new versions of their respective Manual on Corporate Governance, RHI released its Revised Manual on Corporate Governance in 2017.

The Corporate Governance Committee unanimously approved the 2017 RHI Revised Manual on Corporate Governance, which contains the 16 principles below:

1. RHI shall be headed by a competent, working Board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to stockholders and other stakeholders.
3. To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's businesses.
4. The Board shall endeavor to exercise objective and independent judgment on all corporate affairs.
5. The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
6. Members of the Board are duty-bound to apply high ethical standards – taking into account the interests of the stakeholders.
7. The Board shall adopt standards for professional and ethical behavior.
8. The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.
9. The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
10. The Company shall ensure that material and reportable non-financial and sustainability issues are disclosed.
11. The Company shall maintain a comprehensive and cost- efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.
12. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company shall have a strong and effective internal control system and enterprise risk management framework.
13. The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.
14. The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.
15. A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.
16. The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

RHI also has the following policies in place:

1. **Insider Trading Policy**

The Company has an Insider Trading Policy which prohibits the purchase, sale, or trading in securities of the Company or another corporation while in possession of material non-public information.

The Policy likewise prohibits the giving of material non- public information, directly or indirectly, to anyone. A violation of the Policy subjects the member of the Board of Directors, Board of Advisors, officer, or employee to disciplinary action in addition to possible civil and criminal actions.

2. **Business Conduct Policy**

The highest standard of individual conduct is expected at all times from each employee of Roxas Holdings, Inc. not only in matters of financial integrity but also in every aspect of business relationship. Business should be conducted on the bases of fair dealing, consideration for the rights and feelings of others and the most stringent principles of good corporate citizenship.

Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws relating to his or her particular duties in order to recognize potential dangers and to know when to seek legal advice. Unlawful conduct will not be condoned under any circumstances. Employees should consult with the in-house counsel if they have questions regarding compliance with certain laws, rules or regulations.

3. **Whistle-blowing Policy**

The Group has a public interest disclosure or a whistle- blowing policy whereby all employees have the right and moral responsibility to report improper actions and omissions. A workplace culture is developed in which employees who act in good faith and in compliance with the law are protected from interference in, or retaliation for, reporting improper actions and cooperating with subsequent investigations and proceedings. Public Interest Disclosure is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear or intimidation or reprisal.

4. **Conflict of Interest Policy**

The Company and its stakeholders require and expect that business affairs must be conducted in a manner that does not cloud judgment when dealing with third parties, or when making decisions on behalf of the Company. Business transactions must be undertaken solely in the best interest of the Company.

Conflict of Interest can only be defined along broad lines of ethical principles as it is impossible to conceive of all situations where a conflict may arise. In general, conflict of interest arises when an employee engages in business or professional activities exclusively for his own benefit on Company time or when such vested interest goes against the interest of the Company regardless whether it occurs during Company time or not. In short, a conflict of interest arises when the Company's interests are sacrificed. Some illustrative situations are:

1. Accepting business or outside employment;
2. Solicitation or acceptance of gifts;
3. Business dealings with the Company; and
4. Other analogous circumstances.

5. **Dividend Policy**

Roxas Holdings, Inc. has a policy to declare regular cash and/or stock dividends of 35% of annual earnings payable out of its unrestricted retained earnings.

The dividends shall be distributed semi-annually with the record and payment dates to be set in consideration of the following:

a. Financial covenants on debt-equity and debt service cover ratios;

b. Prospective capital requirements for expansion or investments; and

c. Compliance to statutory requirements.

In addition, the Board may declare special dividends provided this would not be detrimental to the company's cash flow requirements.

6. **Related Party Transactions Policy**

The Related Party Transactions Policy of the company tackles policies and procedures as well as conflict of interest.

RHI has policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Possible conflicts of interest of the directors of the Company are determined and resolved by the Corporate Governance Committee at the time that they are considered for election to the Board of Directors. Conflicts of interest that may arise after the election to the Board are disclosed as they occur, and the Board of Directors addresses these.

7. **Policy on Data Privacy**

The Company recognizes the importance of the privacy of every individual it associates with. Thus, to strengthen this campaign, the Policy on Data Privacy was adopted to make sure that all employees who handle matters involving personal information of individuals are aware of their roles in safeguarding this information. Personal information of individuals must be held in confidence by all employees and disclosure should only be done with the individual’s written consent or when requested by a Court or law enforcement agency.

In accordance with the requirement of the National Privacy Commission, the Company has appointed a Data Protection Officer and a Compliance Office for Privacy to oversee the compliance of the Company to relevant privacy laws and issuances. The Company has also established protocols in the Policy to ensure that all employees are properly informed about the measures to be taken if a data breach occurs and how it will be promptly addressed. Updates and frequent review of privacy controls are being done to protect the Personal Information in the Company’s safekeeping.

RHI is committed to bring the level of adherence to good corporate governance at par with the best practices from all over the country and the ASEAN region.

Below is the list of meetings held from October 1, 2021 to September 30, 2022:

Board of Directors	**Stockholders**	**Audit & Risk Committee**	**Executive Committee**
14 October 2021		12 October 2021	
17 December 2021		15 December 2021	
3 February 2022		31 January 2021	
06 May 2022	16 March 2022	04 May 2022	None
05 August 2022		02 August 2022	
29 September 2022		28 September 2022	

QUALITY ASSURANCE/SAFETY/INDUSTRIAL ENGINEERING

At Roxas Holdings, Inc. (RHI), quality is everyone’s responsibility. By improving quality, productivity is also improved. every subsidiary’s product – be it sugar, bioethanol or agribusiness, based on regulatory and customer requirements.

CADPI successfully passed 1st Surveillance/Transition Audit and 2nd Surveillance Audit by SGS last November 2021 and June 2022, respectively. Valid until June 2023

FSSC 22000 version 5.1 is designed to provide companies in the food industry with an ISO-based food safety management system certification (ISO 22000:2018, ISO/TS 22002) that is recognized by the Global Food Safety Initiative (GFSI). Recognition by GFSI provides worldwide recognition and acceptance by food manufacturers and retailers. FSSC 22000 defines requirements for integrated processes that work together to control and minimize food safety hazards.

Internal IMS Audit was conducted to check compliance of CADPI to FSSC 22000 v.5.1 and its own requirements, last November 2021 and a follow-up audit last April 2022 to assist Process Owners in identifying areas for improvement and to follow-up/close out all open Internal Audit findings..

CADPI has secured its FDA Certificate of Product Registration (CPR) which was deemed as requirement of some of its customers.

-FDA-CPR Standard Refined Sugar Valid until March 2027
-FDA-CPR Premium Refined Sugar Valid until November 2026
-FDA-CPR SGS Refined Sugar Valid Until October 2026
-FDA-CPR CADPI White Refined Sugar Valid Until March 2027
-FDA License to Operate is valid until March 2026
-FDA License to Import is valid until November 2025

Five (5) customer audits were done at CADPI for CY 2021-2022 (Advanced Food Concept Manufacturing Inc., Kerry Group c/o DelMax. Corporation, Nestle, Reckitt, Mixplant,). Majority of the audit findings were focused on the implementation of the HACCP system and of Good Manufacturing Practices.

For this Crop Year, there is a 46.51% decrease in terms of the quantity of bag rejected while there is a 58.82% increase in terms of the number of incidences of customer rejections as compared to CY 2020-2021. Nevertheless, 96% of the total quantities of bags were released as is to other customers after inspection and disposition by QAD**.**

CADPI maintained compliance to the provisions of Pre-Requisite Programs, previously GMP/5S, for crop year 2021- 2022. It had an annual average of 96.60%.

SCBI has been assessed and certified as meeting the requirements of ISO 9001:2015. The certificate is valid until 07 September 2025 and remains valid subject to satisfactory surveillance.

The RHI Group consistently looks for innovative ways in improving the workplace by implementation of the RHI 12 Life Saving Rules, CADPI Safety Non-Negotiable Safety Rules, conducting Hazard Identification Risk Assessment and Determination of Control (HIRADC), Safety Quarterly meetings with all the Safety Officers and Safety Committees, conduct of Safety Orientations/refresher to all workers, conduct of the DOLE 8 Mandatory OSH Training in its plants.

During this time of pandemic, Business continuity is very critical and RHI adopted the new normal and ensuring the Safety and Health of its employees, partners, and other stakeholders by complying to the DOH, DTI, and DOLE Guidelines in the workplace Prevention and Control for COVID-19.

To ensure health and wellness of the employees, annual physical examination and Work Environment Measurement were done. Employees are provided with necessary medical services thru accredited medical centers and teleconsultation during the time of pandemic.

Emergency Disaster Preparedness activities were also conducted to ensure that procedures are followed and revised, if needed.

RHI believes that Strong leadership, participation, commitment, and intervention to safety is everyone’s responsibility; Facilities, equipment and tools shall be designed, operated and maintained to a high standard; and all injuries and incidents are preventable.

SAFE MAN-HOURS WITHOUT LOST TIME INCIDENT FOR CY 21-22:

CADPI – 2,619,478 Man Hours

SCBI – 838,832 Man Hours

TOTAL SAFE MAN-HOURS WITHOUT LOST TIME INCIDENT FOR CY 21-22: 3,458,310

CORPORATE SOCIAL RESPONSIBILITY

In support of the United Nations Sustainable Development Goals, the Corporate Social Responsibility (CSR) arm of Roxas Holdings, Inc. (RHI) focused its engagements for Crop Year 2021-2022 on the following areas: poverty alleviation through health care, education and livelihood assistance and environmental stewardship; and tapping into volunteerism and local partnerships.

CENTRAL AZUCARERA DON PEDRO, INC. (CADPI)

Central Azucarera Don Pedro, Inc. (CADPI), as a socially responsible corporate entity, continues to support the communities through resources available. Last December 17, 2021, CADPI distributed a total of 115 Christmas Grocery Packs to Nasugbu East District Public School Personnel Association and on December 23, 2021 at Brgy. Lumbangan, Nasugbu, Batangas and BAGO Association of Brgy. Banilad, Nasugbu, Batangas. CADPI also donated 100 pcs of defaced sacks to Brgy. Lumbangan last February 28, 2022 to Brgy. Lumbangan for the purpose of garbage collection activities. CADPI also donated 3 boxes of Manna Packs from the Department of Labor and Employment to Cogunan Elementary School last March 25, 2022.

Despite the pandemic, CADPI continues to help preserve the environment by conducting Coastal Clean-up and Tree Planting Activities. CADPI has conducted (3) clean-up activities in Nasugbu Beach and a total of two (2) Tree Planting Activities were conducted this year at CADPI Bagasse Yard. CADPI also attended a tree planting activity led by the Maynilad Water conducted at Million Tree Nursery and Eco-Learning Center, La Mesa Watershed, Quezon City.

CADPI conducted a total of three (3) Mass Blood Donation Activity for the year which was initiated by the Corporate Social Responsibility (CSR) Department through partnership with the Philippine National Red Cross – Nasugbu Chapter. There was a total of 87 bags of blood collected from CADPI employees and other donors.

One of the core areas of CSR is Education, and this year, CADPI was able to distribute a COVID-19 prevention supplies composed of facemasks, face shields and hand sanitizers last November 4, 2021 to Nasugbu East District Public School Personnel Association. A total of 66 boxes of face masks, 281 pcs. of face shield and 66 pcs hand sanitizers were given. CADPI also donated COVID-19 prevention kits to Cogunan Elementary School last February 23, 2022 in preparation on the upcoming face-to-face classes. CADPI also donated same prevention kits to Catandaan Yabut National High School last March 25, 2022.

DONATIONS

DONATION OF MANNA PACKS

DONATION OF COVID-19 PREVENTION SUPPLIES TO CATANDAAN YABUT NHS

SAN CARLOS BIOENERGY, INC. (SCBI)

As the world slowly eased in on the restrictions brought about by the pandemic, the company took it as our chance to reconnect and reacquaint again with our stakeholders and the community surrounding the plant. After more than two years, San Carlos Bioenergy, Inc. (SCBI) were able again to reach out to the community and perform and implement various projects, programs and activities that aimed to provide support to various causes like environmental preservation and protection, quality education, promote health and wellness and of course livelihood.

SCBI centered its corporate social responsibility efforts on formulating programs, projects and activities that would align with the United Nations' 17 Sustainable Development Goals. Among these goals, SCBI chose to focus on four of the goals which are the following:

- Brigada Karunongan (Education)
- Brigada Kalikasan (Environment)
- Brigada Kabuhayan (Livelihood)
- Brigada Kalusugan (Health and Wellness)

The crop year 2021-2022 though presented its own set of challenges, provided more chances of fulfilling our commitment towards the community and our stakeholders.

For Brigada Karunongan, this year SCBI was able to personally visit again our partner schools and other various elementary and high schools around the city as face-to-face classes now resumed after more than two years of distance learning. In support to DepEd's Brigada Eskwela Program, SCBI was able to donate 2 gallons of hand soap, 54 gallons of paint, 54 gallons and 18 liters of rubbing alcohol and 18 pcs of paint rollers to a total of 19 elementary and high schools all over the city and in a nearby town of Escalante City. SCBI was also able to donate mud press compost to 2 elementary schools which will be used as fertilizer to their Gulayan sa Paaralan. As support to ANCOP Global Foundation, a cash donation of P2, 000.00 were also given for their scholarship program.

As part of Brigada Kalikasan on the other hand, this crop year a total of 6,900 Bagalga seedlings were planted by the member-beneficiaries of Minapasuk Farmers Association (MIFA) in Brgy. Minapasuk, Calatrava. A total of 270 bags of mud press compost were also provided as Batch 4 of the agro-forestry and livelihood project in partnership with the said association. Project monitoring and assessment of the previous Batch 1, Batch 2 and Batch 3 were also conducted by SCBI together with a representative from PEMO-Negros Occidental, to see the current growth of the trees planted from the previous batches and to also assess their survival rate. This is so proper measures can be done especially if there will be a need for replanting or reapplication of mud press as well. Batch 1 and Batch 2 of trees planted under the said project is already on its third year this 2022 and is ready for harvesting as early as first quarter of 2023. Requirements and licenses will be processed accordingly to ensure a smooth process of harvesting and purchasing.

Apart from this, for SCBI's Adopt an Estero program, quarterly River and Coastal Clean-up were conducted in a portion of its adopted portion of the Palampas River in Barangay 1, San Carlos City. The Activity was conducted in March 26, June 18 and September 17, 2022 and was participated by employee volunteers from SCBI and volunteers from the community in Barangay 1. The community volunteers were also given a bag of groceries as tokens. SCBI also participated in the celebration of the annual Earth Hour Event last March 26, 2022 which was celebrated by employee volunteers through a bonfire and lights-off event at the plant. During the month of May, SCBI also donated 10 pcs of empty plastic drums to the Philippine Coast Guard to be converted as trash receptacles under their "Kabataan Bantay ng Kalikasan Program 2022". In celebration of San Carlos Charter Day as well, a tree planting activity was held at Brgy. Prosperidad in which SCBI participated by planting ten trees. During the celebration of the International Coastal Clean-up Day, the City Environment Management Office (CEMO) and the Ecozone MMT council organized a coastal clean-up at So. Pasil, Brgy Refugio, Calatrava last September 15, 2022. With this, SCBI contributed a total of P5, 000.00 to be used for food and/o pump boat fare for the said activity.

To promote good health and wellness as well as protection from the pandemic, various programs and projects were conducted under the Brigada Kalusugan program. This included the donation of medicines and alcohol to health centers last December 24, 2021. This was donated through the City Health Office and was received by the midwives from the recipient barangays. A total of twenty liters of alcohol was also donated to the San Carlos City Police Station to aid in their sanitation and disinfection activities. SCBI, in partnership with the City Health Office and the Barangay LGU, also conducted two different Bloodletting Activities in Barangay Punao last April 1, 2022 and in Barangay One last September 2, 2022. During the blood drive, a total of 46 blood bags were collected in Barangay Punao and 53 blood bags in Barangay One. Volunteer donors consist of SCBI employees, SCBI contractors, partners from the Philippine National Police, Philippine Army and other organizations like the Alpha Sigma Phi as well as walk-in volunteers from the community. SCBI also visited and discussed with the barangay officials of Brgy. Punao and Palampas the plan of the plant to use RDF as supplemental fuel in its operations. Though they have expressed their questions especially in its health and environmental effects, SCBI assured them that the used of RDF is approved and allowed by the Department of Environment and Natural Resources. With much assurance, both barangays gave their endorsement letter that will be attached to the ECC renewal. SCBI also gave cash donations to So. Pamahawan and Ledesma Heights in Brgy. Palampas and as well as to So. Talave in Barangay Punao in support to their health and wellness activities. To also show our support not only in health and wellness related activities but also in inclusion and proving opportunities to Persons with Disabilities (PWDs) and out-of-school youths (OSYs), SCBI availed the Silver Sponsorship Package of Bugsay San Carlos, a paradragon boat racing team in San Carlos consisting of PWD, OSY and Fisher folk members.

For Brigada Kabuhayan, SCBI visited Community-based Organizations in Brgy. Punao, namely the Kanipaan Fisher Folks Association (KFFA) and the Pasil-Tunga-Kanipaan Fisher Folks Association (PaTuKa FFA) to talk to them about the possible partnership between them and SCBI in formulating programs and projects that can be a source of income generation for the organization and its members. The visit also gave way for the association to express their concerns with regards to plant activities especially in relation to waste disposal and how it affected their livelihood which was addressed and assured accordingly.

Under the agro-forestry and livelihood project between MIFA and SCBI, MIFA was able to generate income for the association and its member-beneficiaries through the payments made for the cultivation and maintenance of the trees planted from Batches 1-3 as well as the most recently planted Batch 4. Upon harvesting of the Batches 1 and 2, MIFA and its member-beneficiaries will also generate income through the proceeds they can collect from the sale of the trimmings that will be bought by SCBI as agreed.

Also, SCBI has been actively providing support in various activities around the community thru cash and in-kind donations. During this crop year 2021-2022, cash donation was made in support to the Sr. Charles Borromeo Fiesta Celebration. In-kind donations of 12 plastic white chairs were also endorsed to Kanipaan Fisher Folks Association (KFA) to be used by the organization for their meetings and assemblies. SCBI has also distributed toys and food packs to a total of 100 children through and in partnership with the City Social Welfare and Development Office (CSWDO) last December 2021.

As part of SCBI's continuous engagement to its partner planters, during this CY various projects were conducted for them including the distribution of food packages, rice and hygiene kits.

SCBI donated a total of 27 cubic meters of dacal-dacal to Brgy. Punao last May 2022. This is in connection to the request of the barangay for assistance in the road backfilling activities in So. Mahayahay, Brgy. Punao.

In order as well to build connection and visibility, SCBI has availed a promotional package with Radyo Bandera, a local radio station in the City, in celebration of their 4th anniversary, in order to have a positive media presence and have the opportunity to extend information on upcoming CSR activities, job hiring activities and cane campaigns.

This CY gave SCBI more freedom to perform CSR related activities, despite the danger brought about by the pandemic. As restrictions slowly become more lenient, SCBI hopes to deliver and perform more programs and activities to continuously reach its goal for sustainability and development.


Meeting with
Community-based
Organizations in
Brgy. Punao
Donation of Plastic
Chairs for Kanipaan
Fisher Folks Assn.


Meeting with
Community-based
Organizations in
Brgy. Punao
Donation of Plastic
Chairs for Kanipaan
Fisher Folks Assn.


2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

ENVIRONMENTAL MANAGEMENT

Environmental Sustainability Program

Protection of the natural environment continues to be one of the priorities of Roxas Holdings, Inc. (RHI). Thus, operations of its subsidiaries are carried out by being mindful of mitigating adverse environmental impacts, conforming to compliance obligations and enhancing environmental performance. Such culture extending to providers of materials and services is the guiding principle of Environmental Management System (EMS) being implemented by all the subsidiaries.

Wastewater Management

CADPI has generated a total of 1,844,749.04 cu meters wastewater during Crop Year 2021-2022. CADPI's continuing wastewater management program takes on recycling as its main objective. CADPI reuses at least 30% of treated wastewater (Effluent[2]) as make-up for scrubbing water, and ground watering as mitigating measure for dust emission.

CADPI plans to use its treated wastewater as irrigation to sugarcane plantation in partnership with the National Irrigation Administration for the use of its canals.

Factory Wastes as Energy and Farm Input

The spent wash produced from bioethanol production is a classic case of "closed doors – open windows". Spent wash is a by-product of manufacturing bioethanol. It is characterized by a very high organic matter load and TCU (true color unit). Since the passage of the Clean Water Act of 2006 and the concomitant General Effluent Standards (GES) under DENR Administrative Order 2016-08, spent wash discharge to water bodies has become tantamount to a violation.

The organic load measured in biological oxygen demand (BOD) and TCU even after treatment could not be reduced to levels allowable for discharge to water bodies. However, countries that involved in producing bioethanol has discovered that spent wash can be used as resource for energy generation and crop fertilizer and moisture.

The anaerobic digester (ADs) degrades organic matter pollutant in spent wash. It is also a waste-to-energy (WTE) infrastructure producing biogas, a valuable fuel for generation of heat and power. SCBI is supported by ADs. The two newly commissioned ADs of SCBI with combined capacity of 1,360 cubic meters generated 8.46 million cubic meters biogas displacing 41 percent of the total fuel requirement.

Raw and biomethanated[3] spent wash has comparable nitrogen, phosphorous and potassium values with liquid commercial fertilizers. Farmers, however, have varied acceptance of spent wash in their farms. Some farmers have discontinued chemical fertilizers, while others have continued despite the NPK in spent wash.

While initially motivated by disposal, SCBI's distribution of spent wash levelled up to an altruistic motive of helping sugarcane farmers improve their practices to lessen cost of production. In partnership with RHI-Agribusiness Development Corporation (RHI-ADC), the bioethanol plant has spearheaded the information drive through conduct of seminars and guidance for soil testing in order to determine appropriate fertilizer application. Additionally, the campaign initiative enhanced acceptance of spent wash in the farms.

[3] *Spent wash is subjected to treatment in the anaerobic digester. Spent wash from SCBI for distribution to farms are biomethanated.*

Energy Generation and Air Emission

The subsidiaries operate cogeneration plants fed by biomass. CADPI largely uses bagasse supplemented by woodchips and biomass available. SCBI continues to use self-generated bagasse. Its newly commissioned Anaerobic Digesters yielded substantial amount of biogas fired in the boilers.

With these secured volumes of biomass and biogas fuel, CADPI and SCBI can sustainably generate electricity that can be exported to the grid under the feed-in tariff (FIT) policy of the government. CADPI's application is certified by the Energy Regulatory Commission (ERC), to be FIT Eligible. On the other hand, SCBI is awaiting endorsement of the Department of Energy. With FIT, the two subsidiaries are soon expected to sell electricity under guaranteed tariff for biomass power generating facilities.

Despite the tough standards for air emissions, CADPI consistently passes the standards under Republic Act No. 8749 or The Philippine Clean Air Act, while SCBI has already scheduled their stack sampling testing. The Special Action Group for Environment (SAGE) of the Sugar Regulatory Administration (SRA) conducts regular monitoring of the smokestacks of CADPI and SCBI. The SRA-SAGE is an entity accredited by the Department of Environment and Natural Resources for the monitoring of air emissions and water effluents

The monitoring of ambient air condition is being undertaken on a regular basis. Monitoring instruments are located in several areas at the plant site to measure ambient air quality. Compliance standards ensure that the population in the vicinity of

CADPI and SCBI operations are breathing clean air. So far, ambient air quality in these areas are within air quality guidelines.

Solid Waste Management

While mudpress and boiler ash have known benefits for sugarcane cultures, withdrawal by planters continues to be a challenge for CADPI. These materials occupy space in the factory but more importantly, the opportunity to benefit from these materials as soil ameliorants are foregone. In CADPI, FEDMOCO, a cooperative, fortifies these materials into fertilizer. CADPI and ADC are working towards increasing volumes of withdrawal by planters. The potential of mudpress for biogas extraction is also being studied as a project for CADPI. The possibility of biogas from mudpress is not remote considering testimonial plants in other sugarcane-producing countries are already operating.

The Environmental Management Units of all subsidiaries make effort to comply with the provisions of the Solid Waste Management Act. Residual wastes are segregated for purposes of observing the hierarchy of waste management: prevention, minimization, re-use, recycling, and disposal. All have materials recovery facilities (MRFs).

CADPI is presently engaged with the Binubusan Multipurpose Cooperative in converting mudpress into organic fertilizer. The Binubusan Multipurpose Cooperative produces organic fertilizers wherein mudpress is one the major ingredients. The cooperative produced 21,969 sacks of FEDMUCO fertilizer from October 2021 to September 2022 which is equivalent to 1,098.45 tons of mudpress converted to organic fertilizer, or Php 109,845.00 income for CADPI. There were also 3 additional partners in the organic fertilizer producer, the Greendfield, BSPCMA and Raphko, For Greendfield total of 19,802 sacks or 990.1 tons, for BSPCMA total 3,465 sacks or 173.25 tons and for Raphko total of 17,043 sacks or 852.15 tons of organic fertilizer. A total of 62,279 sacks or 3,113.95 tons or 13% of the total mudpress production.

Hazardous Waste Management

Sugar mills and distilleries generally produce organic wastes. Hazardous wastes are used oil and small amounts of spent chemicals and empty containers. These are collected and secured in hazardous waste storage where these are collected, treated and disposed by DENR accredited hazardous waste treaters and haulers.

CADPI disposed 3.726 tons of Lead compound, 1.591 tons of Electronic Waste and 0.283 tons of Mercury compounds on December 28, 2021 and were treated on January 26 to January 28, 2022 by Jorms Trading Corporation with Certificate of Treatment No: COT-R4A-2022-01-106963.

The DENR upgraded its system, making all applications and transactions online, including the disposal and treatment of hazardous waste. CADPI and SCBI were able to comply with the DENR's requirements.

Other Environmental Activities

Each subsidiary has a standing Memorandum of Agreement (MOA) regarding the "Adopt-An-Estero" program with the DENR. Under this program, CADPI has voluntarily adopted Lian-Palico River; while SCBI has adopted the Palampas River. To achieve the goal of rehabilitating and improving the condition of these rivers, each subsidiary leads river cleanup activities on a quarterly schedule along with some dialogue and information campaign with local residents about environment stewardship and responsibility. RHI subsidiaries are never remiss in their commitment to re- green their vicinities with planting trees.

Each environmental management unit of the subsidiaries is headed by a pollution control officer (PCO) who is duly accredited by the DENR. RHI ensures that the PCOs' accreditation is kept current and properly reinforced with new knowledge through trainings.

There was no certification audit conducted for ISO 140001:2015 Environmental Management System for CADPI during CY 2021-2022.

CADPI conducts quarterly river or coastal clean-up and tree-planting activities in partnership with the KIWANIS Club International, LGUs and other volunteers.

- Coastal clean up at Nasugbu Beach Front last December 15, 2021. 23 volunteers joined the activity and a total of 30 sacks of garbage were collected.
- River clean up at NIA Dam, Brgy. Bilaran last March 26, 2022. 13 volunteers joined the activity and a total of 20 sacks of garbage were collected.
- Coastal clean up at Nasugbu Beach Front last June 11, 2022. 23 volunteers joined the activity and a total of 29 sacks of garbage were collected.

- Participated the International coastal cleanup 2022 at Nasugbu Beach Front last September 17, 2022. 23 volunteers joined the activity and a total of 16 sacks of garbage were collected.

CADPI was engaged in various environmental activities such as the planting of 76 trees of Palmera, Mahogany, Acacia, Palm tree and Neem at Bagasse Yard, Along CADPI perimeter fence, near WWTP MCC lab, along AFL4 and Sagbat Truckyard area.

CADPI has a small plant nursery at the Wastewater Treatment Plant area. As of September 30, 2022, CADPI has a total of 485 seedlings composed of the following:

INVENTORY OF PLANTS AT CADPI NURSERY As of September 2022	
QUANTITY	**PLANT**
120	Acacia Tree
52	Neem Tree
20	Calumpang Tree
127	Palmera Tree
7	Emperor Tree
23	Caballero Tree
13	April Shower
20	Talisay
56	Mahogany
15	Kasoy
32	Indian Tree
485	**Total**

Summary of Tree-Planting Activities

TREE PLANTING			
DATE	**QUANTITY**	**PLANT**	**LOCATION**
October 4, 2021	11	Palmera	Perimeter of ALF4
February 19, 2022	45	Different variety	Near Bagasse Yard and CADPI Perimeter fence
June 25, 2022	20	Different variety	Sagbat Truckyard
TOTAL	**76**		

CADPI donated various seedling to the community, LGUs and other nearby companies. It also donated garbage bins and used sacks to promote the proper segregation in the community.

Summary of Plant Donations

DATE	QUANTITY	PLANT	LOCATION
July 7, 2022	134	Different variety	BatSateU
July 11, 2022	10	Mahogany	Rescue
TOTAL	**234**		

CADPI also conducted Information and Education Campaign (IEC) at Brgy Bungahan, Lian, Batangas and discussed the Environmental Compliance and Activities last August 16, 2022.

RHI continually supports environmental management and efforts to preserve the environment with a resolve to give back to Mother Nature.

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

14 LIFE BELOW WATER

15 LIFE ON LAND

Human Resources

Amidst the global pandemic, One Team, One RHI forged ahead with continued focus on the achievement of operational excellence throughout the crop year.

Despite the given challenges in the sugar industry brought about by the immediate need to adapt to technological advancements, environmental changes and government directions, Roxas Holdings, Inc. (RHI) showed organizational strength through its people.

Events, interventions and activities done company-wide were all about energizing and mobilizing employees and departments to continue working together as one in producing quality sugar cane-based products and services in the Asia-Pacific region.

The annual planning session was limited to the Senior ManCom as the pandemic made the former setup, which served as an open venue for improvements and next steps based on groundwork, impractical. Organizational review and changes in response to the needs of RHI were critical as roles are defined and standardized across the Group.

To support this thrust, the organization strengthened its structure with key roles strategically placed in the Plants to raise operational productivity and efficiency.

Meanwhile, Employee Engagement programs highlighted not only camaraderie but creativity and resourcefulness as well.

Despite the pandemic, RHI managed to persevere amidst the rapidly changing business landscape through its people and it is confident that it will continue to succeed in achieving its goals with its dedicated employees.

SUSTAINABLE DEVELOPMENT GOALS

This Sustainability Report is for Crop Year 2021-2022 and coincides with RHI’s fiscal year.

Annexes

ESG Performance Indices

Product Responsibility

Area	Data Description	Details	Additional Explanation
Product Responsibility	**Total no. of incidents of non-compliance with laws and/or regulations relating to product and services**	0	No known occurrence of non-compliance of our product with laws and/or regultions relating to food safety and health
	No. of products and service related complaints received	18	Complaints are primarily cosmetic and and none are food safety related. Majority of complaints received are related to minor quality issues.
	Percentage of total products sold or shipped subject to recalls for safety and health reasons	0	No known occurrence of recall of our product due to food safety and health reasons.

Safety

Area	Data Description	GRI	Details	Unit	Employees	Seasonal / Casual / Project-based	Company Remarks
Occupational	**Total no. of injuries and fatalities**	**403-9**	Fatailities	Number (case)	0	0	
			High consequence injuries	Number (case)	0	0	
			Total recordable injuries	Number (case)	14	25	
			Main types of injuries	Text description			Main types of work-related injuries are caused by following type of accident: Struck Against, Struck by, Contact with extreme heat, Caught in between, Fall, Vehicular Accident
	Number of hours worked	**403-9**	Number of hours worked	Hour	1,423,573	2,034,737	
	Injury and fatality rates	**403-9**	Fatality rate	Cases per 200,000 hours worked	**0.00**	**0.00**	
			High-consequence injury rate	Cases per 200,000 hours worked	**0.00**	**0.00**	
			Recordable Injury rate	Cases per 200,000 hours worked	**1.97**	**1.38**	
	No. of lost days		**By Gender**				
			Male	Number (day)	85	65	
			Female	Number (day)	0	0	
			By Region				
			The Philippines	Number (day)	85	65	
			Others (please specifiy)	Number (day)	0	0	
	Occuptational health and safety management system	**403-8**	Coverage of OHS management system implemented	% of workers	100	100	All employees, workers, visitors, and other interested parties are covered with the Safety and Health Management System.
	Total no. of incidents of non-compliance with laws and/or regulations relating to occupational health and safety		-	Number	0	0	

Environment

Data Description	GRI	Additional Explanation	Unit	Annual Total
Total energy consumption within the organization	302-1		GJ	84,015.6

Data Description	GRI	Additional Explanation	Unit	Annual Total
a. Non-renewable fuels consumed	302-1	1,374,996.67liters of bunker was consumed for year 2022.	GJ	58,861.3
b.1 Renewable fuel consumed (incl. biomass for onsite electricity)	302-1	625,565 tons of biomass including bagasse was consumed for year 2022	GJ	2,617.4
b.2 Renewable electricity generated (excl. biomass)	302-1	Please indicate the types (solar/wind/hydro/geothermal...) Excl. electricity generated from biomass	GJ	N/A
c.1 Purchased non-renewable electricity	302-1	Excl. onsite electricity generation	GJ	22,536.9
c.2 Purchased renewable electricity consumed	302-1	From renewable energy certs, power purchase agreements…	GJ	N/A
c.3 Purchased heating consumed	302-1	Excl. self-generated heating/cooling/steam	GJ	N/A
c.4 Purchased cooling consumed	302-1	Excl. self-generated heating/cooling/steam	GJ	N/A
c.5 Purchased steam consumed	302-1	Excl. self-generated heating/cooling/steam	GJ	N/A
d.1 Non-renewable electricity sold	302-1		GJ	N/A
d.2 Renewable electricity sold	302-1		GJ	N/A
d.3 Heating sold	302-1		GJ	N/A
d.4 Cooling sold	302-1		GJ	N/A
d.5 Steam sold	302-1		GJ	N/A

Data Description	GRI	Additional Explanation	Unit	Annual Total
Total water withdrawn by source	303-3		m^3	4,767,758.3
a. Surface water (including rainwater collected)	303-3		m^3	N/A
b. Groundwater	303-3		m^3	2,527,420.0
c. Seawater	303-3		m^3	1,844,749.0
d. Produced water	303-3		m^3	
e. Municipal or third-party supplied	303-3		m^3	395,589.3

Data Description	GRI	Additional Explanation	Unit	Annual Total
Total hazardous waste disposal	306-3	If there is liquid hazardous waste reported in volume unit (e.g. litre) instead of tonnes, please provide in remarks separately the amount of liquid hazardous waste.	Tonne	5.6
a. Diverted from disposal	306-4	Reused, recycled or recovered for other use.	Tonne	5.6
b. Incinerated	306-5		Tonne	0.0
c. Landfilled	306-5		Tonne	0.0
d. Others disposal methods	306-5	On site	Tonne	0.0
Total non-hazardous waste disposal			Tonne	267,670.2
a. Diverted from disposal	306-4	Reused, recycled or recovered for other use.	Tonne	267,457.0
b. Incinerated	306-5		Tonne	0.0
c. Landfilled	306-5		Tonne	213.2
d. Others disposal methods	306-5	On site	Tonne	N/A

Total Number of Employees

GRI	Details	Unit	Employees	Seasonal / Casual / Project-based
102-7 **102-8** **405-1**	Total no. of employees	Number	HO-57 CADPI -445 SCBI-178	HO-0 CADPI-0 SCBI-0

Employees by Gender

GRI	Details	Unit	Employees
102-7 **102-8** **405-1**	Male	Number	HO-31 CADPI-351 SCBI-130
	Female	Number	HO-26 CADPI-94 SCBI-48

Employees by Age Group

GRI	Details	Unit	Employees
102-7 **102-8** **405-1**	Under 30 years old	Number	HO-5 CADPI-63 SCBI-48
	30-50 years old	Number	HO-42 CADPI-276 SCBI-78
	Over 50 years old	Number	HO-10 CADPI-106 SCBI-52

Employees by Category

GRI	Details	Unit	Employees	Company Remarks
102-7 **102-8** **405-1**	Junior level/ Rank & File	Number	HO-5 CADPI-335 SCBI-121	PT & MRF
	Middle Management	Number	HO-33 CADPI-107 SCBI-56	SM, M3, M2, M1
	Senior Management	Number	HO-19 CADPI-3 SCBI-1	EXECUTIVES

New Employee Hires

Data Description	GRI	Details	Unit	Employees
New employee hires (number)	**401-1**	**By Age**		
		Under 30 years old	Number	HO-1 CADPI-26 SCBI-29
		30-50 years old	Number	HO-12 CADPI-17 SCBI-14
		Over 50 years old	Number	HO-1 CADPI-2 SCBI-3
		By Gender		
		Male	Number	HO-10 CADPI-32 SCBI-21
		Female	Number	HO-4 CADPI-13 SCBI-25

Data Description	GRI	Details	Unit	Employees
New employee hires (rates)	**401-1**	**By Age**		
		Under 30 years old	Percentage	HO-20% CADPI-6% SCBI-16.29%
		30-50 years old	Percentage	HO-28.6% CADPI-4% SCBI-7.86%
		Over 50 years old	Percentage	HO-10% CADPI-0% SCBI-1.69%
		By Gender		
		Male	Percentage	HO-32.3%% CADPI-7% SCBI-16.15%
		Female	Percentage	HO-15.4% CADPI-3% SCBI-52%

Employee Turnover

Data Description	GRI	Details	Unit	Employees
Employee turnover (number)	**401-1**	**By Age**		
		Under 30 years old	Number	HO-3 CADPI-12 SCBI-18
		30-50 years old	Number	HO-8 CADPI-13 SCBI-15
		Over 50 years old	Number	HO-2 CADPI-8 SCBI-4
		By Gender		
		Male	Number	HO-7 CADPI-22 SCBI-25
		Female	Number	HO-6 CADPI-11 SCBI-12

Data Description	GRI	Details	Unit	Employees	Company Remarks
Employee turnover (rates)	401-1	**By Age**			
		Under 30 years old	Percentage	HO-60% CADPI-2.7% SCBI-10.7%	
		30-50 years old	Percentage	HO-19% CADPI-2.9% SCBI-8.9%	
		Over 50 years old	Percentage	HO-20% CADPI-1.8% SCBI-2.4%	
		By Gender			
		Male	Percentage	HO-22.6% CADPI-4.9% SCBI-14.9%	
		Female	Percentage	HO-23.1% CADPI-2.5% SCBI-7.1%	

Collective Bargaining Agreement

Data Description	GRI	Details	Unit	Employees	Seasonal / Casual / Project-based
No. of employees under Collective Bargaining Agreements	**102-41**	-	Number	HO-0 CADPI-303 SCBI-91	HO-0 CADPI-0 SCBI-0
Total no. of incidents of non-compliance with laws and/or regulations relating to employment practices		-	Number	HO-0 CADPI-0 SCBI-0	HO-0 CADPI-0 SCBI-0

Training and Development

Data Description	GRI	Details	Unit	Employees	Company Remarks
Total no. of employees trained per year		**By Gender**			
		Male	Number	CADPI-162 SCBI-121	
		Female	Number	CADPI-49 SCBI-40	
		By Employee Category			
		Junior level/ Rank & File	Number	CADPI-97 SCBI-111	
		Middle Management	Number	CADPI-108 SCBI-50	
		Senior Management	Number	CADPI-6 SCBI-0	

Local Communities

Data Description	GRI	Details	Unit	Employees
Total no. of volunteer hours recorded and spent on the local community			Hour	CADPI-752 SCBI-81
Total no. of volunteers participated in local community programmes			Number	CADPI-196 SCBI-179
Total monetary amount of donation or investment recorded and spent on the local community			Philippine Peso	CADPI-237015.1 SCBI-31000

ROXAS HOLDINGS, INC.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Roxas Holdings, Inc. and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended September 30, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

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

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

PEDRO E. ROXAS	CELSO T. DIMARUCUT	VERONICA C. CORTEZ
Chairman of the Board	President and Chief Executive Officer	VP – Finance, Treasury and Administration

SUBSCRIBED AND SWORN to before me this DEC 23 2022 day of December, 2022 affiant(s) exhibiting to me their government IDs as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite

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Page No. 74
Book No. 269
Series of 2022

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M 019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016365
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

C O V E R   S H E E T
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 Street cor. 3rd Avenue,
Bonifacio Global City, Taguig,
Metro Manila

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,081	February 18	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 Street 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.*

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

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Company Information

SEC Registration No.: PW0000015A
Company Name: ROXAS HOLDINGS, INC DOING BUSINESS UNDER THE NAME AND STYLE OF CADP GROUP
Industry Classification: D15790
Company Type: Stock Corporation

Document Information

Document ID: OST11227202228869262
Document Type: Financial Statement
Document Code: FS
Period Covered: September 30, 2022
Submission Type: Consolidated, Annual
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Acceptance of this document is subject to review of forms and contents

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th Street cor. 3rd Avenue, Bonifacio Global City
Taguig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Roxas Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended September 30, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Completeness of Quedan

The Group's raw sugar business follows the quedan system, which is unique to the Philippine sugar industry. A quedan is a warehouse receipt document which shows ownership of a specified quantity of raw sugar in a warehouse or sugar central. Accordingly, the Group's physical possession or delivery of raw sugar may not necessarily indicate ownership, or sales or purchase transaction, respectively. We considered the accounting for completeness of quedan as a key audit matter due to its material and significant impact to the consolidated financial statements, particularly on sales, receivables, inventory, and cost of sales accounts, due to voluminous quedan transactions.

The disclosures about quedan accounting are included in Notes 9 and 27 to the consolidated financial statements.

Audit Response

We have confirmed our understanding of the Group's quedan system and tested the relevant controls over the information technology system and manual processes. We observed the inventory count procedures of the Group to establish the physical existence of raw sugar as of count date and the quedan count procedures to establish the ownership over raw sugar as of count date and reviewed the rollbackward procedures of inventory count and rollforward procedures of quedan count to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantities established during the inventory count and the quedan accountability report to test the quantities reported, as the Group's inventory and those which are held in trust for the planters and traders.

Impairment Testing of Property, Plant and Equipment Valued at Cost

The Group's subsidiaries, namely Central Azucarera Don Pedro, Inc. (CADPI) and San Carlos Bioenergy, Inc. (SCBI), have exhibited impairment indicators, such as deficit as at September 30, 2022, and net loss and negative operating cash flows for the year ended September 30, 2022. These impairment indicators require an assessment of the recoverability of these subsidiaries' property, plant and equipment valued at cost. As at September 30, 2022, the carrying value of CADPI and SCBI's property, plant and equipment valued at cost amounted to ₱3,237.9 million and ₱1,997.3 million representing 22% and 13%, respectively, of the Group's total consolidated assets. The assessment of the recoverable amount of property, plant and equipment valued at cost requires significant judgment and involves estimation and assumptions about sales growth, feedstock yield, manufacturing costs ratio, operating expense ratio, and discount rate.

The disclosures on property, plant and equipment valued at cost are included in Notes 4, 5 and 12 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the key assumptions used in the valuation, which includes sales growth, feedstock yield, manufacturing costs ratio, operating expense ratio, and discount rate. We compared the key assumptions used, such as sales growth, feedstock yield, manufacturing costs ratio and operating expense ratio against CADPI's and SCBI's historical performance, the Group's future plans approved by the Board of Directors, current industry outlook and other relevant external data. With the assistance of our internal specialist, we tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about the assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment valued at cost.

Valuation of Land Stated at Fair Value

The Group carries its parcels of land, that are accounted for as property, plant and equipment using the revaluation method and as investment properties using the fair value method in its consolidated financial statements. As of September 30, 2022, the carrying value of land classified as property, plant and equipment and investment properties amounted to ₱6,158.5 million representing 41% of the Group's total consolidated assets. In determining the values of the parcels of land, management obtains the services of external appraisers whose calculations involve certain assumptions, such as the highest and best use of the property, sales prices of similar properties and adjustments to sales price based on external factors. In addition, the estimation of the fair values requires significant management judgment and estimates. Thus, we considered this as key audit matter.

The disclosures relating to these parcels of land are included in Notes 12 and 13 to the consolidated financial statements.

Audit Response

We compared the property-related data, such as location, lot area and shape of the property, in the appraisal reports against the Group's records. We reviewed the scope, methodology and assumptions used by the Group's external appraisers. We evaluated the competence and capabilities of the external appraisers by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against relevant external information. We also discussed with the external appraisers the nature and magnitude of the adjustment factors. Further, we reviewed the Group's disclosures with respect to the fair values of land classified under property, plant and equipment and investment properties.

Assessment of Contingent Liabilities and Estimation of Provisions from Claims

The Group is involved as defendant in certain claims by regulatory agencies. The inherent uncertainty over the outcome of these claims is brought about by the difference in the interpretations and implementation of the relevant regulations. The assessment on whether provisions should be recognized and the estimation of the potential liabilities resulting from these assessments require significant judgment by management. As of September 30, 2022, total provisions recognized by the Group amounted to ₱77.7 million.

The disclosures of management judgment on the assessment of contingent liabilities and estimation of provisions and amounts recognized are included in Notes 5, 16 and 27, respectively, to the consolidated financial statements.

Audit Response

We inquired of the Group's legal counsels and management about the status and potential exposures of the significant claims and obtained legal opinion from the legal counsels, including their assessment of the likely outcome, and representations from the Group's management. We also inspected relevant correspondences with the regulatory agencies, and reviewed the minutes of meetings of the Board of Directors and the Audit Committee. We involved our internal specialist in the evaluation of management's assessment on whether provisions should be recognized and the estimation of such amounts.

Assessment of Prospective Financial Information

The Group's consolidated current assets and current liabilities amounted to ₱1,907.5 million and ₱3,043.5 million, respectively, as at September 30, 2022. The Group incurred a net loss of ₱797.0 million during the year ended September 30, 2022. The estimated future cash flows to meet its short-term obligations are included in Notes 1, 5 and 28 to the consolidated financial statements and are material to our audit as these involve significant management estimation and judgment.

Audit Response

We obtained understanding of the Group's methodology and the assumptions used in the cash flows forecast. These assumptions include revenue growth rate, manufacturing cost and operating expense ratios, and capital expenditures. We compared the key assumptions used in arriving at the estimated future cash flows such as revenue growth rate and manufacturing cost and operating expense ratios against historical performance, future plans approved by the Board of Directors, current industry outlook and other relevant external data and evaluated management's sensitivity analyses for impact of reasonably possible changes in these assumptions; and the capital expenditures against approved capital expenditures plan by the Board of Directors. We reviewed the adequacy of disclosures relating to the cash flows forecast as disclosed in Notes 1, 5 and 28 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended September 30, 2022 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended September 30, 2022, which is expected to be made available to us after that date.

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Aileen L. Saringan.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854363, January 3, 2022, Makati City

December 14, 2022

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		September 30	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	7	**₱292,530**	₱58,974
Trade and other receivables	8	**408,769**	533,127
Inventories	9	**862,711**	554,573
Other current assets	10	**343,501**	170,927
		1,907,511	1,317,601
Noncurrent Assets			
Property, plant and equipment:	12		
At cost		**5,301,277**	4,849,977
At revalued amount		**5,667,575**	4,512,884
Investment properties	13	**490,946**	415,658
Retirement assets - net	17	**43,867**	48,590
Other noncurrent assets	10	**1,507,441**	1,593,583
		13,011,106	11,420,692
		₱14,918,617	₱12,738,293
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term borrowings	15	**₱248,670**	₱–
Short-term borrowings	14	**–**	1,710,800
Trade and other payables	16	**2,793,305**	1,591,502
Income tax payable		**1,373**	1,698
Lease liabilities - current portion	10	**104**	374
		3,043,452	3,304,374
Noncurrent Liabilities			
Long-term borrowings	15	**4,477,271**	3,236,000
Convertible note	15	**792,713**	–
Retirement liabilities - net	17	**346,859**	352,793
Deferred tax liabilities - net	25	**990,797**	686,344
Other noncurrent liabilities		**2,239**	2,040
		6,609,879	4,277,177
		9,653,331	7,581,551

(Forward)

	Note	September 30 2022	2021
Equity Attributable to the Equity Holders of the Parent Company			
Capital stock	18	**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock	18	**(52,290)**	(52,290)
Other equity items and reserves	18	**4,766,215**	3,890,961
Equity portion of convertible note	15	**21,130**	–
Deficit		**(3,916,070)**	(3,125,997)
		5,226,747	5,120,436
Non-controlling Interests		**38,539**	36,306
		5,265,286	5,156,742
		₱14,918,617	₱12,738,293

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

		Years Ended September 30		
	Note	**2022**	2021	2020
CONTINUING OPERATIONS				
REVENUE	20	**₱7,067,523**	₱4,528,762	₱4,776,772
COST OF SALES AND SERVICES	21	**(7,102,434)**	(4,596,125)	(4,635,517)
GROSS PROFIT (LOSS)		**(34,911)**	(67,363)	141,255
GENERAL AND ADMINISTRATIVE EXPENSES	22	**(569,146)**	(692,313)	(764,294)
SELLING EXPENSES	22	**(28,042)**	(20,257)	(35,369)
INTEREST EXPENSE	14, 15	**(322,693)**	(338,286)	(395,997)
OTHER INCOME (CHARGES)	24	**167,075**	201,906	(1,295,704)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**(787,717)**	(916,313)	(2,350,109)
INCOME TAX EXPENSE	25			
Current		**(1,687)**	(18,754)	(11,061)
Deferred		**(7,608)**	(3,853)	4,310
		(9,295)	(22,607)	(6,751)
NET LOSS FROM CONTINUING OPERATIONS		**(797,012)**	(938,920)	(2,356,860)
NET LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	11	**–**	–	(1,533,582)
		(₱797,012)	(₱938,920)	(₱3,890,442)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱790,073)**	(₱934,882)	(₱3,877,786)
Non-controlling interests		**(6,939)**	(4,038)	(12,656)
		(₱797,012)	(₱938,920)	(₱3,890,442)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	26			
Basic		**(₱0.51)**	(₱0.60)	(₱2.51)
Diluted		**(0.51)**	(0.60)	(2.51)
LOSS PER SHARE FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	26			
Basic		**(₱0.51)**	(₱0.60)	(₱2.51)
Diluted		**(0.51)**	(0.60)	(2.51)
LOSS PER SHARE FOR DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	11, 26			
Basic		**–**	–	(₱0.99)
Diluted		**–**	–	(0.99)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Note	**Years Ended September 30** **2022**	2021	2020
NET LOSS		**(₱797,012)**	(₱938,920)	(₱3,890,442)
OTHER COMPREHENSIVE INCOME (LOSS)	18			
Items not to be reclassified to profit or loss				
Appraisal increase on land (net of tax effect of ₱288.7 million in 2022, ₱17.6 million in 2021 and ₱107.9 million in 2020)	12	**866,018**	53,943	491,994
Remeasurement gain (losses) on retirement assets and liabilities (net of tax effect of ₱7.6 million in 2022, ₱10.2 million in 2021 and ₱9.1 million in 2020)	17	**18,408**	60,490	(80,449)
Effect of change in effective tax rate on revaluation increment of assets classified as property, plant and equipment	12	**–**	129,164	–
Effect of change in effective tax rate on remeasurement losses on retirement assets and liabilities		**–**	1,900	–
Share in remeasurement loss on retirement liability of an associate (net of tax effect, nil in 2022, 2021 and ₱2.3 million in 2020)	11	**–**	–	(5,335)
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱87,414**	(₱693,423)	(₱3,484,232)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱85,180**	(₱693,633)	(₱3,472,284)
Non-controlling interests		**2,234**	210	(11,948)
		₱87,414	(₱693,423)	(₱3,484,232)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Treasury Stock (Note 18)	Other Equity Items and Reserves (Note 18)	Revaluation Increment on Land Under Assets Held for Sale (Note 11)	Equity portion of Convertible Note (Note 15))	Retained Earnings	Total	Non-controlling Interests	Total Equity
		Equity Attributable to the Equity Holders of the Parent Company									
Balances as at September 30, 2021		**₱1,565,579**	**₱2,842,183**	**(₱52,290)**	**₱3,890,961**	**₱–**	**₱–**	**(₱3,125,997)**	**₱5,120,436**	**₱36,306**	**₱5,156,742**
Net loss from continuing operations		–	–	–	–	–	–	(790,073)	(790,073)	(6,939)	(797,012)
Appraisal increase on land, net of tax	18	–	–	–	856,990	–	–	–	856,990	9,028	866,018
Remeasurement gain on retirement assets and liabilities, net of tax		–	–	–	18,264	–	–	–	18,264	144	18,408
Issuance of convertible note	15	–	–	–	–	–	21,130	–	21,130	–	21,130
Balances as at September 30, 2022		**₱1,565,579**	**₱2,842,183**	**(₱52,290)**	**₱4,766,215**	**₱–**	**₱21,130**	**(₱3,916,070)**	**₱5,226,747**	**₱38,539**	**₱5,265,286**
Balances as at September 30, 2020		₱1,565,579	₱2,842,183	(₱52,290)	₱3,649,712	₱–		(₱2,191,115)	₱5,814,069	₱36,096	₱5,850,165
Net loss from continuing operations		–	–	–	–	–		(934,882)	(934,882)	(4,038)	(938,920)
Effect of change in effective tax rate on revaluation increment of assets classified as property, plant and equipment and on remeasurement losses on retirement assets and liabilities		–	–	–	130,442	–		–	130,442	622	131,064
Remeasurement gain on retirement assets and liabilities, net of tax		–	–	–	60,302	–		–	60,302	188	60,490
Appraisal increase on land, net of tax	18	–	–	–	50,505	–		–	50,505	3,438	53,943
Balances as at September 30, 2021		₱1,565,579	₱2,842,183	(₱52,290)	₱3,890,961	₱–		(₱3,125,997)	₱5,120,436	₱36,306	₱5,156,742
Balances as at September 30, 2019		₱1,565,579	₱2,842,183	(₱52,290)	₱1,049,889	₱2,806,661		₱897,392	₱9,109,414	₱54,921	₱9,164,335
Net loss:											
Continuing operations		–	–	–	–	–		(2,408,861)	(2,408,861)	(12,656)	(2,421,517)
Discontinued operations	12	–	–	–	–	–		(1,468,925)	(1,468,925)	–	(1,468,925)
Appraisal increase on land, net of tax	18	–	–	–	491,275	–		–	491,275	719	491,994
Remeasurement loss on retirement assets and liabilities, net of tax		–	–	–	(80,438)	–		–	(80,438)	(11)	(80,449)
Share in remeasurement loss on retirement liability of an associate, net of tax	11	–	–	–	(5,335)	–		–	(5,335)	–	(5,335)
Total comprehensive income (loss)		–	–	–	405,502	–		(3,877,786)	(3,472,284)	(11,948)	(3,484,232)
Acquisition of non-controlling interest		–	–	–	–	–		–	–	(6,877)	(6,877)
Adjustment on revaluation increment on land under assets held for sale	18	–	–	–	–	21,161		–	21,161	–	21,161
Reclassification of revaluation increment on land under assets held for sale		–	–	–	2,827,822	(2,827,822)		–	–	–	–
Reclassification of subsidiaries' revaluation increment on land properties sold		–	–	–	(490,888)	–		490,888	–	–	–
Reversal of deferred tax liabilities on land properties sold		–	–	–	147,266	–		–	147,266	–	147,266
Reclassification of remeasurement gains on retirement assets and liabilities		–	–	–	(25,790)	–		25,790	–	–	–
Reversal of net deferred tax liabilities on remeasurement gains on retirement assets and liabilities		–	–	–	8,512	–		–	8,512	–	8,512
Reclassification of previously held investment in associate's comprehensive income		–	–	–	(272,601)	–		272,601	–	–	–
Balances as at September 30, 2020		₱1,565,579	₱2,842,183	(₱52,290)	₱3,649,712	₱–		(₱2,191,115)	₱5,814,069	₱36,096	₱5,850,165

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		Years Ended September 30		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax from continuing operations		**(₱787,717)**	(₱916,313)	(₱2,350,109)
Loss before income tax from discontinued operations	11	**–**	–	(1,517,716)
Adjustments for:				
Depreciation and amortization	10, 12	**454,222**	504,197	1,260,142
Interest expense	11, 14, 15	**322,693**	338,286	639,640
Unrealized gain on fair value adjustment on investment properties	13	**(75,288)**	(17,344)	(13,387)
Movement of retirement liabilities	17	**46,602**	32,790	(129,694)
Interest income	11, 24	**(1,272)**	(1,375)	(4,442)
Loss (gain) from disposal of property, plant and equipment	12, 24	**(686)**	9,131	1,165,773
Loss from impairment of goodwill	6	**–**	–	1,079,615
Loss (gain) on sale of:				
Investment in an associate	11, 24	**–**	–	(258,311)
Investment property	13, 24	**–**	–	(16,677)
Investment in subsidiary	4, 24	**–**	–	648
Share in net earnings of an associate	11	**–**	–	(2,193)
Operating loss before changes in working capital		**(41,446)**	(50,628)	(146,711)
Decrease (increase) in:				
Trade and other receivables		**124,357**	719,177	84,301
Inventories		**(308,139)**	(111,608)	762,883
Other current assets		**(172,574)**	4,041	(306,826)
Increase (decrease) in trade and other payables		**1,236,433**	(118,266)	528,959
Cash generated from operations		**838,631**	442,716	922,606
Retirement benefits paid	17	**(21,771)**	(53,691)	–
Interest received		**1,272**	1,375	4,439
Income taxes paid, including final taxes		**(407)**	(6,762)	(12,079)
Net cash flows provided by operating activities		**817,725**	383,638	914,966
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment including additions to investment properties and assets held for sale	12	**(935,271)**	(325,505)	(335,087)
Increase (decrease) in other noncurrent assets		**84,433**	(132,308)	174,814
Proceeds from disposal of:				
Property, plant and equipment	12	**3,963**	2,562	4,207,532
Investment in an associate	11	**–**	–	870,813
Investment in subsidiary	4	**–**	–	142,267
Investment property		**–**	–	50,000
Dividends received	11	**–**	–	40,255
Net cash flows provided by (used in) investing activities		**(846,875)**	(455,251)	5,150,594

(Forward)

		Years Ended September 30		
	Note	**2022**	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES	31			
Proceeds from issuance of convertible note	15	**₱794,000**	₱–	₱–
Payments of:				
Interest	15	**(319,494)**	(339,366)	(679,968)
Lease liabilities	10	**–**	(9,894)	(18,952)
Long-term borrowings	15	**–**	–	(3,569,061)
Net availments (payments) of short-term borrowings		**(211,800)**	(408,750)	(1,347,250)
Net cash flows provided by (used in) financing activities		**262,706**	(758,010)	(5,615,231)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**233,556**	(829,623)	450,329
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**58,974**	888,597	438,268
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**₱292,530**	₱58,974	₱888,597

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO 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 FP Natural Resources Holdings B.V. (FPNRH), convertible to 125,000,000 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's interest on the Parent Company increased from 27% to 32%.

On June 3, 2022, the SEC approved CADPI's merger application executed on January 19, 2022 among the Company, as the surviving entity, Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corp. (RBC), RHI Agri-Business Development Corporation (RADC) and Roxas Pacific Bioenergy Corporation (RPBC), collectively referred hereinafter as the "Absorbed Entities". The Absorbed Entities are non-operating and the merger was executed to centralize and streamline the operations of the Absorbed Entities within the Company.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th Street 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.

Approval of the Consolidated Financial Statements

The consolidated financial statements of RHI and subsidiaries, collectively referred to herein as "the Group", as at September 30, 2022 and 2021 and for each of the three years in the period ended September 30, 2022, as reviewed and recommended for approval by the Group's Audit and Risk Committee on December 12, 2022, were approved and authorized for issue by the Parent Company's BOD on December 14, 2022.

Status of Operations
The Group's consolidated current assets and current liabilities amounted to ₱1,907.5 million and ₱3,043.5 million, respectively, as of September 30, 2022 and ₱1,317.6 million and ₱3,304.4 million, respectively, as of September 30, 2021. The Group incurred a net loss of ₱797.0 million, ₱938.9 million and ₱3,890.4 million during the years ended September 30, 2022, 2021 and 2020, respectively. As part of the Group's plans to support its working capital requirements, 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. As at September 30, 2022, the refinancing ("term out") of the remaining short-term loan amounting to ₱1,499.0 million has been duly approved by creditor banks and converted to long-term borrowings. These are presented as long-term liabilities as of September 30, 2022 (see Notes 11, 14 and 29). Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations through completion of the stand-alone refinery which will allow longer and continuous refinery operations and improved factory efficiency and capacity utilization.

2. **Basis of Preparation and Statement of Compliance**

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

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC, including the SEC provisions.

The financial reporting framework includes the PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), including the SEC pronouncements.

3. **Summary of Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements and amendments starting October 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Except as otherwise indicated, the following did not have significant impact on the consolidated financial statements:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

- Amendments to PFRS 9, PAS 39, 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 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

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

Effective beginning on or after January 1, 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.

4. **Summary of Significant Accounting and Financial Reporting Policies**

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	2020	**2022**	2021	2020	Nature of Business	Principal Place of Business
Central Azucarera Don Pedro, Inc. (CADPI) [1]	**100.00%**	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%	100.00%	**–**	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	100.00%	**–**	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC) [1] [2]	**–**	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%	100.00%	**–**	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC) [1]	**–**	100.00%	100.00%	**–**	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC) [1]	**–**	100.00%	100.00%	**–**	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [3]	**100.00%**	100.00%	100.00%	**–**	–	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [4]	**93.35%**	93.35%	93.35%	**6.65%**	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Roxas Power Corporation (RPC) [1]	**–**	50.00%	50.00%	**–**	50.00%	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [5]	**100.00%**	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] *September 30, 2020, CACI and RBC ceased operations. The entities remain dormant as at September 30, 2021 (see Note 11).*
[3] *As at September 30, 2022, RHIPCC has not yet started commercial operations*
[4] *Acquired in April 2015 through RPBC (see Note 6)*
[5] *Indirect ownership through CADPI in 2022 and RPBC in 2021 (see Note 6)*

In March 2016, NAVI reacquired 63,248 common shares from the non-controlling shareholders for a total consideration of ₱19.0 million effectively reducing the non-controlling interest by ₱16.4 million, which represents 9.64% decrease in ownership of non-controlling shareholders in NAVI. Consequently, equity interest of the Parent Company in NAVI increased to 86.91%. The excess of the fair value of the consideration paid over the amount by which the non-controlling interest is reduced amounting to ₱2.6 million was recognized directly in equity attributable to the equity holders of the Parent Company.

In November 2016, NAVI reacquired 55,696 shares from non-controlling shareholders for a total consideration of ₱13.6 million. As at September 30, 2018, there are only 22,656 remaining shares from the non-controlling shareholders which represent 4.18% of the total shares.

In September 2020, the RHI Board approved the sale transaction involving the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment consisting of shares in NAVI to Universal Robina Corporation (URC). The sold NAVI shares comprise of 520,115 common shares of the capital stock, inclusive of four (4) common shares registered in the name of RHI’s nominee directors, which in the aggregate represent 95.82% of the total issued and outstanding capital stock of NAVI. Gain on sale of shares in NAVI amounted to ₱64.0 million.

In September 2020, RHI re-acquired the remaining 4.18% of the total issued and outstanding capital stock of NAVI through settlement of NAVI’s receivable from various farmers, who previously held the non-controlling interest over NAVI. As at September 30, 2020, NAVI’s assets, liabilities and noncontrolling interests are derecognized in the Group’s consolidated financial statements.

On February 1, 2012, the BOD of RHI approved a resolution to shorten the corporate life of CPSI, CIAI and RPC effective September 30, 2012. On the same date, the BOD also approved the merger of CADP Consultancy Services, Inc. (CCSI), CADP Farm Services, Inc. (CFSI) and Jade Orient Management Services, Inc. (JOMSI), which are non-operating subsidiaries and collectively referred to as “Absorbed Companies”, with CADPI. This decision was in line with the Group’s move to rationalize its operations. On April 14, 2014, the SEC issued the Certificate of Filing of Articles and Plan of Merger approving the merger of CCSI, CFSI and JOMSI with CADPI, as the surviving entity. In 2015, management changed its intention and decided to continue the corporate existence of RPC and requested the cancellation of the application for its business closure from the Bureau of Internal Revenue. As at September 30, 2022, the applications for the cancellation of the business of CPSI and CIAI are still pending approval from the pertinent government agencies.

Prior to the merger in 2022, the Parent Company has control over RPC because it has the power to cast the majority of votes through its representatives in the BOD, has rights to variable returns from RPC and has the ability to affect those returns.

Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. The Group is using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the year are included in profit and loss from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the Group in transactions where the non-controlling interests are acquired or sold without loss of control. This is recognized as part of “Other equity items and reserves”. If the Group loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interests; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; (g) reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the portion of profit or loss and net assets of RPC (in 2021) and SCBI (in 2022 and 2021) not held by the Group, directly or indirectly, and are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements 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.

On January 19, 2022, the BOD and stockholders of each of CADPI, CACI, RBC, RABDC and RPBC approved the merger of aforementioned entities, with CADPI as the surviving company. The application for merger of the entities was filed on January 19, 2022. The application was approved by the SEC on June 3, 2022 and the merger became effective on the same day upon the issuance of the Certificate of Merger. The merger did not affect the consolidated balance of the Group since the Parent Company's controlling ownership interest in all of the merged entities did not change prior to and after the merger.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the year by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting should be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting should be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized should be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the acquisition method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, are being considered.

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

<u>Current versus Noncurrent Classification/</u>
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;

- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:
- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

Financial Assets and Financial Liabilities
A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

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

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Group has no financial assets at FVPL and financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortized cost (debt instruments). This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are closely payments of principal and interest on the principal amount outstanding.

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

As of September 30, 2022 and 2021, the Group’s financial assets at amortized cost include cash and cash equivalents, trade receivables, due from employees, due from related parties, other receivables and refundable deposits presented in “Other current assets”.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. (a) For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). (b) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

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

In its ECL models, the Group relies on a broad range of forward-looking information as economic updates such as inflation and gross national income.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For its due from related parties, the Group applies the general expected credit loss model. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and measurement of other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, excluding taxes payable to the government) or borrowings (e.g., long term-debt as of September 30, 2022 and 2021, and short-term debt as of September 30, 2021).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

This category includes trade and other payables (excluding statutory liabilities and provision for probable losses), short-term borrowings and long-term borrowings as at September 30, 2022 and 2021 (see Notes 14, 15, 16 and 19).

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition of Financial Assets and Financial Liabilities

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

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

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Group and all of its counterparties.

Fair Value Measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Note 5, "Significant Judgments, Accounting Estimates and Assumptions - Determining the Revaluation Amount of Land and Determining the Fair Value of Investment Properties"
- Note 12, "Property, Plant and Equipment"
- Note 13, "Investment Properties"
- Note 30, "Fair Value Measurement"

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Raw and Refined Sugar, Molasses and Alcohol. Cost is determined using the weighted average method. Production cost is allocated using the NRV of each of the joint products (i.e., raw sugar, refined sugar and molasses). The cost of alcohol includes direct materials and labor and a proportion of manufacturing overhead costs with unit cost determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs to complete the production and the estimated costs necessary to make the sale.

Materials and Supplies. Cost is determined using the moving average method. NRV is the current replacement cost.

Provision for inventory losses and obsolescence is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management assessment.

Other Current Assets
This account consists of creditable withholding taxes (CWT), input value-added tax (VAT), advances to suppliers and prepayments.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

VAT. Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The net amount of VAT recoverable from taxation authority is presented as part of "Other current and noncurrent assets" in the consolidated statements of financial position. The net amount of VAT payable to taxation authority is included in "Trade and other payables" in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting year are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to suppliers represent prepayment to suppliers for goods or services to be delivered / rendered in the future. A reclassification is made to the appropriate account (e.g. supplies, inventory, property and equipment) once the supplier has fulfilled the performance obligation. The classification as to current or noncurrent is determined by the usage or realization of the asset to which the advances were paid for.

Investment in an Associate
Investment in an associate initially recognized at cost, is subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The Parent Company's share in net appraisal increase resulting from the revaluation of land of an associate is presented as "Share in revaluation increment on land of an associate," net of related deferred tax, in the consolidated statements of changes in equity as other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associate are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Assets Held for Sale and Discontinued Operations
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

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

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

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

Additional disclosures are provided in Note 11. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property, Plant and Equipment
Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such asset when the recognition criteria are met, and the estimated present value of the cost of dismantling and removing the asset and restoring the site. Borrowing costs incurred during the construction of a qualifying asset is likewise included in the initial cost of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Construction in progress pertains to properties under construction and are stated at cost. Cost includes costs of construction, labor, borrowings and other direct costs. Construction in progress is depreciated only from such time as the relevant assets are completed and put into operational use. Construction in progress are reclassified to the appropriate fixed asset category upon completion.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land under assets held for sale" and as part of "Other equity items and reserves", net of related deferred tax, in the consolidated statements of changes in equity as part of other equity items and reserves. Any resulting decrease is directly charged against the related revaluation increment to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently enough to ensure that the fair value of land does not differ significantly from its carrying amount.

The portion of revaluation increment on land, net of related deferred tax, realized upon disposal of the property is transferred to retained earnings.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful lives, as presented as follows:

Asset Category	Number of Years
Buildings and building improvements	30
Land improvements	10 to 25
Machinery and equipment:	
Factory machinery and installations	17 to 28
Safety equipment	5
Office furniture, fixtures and equipment	3 to 5
Depot and storage facilities	15
Transportation equipment	3 to 6

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

Major repairs and maintenance that qualified for capitalization are depreciated and amortized over the remaining useful life of the related asset.

The asset's estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Right-of-use Assets

It is the Group's policy to recognize and classify right-of-use assets as part of noncurrent assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Software Cost

Software cost, which is presented as part of "Other noncurrent assets," is initially measured at cost. Following initial recognition, software cost is carried at cost less accumulated amortization and any impairment losses. The software cost is amortized on a straight-line basis over its estimated economic useful life of three years and assessed for impairment whenever there is an indication that the software cost may be impaired. The amortization commences when the software cost is available for use. The period and the method of amortization for the software cost are reviewed at each financial year end.

Gains and losses arising from derecognition of software cost are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Impairment of Nonfinancial Assets

The carrying amounts of investment in an associate, property, plant and equipment, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill acquired in a business combination which is reviewed for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset. Impairment loss recognized during interim period in respect to goodwill or investment, cannot be reversed at year end.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as an appraisal increase. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital. The Parent Company also recognizes a corresponding increase in additional paid-in capital when services are rendered in an equity-settled share-based payment transaction.

Treasury Stock. Where the Parent Company purchases its own capital stock (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related taxes, is included in equity attributable to the equity holders of the Parent Company.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution.
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Group and the increase for authorized capital stock is approved by the SEC in cases of stock dividends issued to cover an increase in authorized capital stock. Unissued stock dividends are recorded as "Stock dividends distributable" and credited to "Capital stock" upon issuance.

Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented as other equity reserves under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRSs. These are presented as part of other equity reserves in the consolidated statements of changes in equity. Other comprehensive income (loss) includes revaluation increment on land, cumulative remeasurement gain or loss on net retirement assets and liabilities and cumulative loss on remeasurement loss of retirement assets of an associate.

Revenue Recognition
The Group is in the business of operating mill and refinery facilities to manufacture sugar and allied products in the Philippines in accordance with existing laws and government regulations. Revenue from contracts with customers is recognized when control of the goods are transferred and services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

Sale of goods. Sale of goods, which encompasses sales of raw sugar, refined sugar, molasses and alcohol, is recognized at a point in time, i.e., when the control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue from Tolling Services. Tolling services is recognized over time, i.e., when the services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from Milling Contracts. The Group provides milling services to sugar cane planters through an output sharing agreement. Revenue arising from sugar milling operation under an output sharing agreement is recognized upon conversion of the Planter's canes into raw sugar based on the fair value of the raw sugar at the time of production. The Group recognizes revenue from milling services over time, using units of production method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. free storage periods). In determining the transaction price for the sale of services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (e.g. subsidies to planters). The Group has assessed that there is no significant impact arising from variable consideration, significant financing components and noncash consideration.

(i) Variable consideration relating to revenue from milling contracts
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of services provide customers with a right to additional free-of-charge services (e.g. free storage periods). These additional free-of-charge services give rise to variable consideration.

To estimate the variable consideration for the expected future performance of free-of-charge services, the Group applies the “most likely amount” method for contracts using the relative stand-alone selling price of the services. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a contract liability for the expected future performance of services.

(ii) Significant financing component
Generally, the Group receives customer deposits from its customers. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group then recognizes a contract liability for the customer deposits received.

(iii) Consideration payable to customer relating to revenue from milling contracts
The Group provides subsidies to planters in the form of cash subsidies for transportation and hauling cost of sugar cane from sugar cane farms to mill site. The consideration payable to customer is accounted for as a reduction in the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

Contract Balances
Contract assets. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities - Financial assets at amortized cost (debt instruments).

Contract liabilities. A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Bill and Hold Sales. Bill and hold sales are recognized when all the following criteria are met:

a. It is probable that delivery will be made;
b. The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
c. The buyer specifically acknowledges the deferred delivery instructions; and
d. The usual payment terms apply.

Interest Income. Interest income is recognized on a time proportion basis using the effective interest method.

<u>Cost and Expense Recognition</u>
Cost and expenses are recognized in profit or loss upon receipt of goods, utilization of services, or at the date the cost and expenses are incurred.

Cost of Sales. Cost of sales includes direct materials and labor costs, and those related indirect cost incurred upon processing of the Group's products and rendering of its tolling services. It is recognized as expense when related goods are sold or the related services are rendered.

Selling, General and Administrative Expenses. Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, outside services, rental, utilities and general office expenses. These expenses are recognized when incurred.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense when incurred.

Capitalization of borrowing costs is suspended during extended period in which the Group suspends active development of a qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. An asset is normally ready for its intended use when the physical construction of the asset is complete even though routine administrative work might still continue.

Leases

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery, vehicles and other equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., equal or less than ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Employee Benefits

Short-term Employee Benefits. The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the reporting year. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The retirement benefits cost is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The retirement benefits cost comprises of the service cost, net interest on the retirement liability or plan asset and remeasurements of retirement liability or plan asset.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and interest cost or income in profit or loss.

Net interest on the retirement liability or plan asset is the change during the year in the retirement liability or plan asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the retirement liability or plan asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The plan assets are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Plan assets are not available to the creditors of the Group, nor can be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination Benefits. Termination benefits are payable when employment is terminated before the retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting year are discounted to present value.

Foreign Currency-Denominated Transactions and Translations
Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of reporting year. Foreign exchange differences are credited or charged directly in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting year and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Earnings (Loss) per Share

The Group presents basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares. Diluted earnings per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Segment Reporting

For purposes of management reporting, the Group's operating businesses are organized and managed separately on a per company basis, but are grouped into strategic business units (SBU) defined along the Group's core main product lines, namely: sugar and alcohol.

Operating segments are components of the Group: (a) that engage in business activities from which these may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as these become reasonably determinable.

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

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers - Identifying performance obligations. The Group has contracts with customers that involve the promise to deliver goods and provide free storage periods to customers which qualify as distinct performance obligations and are therefore accounted for separately. The Group determined that these are capable of being distinct as the Group can sell these goods and services on a stand-alone basis which indicates that the customer can benefit from both goods and services independently on their own. The Group also determined that the promises to transfer the goods and services are distinct within the context of the contract. The goods and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the goods and services together in this contract do not result in any additional or combined functionality and neither among the goods and services listed in the contract modify or customize the other. In addition, the services are not highly interdependent or highly interrelated because the Group would be able to transfer the goods and services even if the customer declined the other goods and services and would be able to provide the main goods in relation to products sold by other entities. Moreover, these goods and services can also be offered by other entities. Consequently, the Group allocated the transaction price to the performance obligations based on relative stand-alone selling prices.

Determining the Existence of Control in Investee Companies. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The Parent Company has the power to cast the majority of votes through its representatives in the BOD. Management has determined that despite having only 50% ownership in RPC and no equity ownership yet in NPSC, the Parent Company has control over RPC and NPSC by virtue of its rights to variable returns from the subsidiary and ability to affect those returns.

Determining the Classification of Lease Arrangements. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Group. Lease contracts in which the Group retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

<u>Operating Lease - The Group as a Lessor.</u> Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent income is recognized on a straight-line basis over the lease term of the lease, as applicable (see Note 13).

Rent income from the lease of agricultural land of NAVI amounted to nil in 2022 and 2021 and ₱6.2 million in 2020 (see Note 13).

Determination of lease term of contracts with renewal and termination options – the Group as a lessee
The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for lease of farm land with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for lease of farm land with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Determining the classification of assets held for sale and discontinued operations
On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate major

operating segment of the Group hence, the consolidated statements of income present its results of operations as discontinued operations.

As at September 30, 2022 and 2021, there are no assets held for sale (see Notes 11 and 12).

Assessment of Prospective Financial Information. The assumptions used in the Group's prospective financial information involve management making judgments, at a particular point in time, about future outcome of events or conditions. Management takes into account a whole range of factors which include, but are not limited to, expected operations and profitability and potential sources of additional financing. Management has future financing and operating plans regarding the Group, as discussed in Notes 1, 14 and 29.

As of September 30, 2022, the key assumptions used in the assessment of the Group's financial condition and prospective financial information are as follows:

Sales growth (average of less than 2% year on year) - Management based the projected sales growth on the production capacity of its plants over the forecast period.

Manufacturing costs ratio (averaging at 85% over the forecast period) - Management based the total ratio of variable production costs over sales and fixed manufacturing costs on its historical experience.

Operating expenses ratio (averaging at 7% over the forecast period) - Management based the total ratio of variable operating expenses over sales and fixed operating expenses on its historical experience.

Capital expenditures - Management based the projected capital expenses on business operations' requirements as approved by the BOD over the forecast period.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Provision for expected credit losses – Trade and other receivables using simplified approach

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

As at September 30, 2022 and 2021, the Group's trade and other receivables (excluding due from planters and cane haulers) amounted to ₱ 388.7 million and ₱ 494.6 million, respectively (see Note 8). Allowance for expected credited losses on trade and other receivables amounted to ₱135.6 million and ₱119.9 million as at September 30, 2022 and 2021, respectively (see Note 8).

Determining the NRV of Inventories. The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As at September 30, 2022 and 2021, the inventories carried at lower of cost and NRV amounted to ₱862.7 million and ₱554.6 million, respectively (see Note 9). Allowance for inventory losses and obsolescence amounted to ₱85.6 million and ₱82.5 million as at September 30, 2022 and 2021, respectively (see Note 9).

Allocating the Cost to Molasses Inventory. Management uses judgment to measure and allocate cost to the molasses inventory. When the costs of conversion of each product are not separately identifiable, these are allocated among the products on a rational and consistent basis. The allocation is based on the NRV of cane products at the completion of production.

As at September 30, 2022 and 2021, portion of molasses inventory amounting to ₱8.8 million and ₱6.9 million, respectively, pertains to allocated cost from the total production costs of milled raw and refined sugar (see Note 9).

Estimating the Provision for Unrecoverable Creditable Withholding Taxes. Provision for unrecoverable creditable withholding taxes is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Group, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment loss. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded loss for any period would differ based on the judgments or estimates made.

As at September 30, 2022 and 2021, the carrying value of creditable withholding taxes amounted to ₱1,463.2 million and ₱1,394.9 million, respectively, (see Note 10).

Determining the Revaluation Amount of Land. The land is carried at revalued amount, which approximates its fair value at the date of the revaluation. The valuation of land is performed by Philippine SEC accredited external appraisers. The fair value was arrived at using the Market Data Approach based on the gathered available market evidences and adjusted based on external factors. Revaluations are made on an annual basis to ensure that the fair value does not differ materially from its carrying value.

Land carried at revalued amount as at September 30, 2022 and 2021 amounted to ₱5,667.6 million and ₱ 4,512.9 million, respectively (see Note 12). Appraisal increase, net of tax, amounted to ₱866.0 million, ₱53.9 million and ₱492.0 million in 2022, 2021, and 2020, respectively (see Notes 12 and 18) was brought about by the significant developments in the surrounding area.

Estimating Useful Lives of Property, Plant and Equipment. The useful life of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

The carrying value of the depreciable property, plant and equipment as at September 30, 2022 and 2021 amounted to ₱5,301.3 million and ₱4,850.0 million, respectively (see Note 12).

Determining the Fair Value of Investment Properties. The fair value of the investment properties was determined by Philippine SEC accredited external appraisers using Market Data Approach based on gathered available market evidences and adjusted based on external factors. The latest appraisal reports were made for the valuation dates as of September 30, 2022 and 2021.

Investment properties stated at fair value amounted to ₱490.9 million and ₱415.7 million as at September 30, 2022 and 2021, respectively (see Note 13). The unrealized gain on fair value adjustment of investment properties amounted to ₱75.3 million, ₱17.3 million and ₱13.4 million in 2022, 2021 and 2020, respectively, recorded under "Other income" in the consolidated statements of income (see Note 25).

Assessing Impairment of Nonfinancial Assets. The Group assesses at the end of each reporting year whether there is any indication that the nonfinancial assets (except goodwill) may be impaired. If such indication exists for nonfinancial assets other than goodwill, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. In determining fair value, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. Goodwill is tested for impairment at least on an annual basis or more frequently if events or changes in circumstances indicate that it may be impaired. For goodwill, annual impairment test requires estimation of value-in-use of the cash generating unit to which goodwill relates. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets and goodwill may be impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Property, plant and equipment amounting to ₱ 5,301.3 million and ₱ 4,850.0 million as at September 30, 2022 and 2021, respectively (see Note 12), are subject to impairment testing when impairment indicators are present such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators.

The recoverable amount of property, plant and equipment has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management's future plans. The key assumptions used in determining the recoverable amount as of September 30, 2022 and 2021 are as follows:

Sales growth (average increase of 3.0% to 10.3% year on year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (0.4% and 2.0% in 2022 and 2021, respectively) - Cash flows beyond the five-year period are extrapolated growth rate using a 0.4% and 2.0% in 2022 and 2021, respectively, which is within the long-term average growth rate for sugar and bioethanol industry.

Raw sugar selling prices (nil in 2022, and average increase of less than 1% year on year in 2021) - Management based the unit price of raw sugar on the average historical experience in the market and current market developments.

Refined sugar selling price (average increase of less than 2% year on year) - Management based the unit price of refined sugar on the average historical experience in the market and current market developments.

Molasses selling price (average increase of less than 1% year on year) - Management based the unit price of molasses on the average historical experience in the market and current market developments.

Alcohol selling price (average increase of less than 1% year on year) - Management based the unit price of bioethanol on the average historical experience in the market and current market developments.

Feedstock yield (average of less than 1% year on year) - Management based the feedstock yield on the Group's historical experience in bioethanol produced over feedstock used.

Manufacturing costs ratio (averaging at 72% and 88% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of production costs over feedstock margin on its historical experience.

Operating expenses ratio (averaging at 9% and 7% over the forecast period in 2022 and 2021, respectively) - Management based the ratio of operating expenses over feedstock margin on its historical experience.

Discount rate (10.50% in 2022 and 10.80% in 2021 for CADPI and 12.10% in 2022 for SCBI) - The discount rate applied to the cash flows is based on the risk free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the acquiree's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Based on management's assessment, the recoverable amount of the cash generating unit is lower than the carrying value, thus goodwill on SCBI with carrying amount of ₱1,079.6 million was fully impaired in 2020 (see Note 6).

A reasonably possible change in the assumptions used in the computation of the recoverable amount of property, plant and equipment will not lead to an impairment loss.

Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates using observable inputs when available and is required to make certain entity-specific estimates.

The Group's lease liabilities amounted to ₱1.0 million and ₱0.6 million as of September 30, 2022 and 2021, respectively. (see Note 10).

Determining Retirement Benefits and Liability. The determination of the cost of retirement benefits and related retirement liability is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions, which include among others, discount rates and future salary increase rate are described in Note 17.

Actual results that differ from the assumptions are accumulated and are recognized as other comprehensive income and accumulated in equity. While management believes that the assumptions are reasonable and appropriate, significant differences in the Group's actual experience of significant changes in the assumptions may materially affect the retirement liability.

As at September 30, 2022 and 2021, net retirement assets amounted to ₱ 43.9 million and ₱ 48.6 million, respectively, while net retirement liabilities amounted to ₱ 346.9 million and ₱353.3 million as at September 30, 2022 and 2021, respectively (see Note 17). Net retirement benefits expense amounted to ₱46.6 million, ₱32.8 million and ₱141.4 million in 2022, 2021 and 2020, respectively (see Note 17).

Assessing Realizability of Deferred Tax Assets. The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Total deferred tax assets amounted to ₱1.0 million and ₱2.1 million as at September 30, 2022 and 2021, respectively (see Note 25).

No deferred tax assets were recognized on certain deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT with income tax effect amounting to ₱822.2 million and ₱1,328.1 million as at September 30, 2022 and 2021, respectively (see Note 25). Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

Evaluation of Provisions and Contingencies. The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The Group is involved in various tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized outstanding provision for probable losses amounting ₱77.7 million and ₱77.3 million as at September 30, 2022 and 2021, respectively (see Notes 16 and 27).

6. Business Combination

In April 2015, the Group entered into a Sale and Purchase Agreement (SPA) for the acquisition of 93.35% equity interest in SCBI through RPBC, a wholly owned subsidiary. The acquisition resulted to recognition of goodwill amounting to P1,079.6 million. The goodwill primarily relates to expected synergy arising from acquisition.

In September 2020, the recoverable amount of the cash generating unit is lower than the carrying value, thus goodwill was fully impaired. This was caused by the lower terminal growth rate for the bioethanol industry.

7. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱381**	₱662
Cash in banks	**290,038**	56,207
Cash equivalents	**2,111**	2,105
	₱292,530	₱58,974

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

Interest income earned from cash in bank and cash equivalents amounted to ₱0.4 million, ₱0.3 million and ₱1.0 million in 2022, 2021, and 2020, respectively (see Note 25).

8. Trade and Other Receivables

This account consists of:

	Note	**2022**	2021
Trade		**₱427,850**	₱515,064
Due from:			
Planters and cane haulers	27	**51,778**	70,263
Employees		**25,383**	28,649
Others		**71,077**	70,784
		576,088	684,760
Allowance for expected credit losses		**(167,319)**	(151,633)
		₱408,769	₱533,127

Trade receivables are unsecured, noninterest-bearing with credit terms ranging from 15 to 120 days.

Due from planters and cane haulers pertain to interest-bearing cash advances, which will be settled in the form of raw sugar from the planters and through services to be rendered by the cane haulers, respectively. Interest income amounted to ₱0.9 million, ₱1.1 million and ₱3.5 million in 2022, 2021 and 2020, respectively (see Note 24).

Due from employees include housing and educational loans which are collected through salary deduction, and advances for business purposes subject to liquidation.

Other receivables mainly include claims from a former stockholder of SCBI which are noninterest-bearing and covered by an escrow agreement. The amount is expected to be collected within the next year.

Details and movements of allowance for ECL on trade and other receivables are presented in the following tables:

		2022				
	Note	**Trade**	**Due from Planters and Cane Haulers**	**Due from Employees**	**Others**	**Total**
Balance at beginning of year		**₱117,536**	**₱31,755**	**₱133**	**₱2,209**	**₱151,633**
Provision (reversal)	22	**15,686**	**–**	**–**	**–**	**15,686**
Balance at end of year		**₱133,222**	**₱31,755**	**₱133**	**₱2,209**	**₱167,319**

		2021				
	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱62,047	₱55,473	₱2,214	₱11,062	₱130,796
Provision (reversal)	22	55,489	(23,718)	(2,081)	(8,853)	20,837
Balance at end of year		₱117,536	₱31,755	₱133	₱2,209	₱151,633

9. **Inventories**

This account consists of:

	2022	2021
At NRV:		
Materials and supplies	**₱445,112**	₱210,099
Molasses	**232,645**	63,295
Alcohol	**125,560**	79,251
At cost:		
Raw sugar	**44,466**	35,849
Refined sugar	**–**	157,706
Others	**14,928**	8,373
	₱862,711	₱554,573

Raw sugar quantities reported as inventories are supported by quedan held by the Group. The Group also has raw sugar quantities, which are also supported by quedan, held in trust for third parties (see Note 27). A quedan is a warehouse receipt document which evidences the ownership of specified quantity in a warehouse or sugar central.

Cost of inventories valued at NRV is shown below:

	2022	2021
Materials and supplies	**₱485,628**	₱247,493
Alcohol	**153,201**	106,892
Molasses	**250,131**	80,781
	₱888,960	₱435,166

Details and movements of allowance for inventory losses and obsolescence are as follows:

	2022			
	Materials and Supplies	**Alcohol**	**Molasses**	**Total**
Balance at beginning of year	**₱37,394**	**₱27,641**	**₱17,486**	**₱82,521**
Provisions (reversal)	**3,122**	**–**	**–**	**3,122**
Balance at end of year	**₱40,516**	**₱27,641**	**₱17,486**	**₱85,643**

	2021			
	Materials and Supplies	Alcohol	Molasses	Total
Balance at beginning of year	₱19,080	₱34,077	₱20,093	₱73,250
Provisions (reversal)	18,314	(6,436)	(2,607)	9,271
Balance at end of year	₱37,394	₱27,641	₱17,486	₱82,521

Provisions for inventory losses and obsolescence, net of reversals amounting to ₱3.1 million, ₱9.3 million and ₱24.5 million, are presented as “Others” under “Cost of sales and services“ in 2022, 2021 and 2020, respectively (see Note 21). Reversals pertain to inventories with allowance for losses and obsolescence which were sold in 2022 and 2021.

Cost of inventories recognized as expense and presented as “Direct materials used” under “Cost of sales and services” amounted to ₱4,486.7 million, ₱1,938.1 million and ₱2,473.7 million in 2022, 2021 and 2020, respectively (see Note 21). Cost of inventories recognized as expense included as part of “Cost of sales and services” of discontinued operations amounted to nil in 2022 and 2021 and ₱1,984.0 million in 2020 (see Note 11).

10. **Other Assets**

Current portion of this account consists of:

	2022	2021
Input VAT	**₱136,706**	₱46,941
Advances to suppliers	**104,981**	74,953
Prepayments	**30,164**	27,763
Refundable deposits	**16,036**	15,982
Others	**55,614**	5,288
	₱343,501	₱170,927

Current portion of advances to suppliers represents cash paid in advance for purchase of materials and supplies.

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

Noncurrent portion of other assets consist of:

	2022	2021
Creditable withholding taxes	**₱1,463,172**	₱1,394,924
Advances to suppliers and contractors	**42,642**	103,942
Right-of-use assets	**1,588**	844
Input VAT	**39**	93,873
	₱1,507,441	₱1,593,583

Noncurrent portion of input VAT mostly arises from construction services relating to the Ethanol Plant.

Right-of-use (ROU) Assets and Lease Liabilities

PFRS 16 standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the consolidated statement of financial position. Thus, the Group as lessee is required to recognize right-of-use assets and lease liabilities.

The Group has long-term lease contracts for farm land and office space. The lease contract for office space from a third party was renewed for another three years starting September 1, 2022 until August 31, 2025. The contract is renewable upon mutual agreement of the parties and is treated as short-term lease.

The rollforward analysis of ROU assets and lease liabilities follows:

	Note	**2022** ROU assets	Lease Liabilities
Balance at beginning of the year		**₱844**	**₱574**
Addition		**1,247**	**399**
Depreciation	22	**(503)**	**–**
Interest expense		**–**	**70**
Balance at end of the year		**₱1,588**	**₱1,043**

	Note	2021 ROU assets	Lease Liabilities
Balance at beginning of the year		₱44,112	₱30,117
Addition		15	–
Disposal		(24,074)	(20,295)
Depreciation	22	(19,209)	–
Payments		–	(9,894)
Interest expense		–	646
Balance at end of the year		₱844	₱574

Lease liabilities are presented as follows:

	2022	2021
Current portion	**₱104**	₱374
Noncurrent portion (Other noncurrent liabilities)	**939**	200

The following are the amounts recognized in the consolidated statement of income:

	Note	**2022**	2021	2020
Rent expense - short-term leases	22	**₱13,847**	₱843	₱4,155
Depreciation expense of right-of-use assets	22	**503**	19,209	28,348
Interest expense on lease liabilities	15	**70**	646	2,322
Rent expense included under “Cost of Sales and Services” and “Operating Expenses” from discontinued operations		**–**	–	31,295
Total amount recognized in consolidated statement of income		**₱14,420**	₱20,698	₱66,120

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Less than 1 year	**₱9,629**	₱9,811
One year to less than 2 years	**10,031**	255
Two years to less than 3 years	**10,430**	255
Three years to less than 4 years	**227**	233
Four years or more	**32**	–
	₱30,349	₱10,554

Noncurrent portion of advances to suppliers and contractors represents cash paid in advance for purchase and/or construction of property, plant and equipment.

11. Assets Held for Sale and Discontinued Operations

On May 23, 2018, the Group entered into an Asset Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remained committed to sell the assets in Batangas and was negotiating with a prospective buyer as of September 30, 2019. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

However, as of September 30, 2020, the criteria for classification as held for sale are no longer met; thus, the assets were reclassified to property, plant and equipment (see Note 12). The Group's sugar milling and refinery operations in Batangas are measured at carrying amounts before the assets are classified as held for sale as adjusted for any depreciation, amortization or revaluation that would have been recognized if had not been so classified. The assets' total carrying amount of ₱7.3 billion is lower than the recoverable amount at the date of the subsequent decision not to sell. Depreciation of assets previously classified as held for sale amounting to ₱612.0 million are presented under "Other income (expense)" (see Note 24).

On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate geographical area of operations of the Group hence, the consolidated statements of income present its results of operations as discontinued operations and are no longer presented as part of sugar and alcohol operating segments disclosure in Note 32.

The results of operations of the Group's sugar milling and distillery operations in 2020 in La Carlota City, Negros Occidental, are shown in the table below (nil in 2022 and 2021):

Revenue:	
Revenue from contracts with customers	₱4,497,597
Sale of goods	–
	4,497,597
Cost of sales and services	(4,201,784)
Gross income	295,813
General and administrative expenses	(361,708)

(Forward)

Selling expense	(7,502)
Interest expense	(243,643)
Loss from sale of assets	(1,163,230)
Other income (expense)	(37,446)
Loss before income tax	(1,517,716)
Income tax expense	(15,866)
Net Loss from discontinued operations	(₱1,533,582)

Net increase (decrease) in cash provided in 2020 by CACI’s, RBC’s and NAVI’s discontinued operations follows:

Net cash provided (used in) by operating activities	₱1,037,927
Net cash provided by (used in) investing activities	3,282,612
Net cash provided by (used in) financing activities	(4,428,886)

Loss per share from discontinued operations follow (see Note 27):

Basic	(₱0.99)
Diluted	(0.99)

12. **Property, Plant and Equipment**

Property, Plant and Equipment

Details and movements of property, plant and equipment, valued at cost, are shown below:

	2022						
	Buildings and Improvements	**Machinery and Equipment**	**Office Furniture, Fixtures and Equipment**	**Depot and Storage Facilities**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost							
Balances at beginning of year	**₱1,895,568**	**₱11,173,979**	**₱692,486**	**₱189,287**	**₱194,496**	**₱230,659**	**₱14,376,475**
Additions	**2,441**	**24,105**	**2,793**	**–**	**627**	**905,305**	**935,271**
Disposals	**–**	**(187)**	**–**	**–**	**(12,582)**	**–**	**(12,769)**
Reclassifications	**42,615**	**151,398**	**1,704**	**–**	**7,738**	**(203,455)**	**–**
Balances at end of year	**1,940,624**	**11,349,295**	**696,983**	**189,287**	**190,279**	**932,509**	**15,298,977**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**1,348,008**	**7,298,289**	**675,357**	**113,747**	**91,097**	**–**	**9,526,498**
Depreciation and amortization*	**56,121**	**398,334**	**3,471**	**11,411**	**11,357**	**–**	**480,694**
Disposals	**–**	**(13)**	**–**	**–**	**(9,479)**	**–**	**(9,492)**
Balances at end of year	**1,404,129**	**7,696,610**	**678,828**	**125,158**	**92,975**	**–**	**9,997,700**
Net Carrying Amount	**₱536,495**	**₱3,652,685**	**₱18,155**	**₱64,129**	**₱97,304**	**₱932,509**	**₱5,301,277**

	2021						
	Buildings and Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	Depot and Storage Facilities	Transportation Equipment	Construction in Progress	Total
Cost							
Balances at beginning of year	₱1,859,812	₱10,996,481	₱691,070	₱189,287	₱208,222	₱32,847	₱13,977,719
Additions	18,193	18,739	63	–	780	401,029	438,804
Disposals	–	(12,177)	–	–	(27,871)	–	(40,048)
Reclassifications	17,563	170,936	1,353	–	13,365	(203,217)	–
Balances at end of year	1,895,568	11,173,979	692,486	189,287	194,496	230,659	14,376,475
Accumulated Depreciation and Amortization							
Balances at beginning of year	1,293,138	6,912,385	662,743	102,336	94,672	–	9,065,274
Depreciation and amortization*	54,870	396,935	12,614	11,411	14,342	–	490,172
Disposals	–	(11,031)	–	–	(17,917)	–	(28,948)
Balances at end of year	1,348,008	7,298,289	675,357	113,747	91,097	–	9,526,498
Net Carrying Amount	₱547,560	₱3,875,690	₱17,129	₱75,540	₱103,399	₱230,659	₱4,849,977

Construction in progress mainly pertains to the on-going plant improvements and milling and refinery equipment for inspection and installation, which are to be completed in the next fiscal year. As at September 30, 2022 and 2021, the Group has contractual commitment for the on-going construction projects amounting to ₱932.5 million and ₱230.7 million, respectively.

Unamortized capitalized borrowing cost as at September 30, 2022 and 2021 amounted to ₱101.4 million and ₱121.0 million, respectively. The capitalized borrowing cost is amortized over the estimated useful lives of the qualifying assets to which it relates. The Group has no borrowing costs capitalized in 2022 and 2021.

The amount of depreciation and amortization is summarized as follows:

	Note	**2022***	2021**	2020***
Cost of sales and services	21	**₱421,468**	₱418,442	₱127,785
General and administrative expenses	22	**59,390**	85,755	104,201
Other expense	24	**–**	–	612,044
Discontinued operations		**–**	–	416,112
		₱480,858	₱504,197	₱1,260,142

**Excludes depreciation considered as off-season amounting to₱26,975.*
***Excludes depreciation considered as off-season amounting to ₱5,184.*
****Excludes depreciation considered as off-season amounting to ₱16,309.*

As at September 30, 2022 and 2021, the software with original acquisition cost of ₱62.5 million is fully depreciated.

Land at appraised values and its related cost are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱4,512,884**	₱4,537,678
Appraisal increase	18	**1,154,691**	71,572
Reclassification to investment properties	13	**–**	(96,366)
Balance at end of year		**₱5,667,575**	₱4,512,884
At cost		**₱631,607**	₱631,607

Loss from disposal of property, plant and equipment in September 2020 amounted to ₱1.2 billion.

As at September 30, 2022 and 2021, the revaluation of land is based on the appraised values using a market data approach, as determined by Philippine SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The revalued amount has been categorized as level 3 (directly or indirectly observable inputs). The latest appraisal reports were made for the valuation dates as of September 30, 2022 and 2021.

Certain property, plant and equipment with a replacement cost of ₱ 9,316.2 million as at September 30, 2022 and 2021 were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 15).

Due to the enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act on March 26, 2021, the deferred tax liability relating to the revaluation increment of assets classified as property, plant and equipment was adjusted to reflect the revised effective tax rate resulting the recognition of the other comprehensive income amounting to ₱129.2 million.

13. **Investment Properties**

Movements in investment properties are as follows:

	Note	**2022**	2021
At fair value:			
Balance at beginning of year		**₱415,658**	₱301,948
Fair value adjustment	24	**75,288**	17,344
Reclassifications from property, plant and equipment	12	**–**	96,366
		₱490,946	₱415,658

Investment properties pertain to land of the Parent Company, NAVI, CADPI and SCBI held for rental and capital appreciation.

Rent income from the lease of agricultural land of NAVI amounted to nil in 2022 and 2021 and ₱6.2 million in 2020, respectively. Direct operating expenses amounted to nil in 2022 and 2021 and ₱1.8 million in 2020, respectively, which mainly pertain to real property taxes.

The fair value of investment properties is based on the appraised value of the property using a market data approach, as determined by SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The fair value measurement for land has been categorized as Level 3 (directly or indirectly observable inputs). The latest appraisal reports were made for the valuation dates as of September 30, 2022 and 2021.

14. **Short-term Borrowings**

This account consists of unsecured short-term loans obtained from various local banks for the working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 7.0% to 7.25% in 2022 and from 6.0% to 7.25% in 2021. There are no debt covenants relating to these borrowings in 2022 and 2021.

Total interest expense arising from short-term borrowings amounted to ₱45.0 million, ₱274.8 million and ₱269.9 million in 2022, 2021 and 2020, respectively (see Note 15).

On September 23, 2020, the Company sent letter request to the major creditor banks for the proposed conversion to long-term debt of outstanding short-term loans amounting to ₱3,499 million. As of December 16, 2020, the Company has received letter of renewal of credit line, conforme letter and term sheet from the creditor banks. As at September 30, 2021, the Company was granted approval to convert short-term loans amounting to ₱2,000.0 million to long term debt. In December 2021, the approval on the term out request for the remaining short term loan amounting to ₱1,499.0 million was granted. This is treated as a non-cash financing activity.

As at September 30, 2022 and 2021, the Group paid ₱211.8 million and ₱408.8 million of its short-term loans, respectively. Outstanding short-term borrowings amounted to nil and ₱1,710.8 million as at September 30, 2022 and 2021, respectively.

15. **Long-term Borrowings**

The Group obtained various loans from local banks. Outstanding long-term borrowings are presented below:

			Outstanding Balance	
Facility	Terms	Collateral	**2022**	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	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	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	MTI	**–**	1,000
			4,750,000	3,251,000
Unamortized transaction costs			**(24,059)**	(15,000)
Noncurrent long-term borrowings			**4,725,941**	3,236,000
Current portion of long-term borrowings			**(248,670)**	–
			₱4,477,271	₱3,236,000

Suretyship Agreements and MTI

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, CADPI, CACI and RBC. Property, plant and equipment with a replacement cost of ₱9,316.2 million as at September 30, 2022 and 2021 were mortgaged and used as collateral to secure the loan obligations with the local bank creditors (see Note 12).

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 Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.10:1 by its creditor bank.

As of September 30, 2022, the Group did not meet the minimum required DSCR. Approved bank waiver on minimum DSCR requirement as of September 30, 2022 were received before September 30, 2022. Accordingly, under PAS 1, the Group classified its long-term borrowing based on its agreed maturity dates into current and noncurrent portions on its consolidated statement of financial position as of September 30, 2022.

As of September 30, 2020, the Group prepaid its outstanding long-term borrowings amounting to ₱2,721.5 million.

The maturities of the long-term borrowings based on the original terms of the loan agreements are as follows:

	2022	2021
Less than 1 year	**₱248,670**	₱–
One year to less than 2 years	**523,717**	98,670
Two years to less than 5 years	**2,336,979**	1,145,680
Five years or more	**1,616,575**	1,991,650
	₱4,725,941	₱3,236,000

Convertible Loan
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.

Interest expense from the convertible note in 2022 amounted to ₱19.8 million.

The convertible note is presented in the statements of financial position as at September 30, 2022 as follows:

Presented under noncurrent liabilities	₱792,713
Presented under equity	21,130
	₱813,843

Interest Expense
Interest ranges from 5.75% to 7.25%, 6.00% to 7.25% and 4.55% to 6.55% in 2022, 2021 and 2020, respectively. Interest expense arises from the following borrowings:

	Note	2022	2021	2020
Continuing operations:				
Long-term		**₱257,756**	₱58,133	₱123,751
Short-term	14	**45,024**	274,790	269,924
Convertible note		**19,843**	–	–
Lease liabilities	10	**70**	646	2,322
Advances		**–**	4,717	–
		₱322,693	₱338,286	₱395,997
Discontinued operations	11	**₱–**	₱–	₱243,643

16. **Trade and Other Payables**

This account consists of:

	Note	2022	2021
Trade		**₱2,205,223**	₱1,350,406
Due to:			
Planters		**16,526**	7,398
Related parties	19	**1,454**	7,098
Accruals for:			
Services		**16,975**	15,706
Utilities		**23,132**	12,701
Interest		**3,563**	11,218
Construction in progress		**–**	6,553
Payroll and other employee benefits		**6,592**	4,872
Others		**58,127**	34,142
Contract liabilities	20	**275,924**	38,987
Payable to government agencies for taxes and statutory contributions		**100,981**	17,842
Provision for probable losses	22, 27	**77,669**	77,318
Others		**7,139**	7,261
		₱2,793,305	₱1,591,502

Trade payables are noninterest-bearing and generally settled within 30 to 60 days.

Due to planters pertains to unpaid purchases of raw sugar and planters' incentives, which are normally settled within one crop year.

Contract liabilities pertain to noninterest-bearing cash deposits from customers, which will be applied against future deliveries of refined sugar.

Payables to government agencies contributions for taxes and statutory and other payables are noninterest-bearing and are normally settled in the next 12 months.

Rollforward of provision for probable losses as of September 30, 2022 and 2021 are as follows:

	Note	**2022**	2021
Beginning balance		**₱77,318**	₱122,253
Additions	22	**28,875**	20,079
Reclassifications		**–**	2,993
Payments		**(28,524)**	(68,007)
Ending balance		**₱77,669**	₱77,318

17. **Retirement Benefits**

The Parent Company and its subsidiaries, namely: CADPI and SCBI as of September 30, 2022 and CACI, CADPI and SCBI as of September 30, 2021 have individual and separate non-contributory defined benefit plan covering all qualified employees. RBC estimates its retirement benefits under Republic Act (R. A.) No. 7641, *Philippine Retirement Pay Law*. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Retirement Benefits

Net retirement benefits expense recognized in the consolidated statements of income included in personnel costs under “Cost of sales and services” and “General and administrative expenses” accounts are summarized in below.

	2022	2021	2020
Current service cost	**₱29,896**	₱19,682	₱50,440
Net interest cost	**15,751**	12,880	18,203
Settlement loss (gain)	**955**	228	72,788*
	₱46,602	₱32,790	₱141,431

**The settlement loss in 2020 primarily arises from separation pay for separated employees of CACI and RBC.*

The remeasurement losses (gains) recognized in the consolidated statements of comprehensive income are as follows:

	2022	2021	2020
Remeasurement losses (gains) on:			
Defined benefit obligation due to:			
Changes in financial assumptions	**(₱63,247)**	(₱101,960)	₱57,207
Experience adjustments	**22,703**	34,974	(8,770)
	(40,544)	(66,986)	48,437
Return on plan assets	**14,502**	(5,615)	41,118
	(26,042)	(72,601)	89,555
Deferred tax	**7,634**	12,111	(9,106)
	(18,408)	(₱60,490)	₱80,449

Retirement Assets and Liabilities

Retirement assets and liabilities recognized in the consolidated statements of financial position are as follows:

	2022	2021
Net retirement liabilities [1]	**(₱346,859)**	(₱352,793)
Net retirement assets [2]	**43,867**	48,590
Net retirement liabilities	**(₱302,992)**	(₱304,203)

[1] *Pertain to net retirement liabilities of CADPI and SCBI.*

[2] *Pertain to net retirement assets of the Parent Company.*

Components of net retirement liabilities:

	2022	2021
Present value of defined benefit obligation	**(₱351,919)**	(₱365,097)
Fair value of plan assets	**48,927**	60,894
	(₱302,992)	(₱304,203)

The movements in net retirement assets (liabilities) are as follows:

	2022		2021	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱48,590**	**(₱352,793)**	₱2,958	(₱400,436)
Remeasurement gain (loss) recognized in other comprehensive income	**(6,667)**	**32,709**	45,395	27,206
Retirement benefits income (expense)	**1,944**	**(48,546)**	237	(33,027)
Benefits paid from Group funds	**–**	**21,771**	–	53,464
Balance at end of year	**₱43,867**	**(₱346,859)**	₱48,590	(₱352,793)

Changes in the Present Value of the Defined Benefit Obligation

	2022		2021	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱–**	**₱365,097**	₱–	₱513,290
Current service cost	**–**	**29,896**	–	19,682
Remeasurement losses (gains) due to:				
Changes in financial assumptions	**–**	**(63,247)**	–	(101,960)
Experience adjustments	**–**	**22,703**	–	34,974
Benefits paid	**–**	**(21,771)**	–	(118,297)
Interest cost	**–**	**18,286**	–	17,180
Settlement loss	**–**	**955**	–	228
Balance at end of year	**₱–**	**₱351,919**	₱–	₱365,097

Changes in the Fair Value of Retirement Plan Assets

	2022		2021	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱48,590**	**₱12,304**	₱2,958	₱112,854
Remeasurements	**(6,667)**	**(7,835)**	45,395	(39,780)
Benefits paid	**–**	**–**	–	(64,833)
Interest income on plan assets	**1,944**	**591**	237	4,063
Balance at end of year	**₱394,804**	**₱5,060**	₱48,590	₱12,304

The expected return on plan assets were determined based on a reputable fund trustee's yield rate for risk portfolio similar to that of the fund with consideration to the funds' past performance.

The categories of the plan assets are as follows:

	2022	2021
Cash	**1.0%**	0.5%
Receivables	**5.1%**	39.0%
Available-for-sale financial assets	**93.8%**	60.5%
Investments in government securities	**0.0%**	0.0%
	100.0%	100.0%

As at September 30, 2022 and 2021, plan assets include investments in 27.4 million shares of stock of the Parent Company with a fair value amounting to ₱26.6 million and ₱34.4 million, respectively.

The principal assumptions used in determining the retirement assets and liabilities of the Group are shown below:

	Discount Rate, September 30		Discount Rate, October 1		Salary Increase Rate, September 30		Salary Increase Rate, October 1	
	2022	2021	2021	2020	**2022**	2021	2021	2020
RHI	**7.2%**	5.1%	5.1%	3.6%	**3.0%**	3.0%	3.0%	4.0%
CADPI	**7.2%**	5.1%	5.1%	3.6%	**3.0%**	3.0%	3.0%	4.0%
SCBI	**7.4%**	5.1%	5.1%	3.7%	**3.0%**	3.0%	3.0%	4.0%

The Group does not expect to contribute to their respective retirement funds in 2023.

The sensitivity analysis based on reasonably possible changes of the assumptions on the defined benefit obligation as at September 30, 2022 and 2021 is presented below.

		2022	2021
	Change in Assumption	**Retirement Liabilities**	Retirement Liabilities
Discount rate	+1.0%	**(₱22,554)**	(₱27,893)
	-1.0%	**25,943**	32,646
Salary Rate	+1.0%	**26,804**	33,103
	-1.0%	**(23,572)**	(25,354)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability.

The schedule of projection of benefit payments expected to be paid out of the retirement fund is as follows:

Period	**2022**	2021
Less than one year	**₱113,315**	₱102,711
Between one and five years	**130,401**	117,346
Over five years	**1,688,316**	1,424,315
	₱1,932,032	₱1,644,372

As at September 30, 2022 and 2021, the average duration of the defined benefit obligation at the end of reporting period is 16.9 years and 15.6 years, respectively.

18. **Equity**

a. Capital stock and treasury stock

Details of capital stock and treasury stock follow:

	2022		2021		2020	
	Number of Shares	**Amount** *(in Thousands)*	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*
Authorized common shares "Capital A" at ₱1.0 par value						
Balance at beginning and end of year	**2,000,000,000**	**₱2,000,000**	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000
Issued common shares "Class A"						
Balance at beginning and end of year	**1,565,579,279**	**₱1,565,579**	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)	(17,643,480)	(52,290)
Issued and outstanding	**1,547,935,799**	**₱1,513,289**	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 using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

b. Other equity items and reserves

Details follow:

	Note	2022	2021	2020
Equity reserves:				
Revaluation Increment on Land	12			
Balance at beginning of year		**₱3,584,862**	₱3,405,708	₱430,233
Appraisal increase, net of tax		**856,990**	50,505	491,275
Effect of change in effective tax rate		**–**	128,649	–
Reclassification of revaluation increment on land under held for sale		**–**	–	2,827,822
Reclassification of subsidiaries' revaluation increment on land properties		**–**	–	(490,888)
Reversal of deferred tax liabilities on land properties sold		**–**	–	147,266
Balance at end of year		**4,441,852**	3,584,862	3,405,708
Cumulative Remeasurement Loss on Net Retirement Assets and Liabilities	17			
Balance at beginning of year		**(₱315,616)**	(₱377,711)	(₱279,995)
Remeasurement gain (loss), net of tax		**18,264**	60,302	(80,438)
Effect of change in effective tax rate		**–**	1,793	–
Reclassification of remeasurement gains		**–**		
on retirement assets and liabilities			–	(25,790)
Reversal of net deferred tax liabilities on		**–**		
remeasurement gains on retirement assets and liabilities			–	8,512
Reversal of other comprehensive income		**–**	–	–
Balance at end of year		**(297,352)**	(315,616)	(377,711)
Total equity reserves		**4,144,500**	3,269,246	3,027,997
Other equity items				
Excess of Consideration Received over Carrying Amount of Net Assets of a Subsidiary Transferred to the Parent Company		**577,148**	577,148	577,148
Effect of Change in equity Interest in Subsidiaries		**44,567**	44,567	44,567
Total other equity items		**621,715**	621,715	621,715
Total other equity items and reserves		**₱4,766,215**	₱3,890,961	₱3,649,712
Revaluation increment on land under assets held for sale	11,12			
Balance at beginning of year		**₱–**	₱–	₱2,806,661
Adjustment on revaluation increment		**–**	–	21,161
Reclassification of revaluation increment on land under held for sale		**–**	–	(2,827,822)
Balance at end of year		**₱–**	₱–	₱–
Share in revaluation increment on land of an associate held for sale	11	**₱–**		
Balance at beginning of year		**–**	₱–	₱285,600
Reclassification to profit and loss after disposal of investment		**–**	–	(285,600)
Balance at end of year		**₱–**	₱–	₱–

	Note	**2022**	2021	2020
Cumulative share in remeasurement loss on retirement liability of an associate held for sale	11			
Balance at beginning of year		**₱–**	₱–	(₱7,664)
Share in remeasurement loss		**–**	–	(5,335)
Reclassification to profit and loss after disposal of investment		**–**	–	12,999
Balance at end of year		**₱–**	₱–	₱–

Following the Reorganization Program as approved by the SEC on December 11, 2001, RHI was transformed into a diversified holding and investment corporation, while its subsidiary, CADP Group Corporation (CADPGC), emerged as a holding and investment company with specific focus on sugar milling and refining business. In 2008, RHI increased its equity ownership in CADPGC from 89.28% to 89.36% when CADPGC re-acquired portion of its shares of stock. On December 11, 2008, RHI acquired CADPGC's sugar-related operating subsidiaries (CADPI, CACI, CADPI, CFSI, CCSI, JOMSI, NAVI) and an associate (HP Co.), including certain assets and liabilities of CADPGC. On January 23, 2009, RHI sold its investment in CADPGC to Roxas & Company, Inc. Effective June 29, 2009, upon approval by the SEC on June 23, 2009, CADPGC, as the surviving entity, merged with Roxas & Company, Inc. through a share swap, wherein 11.71 CADPGC's shares of stock were exchanged for every share of stock of Roxas & Company, Inc. On the same date, the SEC approved the change in corporate name of CADPGC to RCI.

The acquisition by RHI on December 11, 2008 of the sugar-related operating subsidiaries and an associate from CADPGC was made for a total consideration of ₱3,838.0 million, which represents the cost of CADPGC's investments in subsidiaries and an associate amounting to ₱4,101.0 million, reduced by the net liabilities transferred by CADPGC amounting to ₱263.0 million. As a result, RHI increased its effective equity ownership in the sugar-related operating subsidiaries and recognized the effect of the change in equity ownership in subsidiaries and an associate in view of the reduction of non-controlling interests in subsidiaries of ₱44.6 million and presented as a separate component of the total consolidated equity.

On January 23, 2009, following the acquisition of the sugar-related operating subsidiaries and an associate from CADPGC, RHI sold its investment in CADPGC to RCI for a total consideration of ₱3,927.3 million. The excess of consideration received from RCI over the carrying amounts of net assets of CADPGC amounted to ₱577.1 million. This is presented as a separate component of equity under "Other equity reserves".

In 2022 and 2021, the Parent Company's management used OSD in its income tax filing with the Bureau of Internal Revenue (BIR). As such, effective tax rate on the computation of deferred tax liability on the revaluation increment of the Parent Company's land as of September 30, 2022 and 2021 is at 18%. In 2020, the Parent Company reversed the cost to sell of previously held for sale land amounting to ₱21.2 million.

c. Track record of registration

On March 16, 1994, the Parent Company registered with the SEC its 1,000,000,000 shares, consisting of 600,000,000 Class "A" shares and 400,000,000 Class "B" shares at a par value of ₱1.0 a share equivalent to ₱1,000,000,000, and representing the entire capital stock of the Parent Company. Moreover, the SEC licensed the sale or offer for sale of the Parent Company's

477,750,000 shares (inclusive of its present subscribed capital stock of 382,200,000 shares), out of which 95,550,000 shares were sold at ₱3.0 a share.

On September 4, 1995, the SEC licensed the sale or offer for sale of 174,400,000 shares in an initial public offering at an offer price between ₱5.0 to ₱8.0 a share. The said shares consist of 100.0 million shares from the Parent Company's registered but unlicensed and unissued capital stock for primary offering and 74,400,000 shares owned by selling shareholders for secondary offering.

On January 28, 1997, the Parent Company declared stock dividend at the rate of 30% payable to stockholders of record as at February 28, 1997.

On November 24, 1999 and December 15, 1999, the Parent Company declared stock dividend at the rate of 30%, consisting of 225,322,500 common shares at ₱1.0 a share, payable to stockholders of record as at February 15, 2000.

On January 30, 2003, the SEC approved the Parent Company's increase in authorized capital stock from ₱1,000,000,000 to ₱1,500,000,000, divided into 1,500,000,000 common shares. Of the total increase in authorized capital stock, 192,779,459 common shares at par value of ₱1.0 a share or total of 192,779,459 common shares, were fully paid through the declaration of stock dividend at the rate of 20% to stockholders of record as at February 28, 2003.

On April 3, 2003, the PSE approved the listing of additional 192,779,459 common shares, at a par value of ₱281.0 a share, representing the 20% stock dividend declaration discussed in the foregoing. Moreover, the Parent Company's listed shares were reduced by 188 common shares representing fractional shares arising from the 30% stock dividend declared in 1997 and 30% stock dividends declared in 2000, which were paid for in cash.

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 ₱1.0 per share. On the same day, the shareholders approved the subsequent conversion of the convertible note to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

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.

d. Retained earnings

Portion of retained earnings not available for dividend declaration

	Note	**2022**	2021
Cumulative unrealized gain on changes in fair value of investment properties, net of tax		**₱324,687**	₱208,085
Treasury stock		**52,290**	52,290
Deferred tax assets	25	**2,797**	2,089
		₱379,774	₱262,464

e. Share prices

The principal market for the Parent Company's shares of stock is the PSE. The high and low trading prices of the Parent Company's shares of stock for each quarter within the three fiscal years are presented in the table below.

Quarter	High	Low
October 1, 2021 through September 30, 2022		
First	₱1.34	₱1.01
Second	1.45	1.00
Third	1.61	1.07
Fourth	1.43	0.97
October 1, 2020 through September 30, 2021		
First	₱2.00	₱1.54
Second	2.25	1.35
Third	1.54	1.42
Fourth	1.52	1.20
October 1, 2019 through September 30, 2020		
First	2.39	1.74
Second	1.84	1.36
Third	1.67	1.28
Fourth	2.36	1.33

19. **Related Party Transactions and Balances**

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

Related Party	Relationship	Nature of Transaction	Year	Transactions during the Year	Due to Related Parties (see Note 16)
CADP Retirement Fund, Inc. (CADPRFI)	Retirement Fund of CADPI	Noninterest-bearing advances payable on demand	**2022**	**₱20,190**	**₱–**
			2021	37,951	4,298
RHI Retirement Fund, Inc. (RHIRFI)	Retirement Fund of RHI	Noninterest-bearing advances payable on demand	**2022**	**–**	**1,454**
			2021	2,800	2,800
			2022		**₱1,454**
			2021		₱7,098

**Other related party pertains to an entity under common control of the RHI Group management*

a. The Group made advances to RHIRFI and CADPIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. The Group's retirement funds hold RHI shares amounting to ₱26.6 million and ₱34.4 million as of September 30, 2022 and 2021, respectively (see Note 17).

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

c. As at September 30, 2022 and 2021, total amount of trade and non-trade receivables and payables with related parties eliminated during consolidation amounts to ₱53.5 million and ₱4,290.9 million, respectively, while revenue and expense eliminated amounts to ₱22.9 million, ₱40.9 million and ₱1,724.3 million as at September 30, 2022, 2021 and 2020, respectively.

Outstanding balances of transactions with related parties at yearend are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment loss in 2022, 2021 and 2020. This assessment is undertaken each financial year by reviewing the financial position of the related party and the market in which the related party operates.

d. Key management personnel compensation:

	Note	**2022**	2021	2020
Salaries and wages and other short-term benefits		**₱95,643**	₱74,432	₱116,046
Retirement benefits		**18,073**	14,065	22,783
		₱113,716	₱88,497	₱138,829

20. **Revenue**

a. The components of revenue are as follows:

	2022	2021	2020 (Note 11)
Sale of goods:			
Refined sugar	**₱4,204,313**	₱1,417,968	₱1,479,693
Alcohol	**1,590,065**	1,570,723	975,092
Molasses	**324,547**	345,086	232,134
Sugar syrup	**182,638**	–	–
Carbon dioxide	**6,110**	6,690	4,995
Raw sugar	**–**	339,489	1,457,274
	6,307,673	3,679,956	4,149,188
Sale of services:			
Milling (Note 3)	**543,786**	715,623	461,472
Tolling fees	**184,378**	88,228	158,198
Power	**31,686**	44,955	7,914
	759,850	848,806	627,584
	₱7,067,523	₱4,528,762	₱4,776,772

b. Contract Balances

The Group's trade and other receivables amounted to ₱388.7 million and ₱494.6 million September 30, 2022 and 2021, respectively (see Note 8).

The Group has no contract assets as at September 30, 2022 and 2021.

Contract liabilities mainly result from customers' deposits on sale of goods which is generally recognized at a point in time and sale of services for which revenue is generally recognized over time. Contract liabilities will be recognized as revenue when the related goods are delivered and services are rendered. As at September 30, 2022 and 2021, contract liabilities amounted to ₱275.9 million and ₱39.0 million, respectively. Contract liabilities as of September 30, 2021 and 2020 amounting to ₱39.0 million and ₱11.7 million, respectively, was recognized as revenue in 2022 and 2021, respectively (see Note 16).

c. Performance Obligations

The performance obligations on the sale of goods and services are satisfied when the related goods are delivered and services are rendered. Payment is generally due within 15 to 120 days from performance.

21. **Cost of Sales and Services**

	Note	**2022**	2021	2020 (Note 11)
Direct materials used	9	**₱4,486,652**	₱1,938,144	₱2,473,698
Milling cost		**732,107**	845,752	811,049
Fuel and oil		**482,543**	438,524	336,446
Depreciation and amortization	12	**394,493**	418,442	127,785
Personnel costs	23	**284,995**	266,186	259,707
Outside services		**173,355**	190,796	116,905
Productivity assistance and other planter's subsidies		**147,978**	167,118	89,423
Repairs and maintenance		**109,358**	132,990	140,592
Communication, light and water		**106,510**	61,668	66,123
Materials and consumables		**64,746**	28,377	43,466
Taxes and licenses		**54,288**	50,452	49,688
Others	9	**65,409**	57,676	120,635
		₱7,102,434	₱4,596,125	₱4,635,517

22. **Operating Expenses**

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	Note	**2022**	2021	2020 (Note 11)
Personnel costs	23	**₱275,044**	₱318,653	₱347,055
Outside services		**72,945**	100,778	90,989
Depreciation and amortization	12	**59,390**	85,755	104,201
Taxes and licenses		**39,583**	44,694	84,799
Provision for probable losses	16, 28	**28,875**	20,079	–
Provision for impairment losses on receivables	8	**15,686**	20,837	28,533
Repairs and maintenance		**14,258**	5,325	3,554
Professional fees		**11,101**	14,809	41,669
Communication, light and water		**9,763**	12,268	17,249

(Forward)

	Note	2022	2021	2020 (Note 11)
Materials and consumables		**₱9,341**	₱7,980	₱5,902
Corporate social responsibility		**5,121**	5,715	3,594
Travel and transportation		**4,696**	3,691	6,121
Organizational activities		**3,885**	3,885	6,204
Entertainment, amusement and recreation		**3,231**	1,877	2,047
Others		**16,227**	45,967	22,377
		₱569,146	₱692,313	₱764,294

Others mainly pertain to training and development, transfer cost and bank charges.

Selling Expenses

Selling expenses, representing mandatory fees paid to various regulatory agencies prior to sale of sugar, mainly pertains to delivery charges, sugar liens and dues and monitoring fees totaling ₱28.0 million, ₱20.3 million and ₱35.4 million in 2022, 2021 and 2020, respectively.

23. Personnel Costs

Personnel costs include:

	Note	2022	2021	2020 (Note 11)
Salaries, wages, allowances and other employee benefits		**₱491,778**	₱552,049	₱544,592
Retirement benefits	17	**68,261**	32,790	62,170
		₱560,039	₱584,839	₱606,762

The amount of personnel costs are allocated as follows:

	Note	2022	2021	2020 (Note 11)
Cost of sales	21	**₱284,995**	₱266,186	₱259,707
General and administrative expenses	22	**275,044**	318,653	347,055
		₱560,039	₱584,839	₱606,762

24. **Other Income (Charges)**

This account consists of:

	Note	**2022**	2021	2020 (Note 11)
Fair value adjustment of investment properties	13	**₱75,288**	₱17,344	₱13,387
Farm services		**22,650**	60,650	21,807
Gain (loss) on sale of scrap		**4,959**	(1,578)	3,996
Storage, handling and insurance fees		**4,374**	4,178	9,103
Interest income	7, 8	**1,272**	1,375	1,554
Gain (loss) on sale of properties and investments	11, 13	**686**	(9,131)	337,571
Reversal of long outstanding payables		**–**	153,862	–
Impairment of goodwill	6	**–**	–	(1,079,615)
Depreciation of assets previously classified as held for sale	12	**–**	–	(612,044)
Others		**57,846**	(24,794)	8,537
		₱167,075	₱201,906	(₱1,295,704)

In 2021, the Group written-off the long-outstanding payable to the previous shareholders of SCBI amounting to ₱130.0 million after assessing that the payment will no longer be collected from the RHI. Moreover, the Group written-off certain long outstanding payables to various suppliers and employees totaling to ₱23.9 million.

Others mainly pertain to income from conversion rights and woodchips and includes expenses necessary in completing the SNU sale transaction amounting to ₱17.0 million incurred in 2021.

25. **Income Taxes**

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

	Note	**2022[(1)]**	2021[(2)]
Deferred tax assets recognized in profit or loss:			
Allowance on Inventory losses and obsolescence	9	**₱501**	₱756
Retirement liabilities	17	**454**	410
Various accruals		**–**	923
		955	2,089
Deferred tax liabilities recognized in profit or loss			
Revaluation increment on land		**(738,126)**	(493,652)
Deferred milling costs		**(6,700)**	(1,288)
Various accruals		**(6)**	–
		(744,832)	(494,940)

(Forward)

	Note	2022[1]	2021[2]
Deferred tax liabilities recognized in other comprehensive income:			
Revaluation increment on land, including land previously classified as held for sale		**(₱17,676)**	(₱183,990)
Cumulative remeasurement losses on retirement asset		**(229,244)**	(9,503)
		(246,920)	(193,493)
Net deferred tax liabilities		**(990,797)**	(₱686,344)

[1] Recognized net deferred tax liabilities of RHI, CADPI, CACI, SCBI and NPSC.
[2] Recognized net deferred tax liabilities of RHI, CACI, RBC, SCBI, NAVI and NPSC

Details of other deductible temporary differences for which no deferred tax assets were recognized as management believes that it may not be probable that sufficient future taxable profits will be available against which the other deductible temporary differences can be utilized are presented as follows:

	2022	2021
NOLCO	**₱3,244,558**	₱4,351,372
Transaction cost amortization	**10,549**	4,607
Excess MCIT over RCIT	**8,432**	11,566
Customer deposits	**–**	26,869
Depreciation - ROU assets	**–**	4,688
Allowance for expected credit losses	**–**	1,174
Interest expense on finance lease liability	**–**	445

b. Details of carry forward benefits arising from NOLCO and excess MCIT are as follows:

NOLCO

Year Incurred	Balance as at September 30, 2021	Additions	Applied	Expired	Balance as at September 30, 2022	Available Until
September 30, 2022	₱–	₱159,611	₱–	₱–	**₱159,611**	September 30, 2027*
September 30, 2021	876,337	–	–	–	**876,337**	September 30, 2026*
September 30, 2020	2,208,610	–	–	–	**2,208,610**	September 30, 2025*
September 30, 2019	1,266,425	–	–	(1,266,425)	**–**	September 30, 2022
	₱4,351,372	₱159,611	₱–	(₱1,266,425)	**₱3,244,558**	

**In accordance with Revenue Regulations No. 15-2020, the unused NOLCO shall be presented in the Notes to Financial Statements, showing in detail, the following: (1) taxable year in which the net operating loss was sustained or incurred and (2) any amount thereof claimed as NOLCO deduction within 5 consecutive years.*

Excess MCIT

Year Incurred	Balance as at September 30, 2021	Additions	Applied	Expired	Balance as at September 30, 2022	Available Until
September 30, 2022	₱–	₱1,601	₱–	₱–	**₱1,601**	September 30, 2025
September 30, 2021	307	–	–	–	**307**	September 30, 2024
September 30, 2020	6,524	–	–	–	**6,524**	September 30, 2023
September 30, 2019	4,735	–	–	(4,735)	**–**	September 30, 2022
	₱11,566	₱1,601	₱–	(₱4,735)	**₱8,432**	

c. The reconciliation between the income tax benefit (expense) computed at the applicable statutory tax rate and income tax benefit (expense) presented in the consolidated statements of income is as follows:

	2022	2021	2020
Income tax benefit (expense) at statutory tax rate	**₱196,929**	₱229,078	₱1,140,950
Tax effects of:			
NOLCO and excess of MCIT over RCIT for which no related deferred tax assets were recognized	**(42,989)**	(224,046)	(733,077)
Nondeductible expenses	**(20,847)**	(24,746)	(123,409)
Effect of 5% statutory tax rate of SCBI	**(20,397)**	(14,525)	(45,891)
Non taxable income	**14,472**	35,288	–
Temporary differences for which no deferred tax assets were recognized	**8,294**	(2,364)	(36,842)
Adjustments resulting from derecognition of deferred tax assets	**2,618**	–	(27,346)
Interest income subject to final tax	**81**	56	236
Unallowable interest expense	**(4)**	(5)	–
Effect of change in effective tax rate	**–**	121,676	–
Effect of using optional standard deduction of Parent Company	**–**	(26,604)	(79,045)
Impairment loss on goodwill	**–**	–	(323,885)
Gain on sale subjected to capital gains tax	**–**	–	206,577
Dividend income exempt from income tax	**–**	–	12,076
Net income subject to income tax holiday (ITH)	**–**	–	(10,081)
Others	**(147,452)**	(116,415)	(2,880)
	(₱9,295)	(₱22,607)	(₱22,617)*

**includes income tax expense from discontinued operations amounting to ₱15,866*

The current income tax expense of the Group in 2022, 2021 and 2020 pertains to RCIT, or MCIT, whichever is higher, except for RBC and SCBI, which are entitled to ITH and 5% gross income tax, respectively.

d. Registration with the Board of Investments (BOI) of RBC

On October 24, 2008, the BOI approved the registration of RBC as a New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer and Non-Pioneer Status under the Omnibus Investments Code of 1987 or Executive Order (E.O.) No.226

On October 22, 2014, the BOI approved the amendment of registration of RBC from a New Producer of Bioethanol (Anhydrous) under E.O. No. 226 to Renewable Energy (R.E.) Developer of Biomass Resources under the R. A. No. 9513. The registration as a New Producer of Potable Ethanol is maintained under E.O. No. 226.

As a registered enterprise, RBC is entitled to certain tax incentives, which include, among others:

- ITH for the first seven years from December 3, 2013 until December 3, 2020;
- Duty-free importation of machinery, equipment and materials including control and communication equipment within the first ten years from the issuance of the BOI certificate of registration until October 23, 2018;
- Realty and other taxes on civil works, equipment, machinery, and other improvements actually and exclusively used for R. E. facilities shall not exceed one and a half (1.5%) of the original cost less accumulated depreciation or net book value;
- NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from gross income for the next seven consecutive taxable years immediately following the year of such loss is unused;
- Corporate tax rate of 10% on its net taxable income after seven years of ITH;
- If RBC did not avail of the ITH, the plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utilization of R. E. resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed; and
- Zero percent value-added tax rate on its purchase of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

Total tax incentives availed of amounted to nil, ₱0.4 million and nil in 2022, 2021 and 2020, respectively.

e. Income Tax Regime of SCBI

SCBI is registered with the Philippine Economic Zone Authority (PEZA) as an Agro-industrial Ecozone Enterprise under Registration Certificate No.09-01-AI dated September 23, 2009.

The following are the mutual covenants and undertaking of SCBI pursuant to Registration Agreement with the PEZA:

i. The registration as an Agro-Industrial Ecozone Enterprise entitles SCBI to conduct and operate its business inside the San Carlos Ecozone.

ii. The scope of SCBI's registered activity is limited to the production of bioethanol fuel and its by-products, power/electricity, carbon dioxide, and carbon emission reduction (known as carbon credits) and importation of raw materials, machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations at the San Carlos Ecozone.

26. Earnings per Share

Earnings per share is computed as follows:

	2022		2021		2020	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Net loss attributable to the equity holders of the Parent Company (a)	**(₱790,073)**	**(₱790,073)**	(₱934,882)	(₱934,882)	(₱3,877,786)	(₱3,877,786)
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,547,936	1,547,936
Weighted average number of common shares adjusted for effect of dilution (b)	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,547,936	1,547,936
Loss per share (a/b)	**(₱0.51)**	**(₱0.51)**	(₱0.61)	(₱0.61)	(₱2.51)	(₱2.51)

Earnings per share for continuing and discontinued operations (Note 11) is computed as follows:

	2022		2021		2020	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Net loss attributable to equity holders of the Parent Company from continuing operations (a)	**(₱790,073)**	**(₱790,073)**	(₱934,882)	(₱934,882)	(₱3,877,786)	(₱3,877,786)
Net loss attributable to equity holders of the Parent Company from discontinued operations (b)	**–**	**–**	–	–	(1,533,582)	(1,533,582)
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,547,936	1,547,936
Weighted average number of common shares adjusted for effect of dilution (c)	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,547,936	1,547,936
Loss per share (a/c)	**(₱0.51)**	**(₱0.51)**	(₱0.60)	(₱0.60)	(₱2.51)	(₱2.51)
Loss per share (b/c)	**–**	**–**	–	–	(₱0.99)	(₱0.99)

27. Commitments and Contingencies

a. Milling Contracts

CACI and CADPI (the “Mills”) have milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2021 to 2022. Renewal is upon mutual consent of both parties thereafter.

b. The Group has in its custody the following raw and refined sugar owned by third parties:

	2022		2021	
	Total Volume *(in Thousands) (LKg*)*	**Estimated Market Value** *(Amounts in Millions)*	Total Volume *(in Thousands) (LKg*)*	Estimated Market Value *(Amounts in Millions)*
Raw sugar	**1**	**₱2**	1	₱2
Refined sugar	**100**	**185**	222	465

**Equivalent to 50 kilogram bag unit.*

The foregoing volume of sugar is not reflected in the consolidated statements of financial position since these are not considered as assets of the Group. These raw sugar held on behalf of the third parties are also supported by quedan. The Group is accountable to the third parties for the value of trusted sugar or their sales proceeds.

c. Sales Contracts

CADPI and SCBI entered into various sales contracts with its major customers for the sale of refined sugar and alcohol. Outstanding sales contracts for refined sugar amounted to ₱63.6 million for 28,206 lkg bags, ₱718.6 million for 337,229 lkg bags and ₱183.8 million for 86,165 lkg bags as at September 30, 2022, 2021 and 2020, respectively, and nil, ₱208.4 million for 3,600,000 liters and nil for anhydrous alcohol as at September 30, 2022, 2021 and 2020, respectively.

d. Crop Loan and Contract Growing Agreements

RADC entered into crop loan and contract growing agreements with various planters for the scheduled delivery of sugar cane for the crop year 2021 to 2022. Advances made to planters related to these agreements as at September 30, 2022 and 2021 amounted to ₱51.8 million and ₱40.3 million, respectively, which are included as part of “Due from planters and cane haulers” under “Trade and other receivables” account (see Note 8).

e. Leases

The Group has various lease agreements for a period of one year covering heavy loading equipment and service vehicles with various trucking and heavy equipment service companies, which are used in transloading, hauling and other milling operations. The lease agreements are renewable annually upon mutual consent of both parties.

Moreover, the Group, as a lessee, leases its office space from a third party for a period of five three years until August 31, 2025, which is renewable upon mutual agreement of the parties.

Future minimum lease payments on its office space as at September 30, 2022 and 2021 are as follow:

	2022	2021
Within one year	**₱9,028**	₱9,811
After one year but not more than five years	**19,432**	–

Total rent expense from the related contracts amounted to ₱9.8 million, ₱0.8 million and ₱4.2 million in 2022, 2021 and 2020, respectively (see Note 10).

f. Hauling Services Contracts

The Group has an agreement for hauling services for the transport of sugarcane from the plantations to milling facilities. Related hauling expenses, which are presented as part of "Productivity assistance and other planter's subsidies" account under "Cost of sales and services", amounted to ₱148.0 million, ₱167.1 million and ₱89.4 million in 2022, 2021 and 2020, respectively (see Note 22).

g. Emission Reduction Purchase Agreement (ERPA)

On January 14, 2009, RBC and World Bank Group signed a $3.2 million ERPA for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year with a crediting period of 10 years starting 2010. As part of the ERPA, portion of the revenue for the purchase of the credits will be used to finance RBC's community development projects.

h. Contingencies

The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Outstanding provision for losses for disputed claims and assessments amounted to ₱77.7 million and ₱77.3 million as at September 30, 2022 and 2021, respectively, presented under "Trade and other payables" account (see Note 16).

28. **Financial Instruments**

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as restricted cash and dividends payable.

The main risks arising from the 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 or settle its obligations or at a reasonable price.

The Group's objective is to maintain continuity of funding. The Group's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level. The Group monitors its risk to a shortage of funds through monitoring of financial investments and financial assets and projected cash flows from operations. The Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

The Group concluded that the risk of default with respect to its debt is low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. On August 13, 2021, the Group received term sheets from major creditor banks for the proposed term out of outstanding short-term loan amounting to ₱4,750 million (see Note 14). As at September 30, 2021, the term out of ₱3,250 million out of ₱4,750 million short-term loans has been duly approved by creditor banks and converted to long-term borrowings while the remaining loan is completing bank approval documentation. As at September 30, 2022, the Group has fully paid its short-term loans.

The tables below summarize the maturity profile of the Group's loans and receivables held for managing liquidity and other financial liabilities based on contractual undiscounted payments.

September 30, 2022

	On demand	Less than 1 year	One year but less than 2 years	Two years or more	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, 2021 (see Notes 1 and 14). 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 (see Note 34)*

September 30, 2021

	On demand	Less than one year	One year but less than 2 years	Two years or more	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

(*Forward*)

September 30, 2021

September 30, 2021
On demand | Less than one year | One year but less than 2 years | Two years or more | Total

	On demand	Less than one year	One year but less than 2 years	Two years or more	Total
Financial liabilities					
Trade and other payables**	₱162,676	₱1,294,679	₱–	₱–	₱1,457,355
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	3,308,004	287,504	3,722,998	7,481,182
Liquidity position (gap)******	₱72,241	(₱2,973,346)	(₱287,504)	(₱3,722,998)	(₱6,911,607)

**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, and contract liabilities amounting to ₱39.0 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 Notes 1 and 14). 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 (see Note 34)*

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. As at September 30, 2022 and 2021, the analysis of financial assets follows:

	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 assets (see Note 10)*

	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	45,983	117,536	397,528
Due from employees	–	28,516	133	28,516
Other receivables	–	68,575	2,209	68,575
Refundable deposits**	15,982	–	–	15,982
	₱425,839	₱143,074	₱119,878	₱568,913

**Excluding cash on hand amounting to ₱0.7 million.*
***Included as part of other assets (see Note 10)*

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 September 30, 2022 and 2021, the age of the entire Group's past due but not impaired receivables is shown below:

	61 to 90 days	91 to 180 days	> 180 days	Total
2022	**₱13,387**	**₱63,769**	**₱122,849**	**₱200,005**
2021	9,576	45,617	87,881	143,074

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 September 30, 2022 and 2021.

		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**	**112,165**	**133,222**

		2021				
		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	₱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

b. 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 September 30, 2022 and 2021.

Commodity price risk
The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar and alcohol 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 14 and 15.

The loans amounting to nil and ₱1,710.8 million as at September 30, 2022 and 2021, respectively, bear floating interest and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity in 2021. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at September 30, 2021.

Increase (Decrease)	Effect on Income before Tax	Effect on Equity
0.25%	(₱4,277)	(₱2,994)
(0.25%)	4,277	2,994

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 14 and 15).

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

Capital Management

The primary objective of the 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 years ended September 30, 2022 and 2021.

Management considers the total consolidated equity (excluding noncontrolling interest) amounting to ₱5,226.7 million and ₱5,120.4 million as of September 30, 2022 and 2021, respectively, reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

29. **Fair Value Measurement**

The Group has assets and liabilities that are measured at fair value on a recurring basis in the consolidated statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position at the end of each reporting period. These include investment properties and land under property and equipment at revalued amount.

The Group does not have nonrecurring fair value measurements in the consolidated financial statements. The Group's management determines the policies and procedures for recurring fair value measurement.

External valuers are involved for valuation of investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The 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, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payable and short-term borrowings. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. The carrying value of long-term borrowings as at September 30, 2022 and 2021 approximates its fair value as they carry interest rates of comparable instruments in the market.

The following tables present fair value hierarchy of the Group's financial liabilities, investment properties and land under property, plant and equipment:

Date of valuation: September 30, 2022	**Carrying Value**	**Fair Value based on significant observable inputs (Level 2)**
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	**₱5,667,575**	**₱5,667,575**
Investment properties (see Note 13)	**490,946**	**490,946**

Date of valuation: September 30, 2021	Carrying Value	Fair Value based on significant observable inputs (Level 2)
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	₱4,512,884	₱4,512,884
Investment properties (see Note 13)	415,658	415,658
Liabilities for which fair value is disclosed		
Fixed interest rate loan (see Note 15)	1,000	1,000

30. Notes to Consolidated Statements of Cash Flows

a. Changes in liabilities arising from financing activities are as follows:

2022	Beginning Balance	Reclassification	Cash Flows	Interest Expense	Unamortized Transaction Costs	Equity Portion	Ending Balance
Current interest-bearing loans and borrowings	**₱1,710,800**	**(₱1,499,000)**	**(₱211,800)**	**₱–**	**₱–**	**₱–**	**₱–**
Current portion of noncurrent interest-bearing loans and borrowings	**–**	**248,670**	**–**	**–**	**–**	**–**	**248,670**
Noncurrent interest-bearing loans and borrowings	**3,236,000**	**1,250,330**	**–**	**–**	**(9,059)**	**–**	**4,477,271**
Convertible note	**–**	**–**	**794,000**	**–**	**19,843**	**(21,130)**	**792,713**
Interest on loans and borrowings	**10,572**	**–**	**(330,280)**	**322,623**	**–**	**–**	**2,915**
Lease liabilities	**574**	**399**	**–**	**70**	**–**	**–**	**1,043**
Total liabilities from financing activities	**₱4,957,946**	**₱399**	**₱251,920**	**₱322,693**	**₱10,784**	**(₱21,130)**	**₱5,522,612**

2021	Beginning Balance	Reclassification	Cash Flows	Interest Expense	Unamortized Transaction Costs	Ending Balance
Current interest-bearing loans and borrowings	₱5,369,550	(₱3,250,000)	(₱408,750)	₱–	₱–	₱1,710,800
Noncurrent interest-bearing loans and borrowings	1,000	3,250,000	–	–	(15,000)	3,236,000
Interest on loans and borrowings	12,298	–	(339,366)	337,640	–	10,572
Lease liabilities	30,117	(20,295)	(9,894)	646	–	574
Total liabilities from financing activities	₱5,412,965	(₱20,295)	(₱758,010)	₱338,286	(₱15,000)	₱4,957,946

31. Segment Reporting

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of one operating subsidiary: CADPI 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 bio-ethanol fuel. Prior to merger in 2022, CACI and RABDC are part of the sugar segment while RBC is part of alcohol segment.

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 is 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.

In 2022, 2021 and 2020, ₱2,894.3 million (44%), ₱1,846.2 million (40%) and ₱2,496.3 million (26%), respectively, of the Group's total revenue were derived from two customers.

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

	2022			
	Sugar	**Alcohol**	**Eliminations**	**Consolidated**
Revenue:				
External customers	**₱5,439,662**	**₱1,627,861**	**₱–**	**₱7,067,523**
Inter-segment	**22,491**	**325**	**(22,816)**	**–**
Cost of sales and services:				
Direct materials used	**3,309,864**	**1,199,217**	**(22,429)**	**4,486,652**
Fuel and oil	**263,258**	**219,285**	**–**	**482,543**
Depreciation and amortization	**304,447**	**90,046**	**–**	**394,493**
Productivity assistance and other planter's subsidies	**49,407**	**98,571**	**–**	**147,978**
Interest expense	**302,850**	**19,843**	**–**	**322,693**
Segment profit (loss)	**(681,284)**	**(115,728)**	**–**	**(797,012)**
Capital expenditures	**780,512**	**152,962**	**–**	**933,474**

	2021			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱2,906,394	₱1,622,368	₱–	₱4,528,762
Inter-segment	25,334	15,606	(40,940)	–
Cost of sales and services:				
Direct materials used	1,069,869	906,691	(38,416)	1,938,144
Depreciation and amortization	309,564	108,878	–	418,442
Fuel and oil	220,243	218,281	–	438,524
Productivity assistance and other planter's subsidies	73,868	93,250	–	167,118
Interest expense	325,838	12,448	–	338,286
Segment profit (loss)	(862,482)	(76,438)	–	(938,920)
Capital expenditures	402,565	36,239	–	438,804

	2020			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱3,788,771	₱988,001	₱–	₱4,776,772
Inter-segment	472,396	3,512	(475,908)	–
Cost of sales and services:				
Direct materials used	2,300,290	636,658	(463,250)	2,473,698
Fuel and oil	266,477	69,969	–	336,446
Depreciation and amortization	–	127,785	–	127,785
Productivity assistance and other planter's subsidies	61,926	27,497	–	89,423
Interest expense	359,974	36,023	–	395,997
Segment profit (loss)	(2,147,324)	(209,536)	–	(2,356,860)
Capital expenditures	128,471	25,803	–	154,274

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th Street cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas Holdings, Inc. and subsidiaries as at and for the years ended September 30, 2022 and 2021, included in this Form 17-A, and have issued our report thereon dated December 14, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code (SRC) Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854363, January 3, 2022, Makati City

December 14, 2022

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th Street cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas Holdings, Inc. and subsidiaries as at and for the years ended September 30, 2022 and 2021, and have issued our report thereon dated December 14, 2022. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at September 30, 2022 and for the year ended September 30, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854363, January 3, 2022, Makati City

December 14, 2022

Gmail   **Roxas Holdings, Inc. Tax <rhiparent.tax@gmail.com>**

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Kay: RHIPARENT.TAX@gmail.com
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Company TIN: **000-290-538**

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CONFIRMATION RECEIPT NUMBER - 2022-0000832334

VALIDATION REPORT:
1. Attachment : 000290538000000920221702.DAT

TIN of Withholding Agent TIN: 000290538-0000
Alphalist Form : 1702
Taxable Month : 09/2022

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

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****
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** http://bit.ly/RMC72021 (Full Text) http://bit.ly/RMC72021A (Annex A), http://bit.ly/RMC72021B (Annex B).
****

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or call us at 8981-7003 / 8981-7020 / 8981-7030 / 8981-7040 / 8981-7046 / 8981-7419 / 8981-7452 / 8981-7478.

ROXAS HOLDINGS, INC.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **Roxas Holdings, Inc.** (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended September 30, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

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

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

PEDRO E. ROXAS	CELSO T. DIMARUCUT	VERONICA C. CORTEZ
Chairman of the Board	President and Chief Executive Officer	VP – Finance, Treasury and Administration

SUBSCRIBED AND SWORN to before me this DEC 23 2022 day of December, 2022 affiant(s) exhibiting to me their government IDs as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite

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Series of 2022

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M 019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-OC16565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

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.

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	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)
2,081	February 18	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 Street 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.*

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Company Information

SEC Registration No.: PW0000015A
Company Name: ROXAS HOLDINGS, INC DOING BUSINESS UNDER THE NAME AND STYLE OF CADP GROUP
Industry Classification: D15790
Company Type: Stock Corporation

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th Street cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

Opinion

We have audited the separate financial statements of Roxas Holdings, Inc. (the Company), which comprise the separate statements of financial position as at September 30, 2022 and 2021, and the separate statements of comprehensive income (loss), separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at September 30, 2022 and 2021, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the separate financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the separate financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 0096-AR-5 (Group A)
July 25, 2019, valid until July 24, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8534360, January 4, 2021, Makati City

December 14, 2022

ROXAS HOLDINGS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

		September 30	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash in banks	6	**₱25,394,038**	₱4,127,332
Receivables	7, 15	**53,067,895**	1,297,369,155
Other current assets	8	**25,163,343**	25,163,343
Total Current Assets		**103,625,276**	1,326,659,830
Noncurrent Assets			
Investments in subsidiaries	9	**6,253,891,550**	6,253,891,550
Investment properties	10	**5,031,699,400**	4,043,330,000
Property and equipment	11	**–**	377,661
Retirement asset	17	**43,867,466**	48,589,783
Other noncurrent assets	8	**82,265,176**	80,443,857
Total Noncurrent Assets		**11,411,723,592**	10,426,632,851
Total Assets		**₱11,515,348,868**	₱11,753,292,681
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	12	**₱–**	₱211,799,999
Current portion of long-term borrowings	13	**98,670,000**	–
Accounts payable and other current liabilities	14, 15	**187,382,876**	1,224,458,486
Total Current Liabilities		**286,052,876**	1,436,258,485
Noncurrent Liabilities			
Long-term borrowings - net of current portion	13	**1,151,330,000**	1,250,000,000
Deferred tax liabilities - net	20	**853,580,519**	606,488,169
Total Noncurrent Liabilities		**2,004,910,519**	1,856,488,169
Total Liabilities		**2,290,963,395**	3,292,746,654
Equity	16		
Capital stock		**1,565,579,279**	1,565,579,279
Additional paid-in capital		**2,842,183,410**	2,842,183,410
Treasury stock - at cost		**(52,290,236)**	(52,290,236)
Other equity item and reserve		**1,192,959,762**	1,199,625,670
Retained earnings		**3,675,953,258**	2,905,447,904
Total Equity		**9,224,385,473**	8,460,546,027
		₱11,515,348,868	₱11,753,292,681

See accompanying Notes to Separate Financial Statements.

ROXAS HOLDINGS, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Years Ended September 30	
	Notes	**2022**	2021
INCOME			
Unrealized fair value gain on investment properties	10	**₱988,369,400**	₱3,502,933
Rent	10, 15	**47,276,006**	47,183,044
Interest income	6	**226,821**	62,101
		1,035,872,227	50,748,078
GENERAL AND ADMINISTRATIVE EXPENSES	18	**(12,911,170)**	(26,055,134)
INTEREST EXPENSE	12, 13	**(79,917,764)**	(99,231,617)
OTHER INCOME	19	**75,142,254**	86,325,848
INCOME BEFORE INCOME TAX		**1,018,185,547**	11,787,175
INCOME TAX EXPENSE (BENEFIT)	20		
Current		**587,843**	7,089,715
Deferred		**247,092,350**	(120,667,106)
		247,680,193	(113,577,391)
NET INCOME		**770,505,354**	125,364,566
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified to profit or loss			
Remeasurement income (loss) on retirement asset	17	**(6,665,908)**	45,395,123
TOTAL COMPREHENSIVE INCOME		**₱763,839,446**	₱170,759,689
EARNINGS PER SHARE	21		
Basic		**₱0.50**	₱0.08
Diluted		**0.50**	0.08

See accompanying Notes to Separate Financial Statements.

ROXAS HOLDINGS, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Treasury Stock (Note 16)	Other Equity Item and Reserve (Note 16)	Retained Earnings (Note 16)	Total Equity
Balances as at September 30, 2021		**₱1,565,579,279**	**₱2,842,183,410**	**(₱52,290,236)**	**₱1,199,625,670**	**₱2,905,447,904**	**₱8,460,546,027**
Net income		**–**	**–**	**–**	**–**	**770,505,354**	**770,505,354**
Remeasurement gain on retirement asset	**17**	**–**	**–**	**–**	**(6,665,908)**	**–**	**(6,665,908)**
Total comprehensive income		**₱1,565,579,279**	**₱2,842,183,410**	**(₱52,290,236)**	**₱1,192,959,762**	**₱3,675,953,258**	**₱9,224,385,473**
Balances as at September 30, 2022							
Balances as at September 30, 2020		₱1,565,579,279	₱2,842,183,410	(₱52,290,236)	₱1,154,230,547	₱2,780,083,338	₱8,289,786,338
Net income		–	–	–	–	125,364,566	125,364,566
Remeasurement gain on retirement asset	**17**	–	–	–	45,395,123	–	45,395,123
Total comprehensive income		–	–	–	45,395,123	125,364,566	170,759,689
Balances as at September 30, 2021		₱1,565,579,279	₱2,842,183,410	(₱52,290,236)	₱1,199,625,670	₱2,905,447,904	₱8,460,546,027

See accompanying Notes to Separate Financial Statements.

ROXAS HOLDINGS, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended September 30	
	Note	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱1,018,185,547**	₱11,787,175
Adjustments for:			
Unrealized fair value gain on investment properties	10	**(988,369,400)**	(3,502,933)
Interest expense	12, 13	**79,917,764**	99,231,617
Reversal of allowance for ECL	7, 19	**(66,226,552)**	–
Income from retirement asset	17, 19	**(1,943,591)**	(236,640)
Depreciation and amortization	11	**377,661**	7,995,648
Interest income	6	**(226,821)**	(62,101)
Impairment loss on investment	9, 19	**–**	54,822,914
Operating income before working capital changes		**41,714,608**	170,035,680
Decrease (increase) in:			
Receivables		**130,391,741**	(117,165,438)
Other current assets		**–**	909,719
Increase in accounts payable and other current liabilities		**(4,500,328)**	59,218,557
Cash generated from operations		**167,606,021**	112,998,518
Interest received		**226,821**	62,101
Income tax paid, including creditable withholding taxes		**(587,843)**	(12,258)
Net cash provided by operating activities		**167,244,999**	113,048,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in due from and due to related parties		**1,180,136,072**	(1,129,157,098)
Increase in other noncurrent assets		**(1,821,319)**	(8,382,200)
Net cash from (used in) investing activities		**1,178,314,753**	(1,137,539,298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in advances from related parties		**(1,027,705,991)**	466,089,087
Payments of short-term borrowings	12, 25	**(211,799,999)**	(5,000,000)
Payment of interest	25	**(84,787,056)**	(97,604,244)
Net cash from (used in) financing activities		**(1,324,293,046)**	363,484,843
NET INCREASE (DECREASE) IN CASH IN BANKS		**21,266,706**	(661,006,094)
CASH IN BANKS AT BEGINNING OF THE YEAR		**4,127,332**	665,133,426
CASH IN BANKS AT END OF THE YEAR	6	**25,394,038**	₱4,127,332

See accompanying Notes to Separate Financial Statements.

ROXAS HOLDINGS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. **Corporate Information**

Roxas Holdings, Inc. (RHI or the "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 Company offered its shares of stock to the public through an initial public offering. On August 8, 1996, the shares of stock of the 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 FP Natural Resources Holdings B.V. (FPNRH), convertible to 125,000,000 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 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 Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH's interest in the Company increased from 27% to 32%.

On June 3, 2022, the SEC approved CADPI's merger application executed on January 19, 2022 among the Company, as the surviving entity, Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corp. (RBC), RHI Agri-Business Development Corporation (RADC) and Roxas Pacific Bioenergy Corporation (RPBC), collectively referred hereinafter as the "Absorbed Entities". The Absorbed Entities are non-operating and the merger was executed to centralize and streamline the operations of the Absorbed Entities within the Company.

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

<u>Approval of the Separate Financial Statements</u>
The separate financial statements as at and for the years ended September 30, 2022 and 2021 have been approved and authorized for issue by the Board of Directors (BOD) on December 14, 2022.

2. Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared on a historical cost basis, except for retirement asset and investment properties that are measured at fair value. The separate financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All amounts are in absolute values, unless otherwise indicated.

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The financial reporting framework includes PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), including the SEC pronouncements.

The Company also prepared and issued consolidated financial statements for the same year in accordance with PFRSs. Users of these separate financial statements should read them together with the consolidated financial statements of RHI and its Subsidiaries (collectively referred to as the Group) in order to obtain full information on the financial position, financial performance and cash flows of the Company as a whole.

3. Summary of Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements and amendments starting October 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Except as otherwise indicated, the following did not have significant impact on the financial statements:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

- Amendments to PFRS 9, PAS 39, 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 Company shall also disclose information 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

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

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

- 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.

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

- 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 Company 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 Company.

  - 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 Company 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 Company.

- 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 Company.

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

- 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 Company 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 Company.

- 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 Company.

Effective beginning on or after January 1, 2024 (October 1, 2024 for the Company)

- 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 Company 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 Company)

- 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.

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

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.

4. **Summary of Significant Accounting and Financial Reporting Policies**

<u>Current versus Noncurrent Classification</u>
The Company presents assets and liabilities in the separate statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:
- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

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

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

Financial Assets and Financial Liabilities
A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Refer to the *Accounting Policy in Section "Revenue Recognition".*

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

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

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

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

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

The Company has no financial assets at FVPL and financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments).

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

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

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

As of September 30, 2022, the Company's financial assets at amortized cost include cash in banks and receivables.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. (a) For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). (b) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash and cash equivalents, the Company 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 Company'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 Company 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.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For its due from related parties, the Company applies the general ECL model. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Company determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and measurement of other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, excluding taxes payable to the government) or borrowings (e.g., long term-debt).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

This category includes trade and other payables (excluding statutory liabilities and provision for probable losses), short-term borrowings and long-term borrowings as at September 30, 2022 and 2021 (see Notes 12, 13, 14 and 15).

<u>Derecognition of Financial Assets and Financial Liabilities</u>

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

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

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.
Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Company and all of its counterparties.

Fair Value Measurement
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 5, Significant Judgments, Accounting Estimates and Assumptions - Determination of Fair Value of Investment Properties and Employee Stock Option
- Note 10, Investment Properties

- Note 23, Financial Instruments
- Note 24, Fair Value Measurement

Other Assets
This account consists of creditable withholding taxes (CWT), input value-added tax (VAT) and prepayments.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

VAT. Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The net amount of VAT recoverable from taxation authority is presented as part of "Other current assets" in the separate statements of financial position. The net amount of VAT payable to taxation authority is included in "Accounts payable and other current liabilities" in the separate statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting year are classified as current assets. Otherwise, these are classified as noncurrent assets.

Investments in Subsidiaries
Investments in subsidiaries and an associate are carried at cost less any impairment in value. Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary. Distributions received in excess of such profits are regarded as a reduction of the cost of investment.

A subsidiary is an entity controlled by the Company. The Company controls an investee if, and only if, the Company has:

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

The Company determines at the end of each reporting year whether there is any objective evidence that investments are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Property and Equipment
Property and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value.

Property and equipment are depreciated and amortized using straight-line method to allocate the cost of each asset over its estimated useful life of five years.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such asset when the recognition criteria are met, and the estimated present value of the cost of dismantling and removing the asset and restoring the site. Borrowing costs incurred during the construction of a qualifying asset is likewise included in the initial cost of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal Company that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

Major repairs and maintenance that qualified for capitalization are depreciated and amortized over the remaining useful life of the related asset.

The asset's estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of investments in subsidiaries and property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill acquired in a business combination which is reviewed for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as an appraisal increase. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital. The Company also recognizes a corresponding increase in additional paid-in capital when services are received in an equity-settled share-based payment transaction.

Treasury Stock. Where the Company purchases its own capital stock (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related taxes, is included in equity attributable to the equity holders of the Company.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution. Dividend distribution to the stockholders is recognized as a liability and deducted from equity in the year in which the dividends are approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses (including items previously presented as other equity item and reserve under the separate statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These are presented as part of "Other equity item and reserve" in the separate statements of changes in equity. Other comprehensive income (loss) pertains to cumulative loss on remeasurement gain or loss of retirement assets.

Revenue Recognition
The Company is in the business of operating as a professional services / holding entity, in accordance with existing laws and government regulations. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Contract Balances
Contract assets. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Other Income. Other income is recognized when the earning process is complete and the flow of economic benefit is reasonably assured.

Dividends. Revenue is recognized when the Company's right to receive the payment is established.

Rent. Rent under operating lease arrangements are recognized in profit or loss on a straight-line basis over the period of the lease.

Interest. Interest is recognized on a time proportion basis using the effective interest method.

General and Administrative Expenses
General and administrative expenses constitute costs of administering the business. These costs are expensed when incurred.

Leases
The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception on the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - The Company as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Operating Lease - The Company as a Lessor. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which these are earned.

For income tax reporting purposes, operating lease payment under operating lease agreements is treated as deductible expense in accordance with the terms of the lease agreements.

Employee Benefits
Short-term Employee Benefits. The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the reporting year. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and nonroutine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the retirement liability.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The plan assets are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Plan assets are not available to the creditors of the Company, nor can be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuation is made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency-Denominated Transactions and Translations
Items included in the separate financial statements are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of reporting year. Foreign exchange differences are credited or charged directly in profit or loss.

Income Taxes
Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting year and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements but disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

Earnings (Loss) per Share

The Company presents basic and diluted earnings per share. Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Segment Reporting

For purposes of management reporting, the Company's operating businesses are organized and managed separately on a per company basis, but are grouped into strategic business units (SBU) defined along the Company's and its subsidiaries' core main product lines, namely: sugar and alcohol.

Operating segments are components of the RHI Company: (a) that engage in business activities from which these may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Company); (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements require management to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the separate financial statements as these become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of any change in estimates will be reflected in the separate financial statements when these become reasonably determinable.

The Company believes the following represent a summary of these significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the separate financial statements.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amount recognized in the separate financial statements.

Determining whether Control Exists in an Investee Company. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Management has determined that despite having only 50% ownership in RPC and no equity ownership yet in NPSC, respectively, the Company has control over RPC and NPSC by virtue of its rights to variable returns from the subsidiaries and ability to affect those returns. Moreover, the Company has the power to cast the majority of votes through its representatives in the BOD.

Classification of financial instruments. The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability, or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position (see Note 3).

Determining the Classification of Lease Agreements. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership over the leased assets are retained by the Company. Lease contracts, which transfer to the lessee substantially all the risks and benefits incidental to ownership of the lease item, are classified for as finance leases. Otherwise, these are classified as operating leases.

Operating Lease - the Company as a Lessor. The Company has existing agreements with Central Azucarera Don Pedro, Inc. (CADPI) and other third-party lessees for the rental of the Company's parcels of land. The Company has determined that the risks and benefits related to the leased asset are retained by the lessor. Accordingly, the lease agreement was accounted for as an operating lease.

Rent income amounted to ₱47.3 million and ₱47.2 million in 2022 and 2021 (see Note 10).

Estimates and Assumptions
The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of financial reporting date. These may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Provision for ECL – Due from related parties using general approach
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Company used the general approach which considers the probability of its counterparty to default in its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized, forward-looking estimates and time value of money.

Under PFRS 9, additional judgments are also made in assessing a significant increase in credit risk in the case of financial assets measured using the general approach. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Company's due from related parties amounted to ₱53.1 million and ₱1,297.4 million as of September 30, 2022 and 2021, respectively (see Notes 7 and 15). Allowance for ECL on due from related parties amounted to ₱1,013.4 million and ₱1,079.6 million as at September 30, 2022 and 2021, respectively.

Determining the Fair Value of Investment Properties. The fair value of the investment properties was determined by Philippine SEC accredited external appraiser using Market Data Approach based on gathered available market evidences. The latest appraisal reports were made for the valuation dates as of September 30, 2022 and 2021.

Investment properties stated at fair value amounted to ₱5,031.7 million and ₱4,043.3 million as at September 30, 2022 and 2021, respectively (see Note 10).

Assessing Impairment of Nonfinancial Assets. The Company assesses at the end of each reporting year whether there is any indication that the investments in subsidiaries and an associate, and property and equipment may be impaired. If such indication exists, the Company estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of these nonfinancial assets, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the separate financial statements. Future events could indicate that these nonfinancial assets and goodwill may be impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Company.

As at September 30, 2022 and 2021, the Company recognized an impairment loss on one of its investment in subsidiaries amounting to nil and ₱54.8 million, respectively (see Note 9 and 19). The carrying amounts of nonfinancial assets of the Company are as follows:

	Note	**2022**	2021
Investments in subsidiaries	9	**₱6,253,891,550**	₱6,253,891,550
Property and equipment	11	**–**	377,661

Assessing Realizability of Deferred Tax Assets. The Company reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

No deferred tax assets for deductible temporary differences were recognized as at September 30, 2022 and 2021 (see Note 20).

Evaluation of Provisions and Contingencies. The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed on an annual basis to consider new relevant information.

Provision for probable losses amounted to nil as at September 30, 2022 and 2021 (see Note 14).

6. Cash in Banks

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

Interest income earned amounted to ₱226,821 and ₱62,101 in 2022 and 2021, respectively.

7. Receivables

This account consists of:

	Note	**2022**	2021
Due from related parties	15	**₱1,066,455,982**	₱2,376,983,794
Less: Allowance for ECL	15, 19	**(1,013,388,087)**	(1,079,614,639)
		₱53,067,895	₱1,297,369,155

The Company does not charge interest on its receivables from subsidiaries. The credit term is six-months.

Details and movements of allowance for ECL on due from related parties are presented in the following tables:

	Note	**2022**	2021
Balance at beginning of year		**₱1,079,614,639**	₱1,079,614,639
Reversal	19	**(66,226,552)**	–
Balance at end of year		**₱1,013,388,087**	₱1,079,614,639

8. Other Assets

Current portion of this account consists of prepaid business tax amounting to ₱25.2 million as of September 30, 2022 and 2021, respectively.

Noncurrent portion of other assets pertain to creditable withholding taxes amounting to ₱82.3 million and ₱80.4 million as of September 30, 2022 and 2021, respectively.

9. Investments in Subsidiaries

The following are the subsidiaries and associate of the Company with the corresponding ownership percentage as of September 30, 2022 and 2021:

	% of Ownership		Noncontrolling Interest			
	2022	2021	2022	2021	Nature of Business	Principal Place of Business
Central Azucarera Don Pedro, Inc. (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] [3]	–	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) [4]	100.00%	100.00%	–	–	Selling arm of products of RHI Company	Makati City
San Carlos Bioenergy, Inc. (SCBI) [5]	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) [6]	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 September 30, 2021.*
[3] *In 2019, RHI has direct ownership of 20.53% and indirect ownership through CADPI of 79.47%. In 2020, RHI has indirect ownership through CADPI of 100.00%*
[4] *As at September 30, 2022, RHIPCC has not yet started commercial operations*
[5] *Acquired in April 2015 through RPBC*
[6] *Indirect ownership through CADPI in 2022 and through RPBC in 2021*

All the subsidiaries of the Company are incorporated in the Philippines.

As at September 30, 2021, the Company recognized impairment on its investment in CACI amounting to ₱54.8 million, respectively. The carrying amount of investments in subsidiaries carried at cost as at September 30, 2022 and 2021 are:

	2022	2021
CADPI	**₱6,253,216,550**	₱2,959,400,550
RPC	**500,000**	500,000
CPSI	**125,000**	125,000
CIAI	**50,000**	50,000
RPBC	**–**	2,870,816,000
RABDC	**–**	423,000,000
	₱6,253,891,550	₱6,253,891,550

In June 2021, RHI subscribed additional 3,980,000 common shares of RABDC and 23,708,160 common shares of RPBC at a total subscription price of ₱398.0 million and ₱2,370.8 million, respectively, or ₱100 per common share. The additional subscriptions are paid through liquidation of outstanding RHI advances to RABDC and RPBC amounting to ₱398.0 million and ₱2,370.8 million, respectively.

Also, in September 2021, RHI subscribed additional 40,000,000 common shares of CACI at a total subscription price of ₱40.0 million or ₱1 per common share. The additional subscriptions are paid through liquidation of outstanding RHI advances to CACI.

Moreover, in September 2020, RHI assigned its outstanding 20.53% equity interest in RBC at ₱1 par value a share to liquidate its advances due from CADPI amounting to ₱ 274.0 million. As at September 30, 2020, RBC became a wholly-owned subsidiary of CADPI.

In April 2015, RHI entered into a Sale and Purchase Agreement (SPA) for the acquisition of 93.35% equity interest in SCBI through RPBC for a total consideration of ₱ 1,737.6 million. The total consideration includes the purchase of the receivable of the former stockholders of SCBI from Northeastern Port Storage Corporation (NPSC) amounting to ₱122.0 million. All closing conditions have been substantially met in May 2015. In 2016, total consideration amounted to ₱1,679.8 million as adjusted.

The SPA also provides for the transfer of assets of NPSC to SCBI, whether through merger with, acquisition of NPSC or direct asset sale, without additional consideration to RHI. Consequently, RHI effectively acquired the business of NPSC without holding any equity interest yet. The assets of NPSC mainly include depot and storage facilities. In 2017, deeds of assignment covering the shares held by NPSC's previous stockholders were executed in favor of RPBC. As at the audit report date, the transfer of NPSC or its assets has not yet been finalized and executed.

On February 1, 2012, the BOD of RHI approved a resolution to shorten the corporate life of CPSI, CIAI and RPC effective September 30, 2012. In 2015, management changed its intention to continue the corporate existence of RPC and requested the cancellation of the application for its business closure from the Bureau of Internal Revenue (BIR). As at September 30, 2020, the applications for the business closure of CPSI and CIAI are still pending approval from the pertinent government agencies.

The Company has control over RPC because it has the power to cast the majority of votes through its representatives in the BOD, has rights to variable returns from RPC and has the ability to affect those returns.

On January 19, 2022, the BOD and stockholders of each of CADPI, CACI, RBC, RABDC and RPBC approved the merger of aforementioned entities, with CADPI as the surviving company. The application for merger of the entities was filed on January 19, 2022. The application was approved by the SEC on June 3, 2022 and the merger became effective on the same day upon the issuance of the Certificate of Merger.

10. **Investment Properties**

Investment properties

Investment properties consist of parcels of land in Barrio Lumbangan, Nasugbu, Batangas, which are held for lease to CADPI and other third-party lessees and a parcel of land in Poblacion, Bacolod City, Negros Occidental, which is held for capital appreciation.

Movements in this account are as follows:

	2022	2021
Balance at beginning of year	**₱4,043,330,000**	₱4,039,827,067
Unrealized fair value gain	**988,369,400**	3,502,933
Balance at end of year	**₱5,031,699,400**	₱4,043,330,000

The lease agreement with CADPI is for the rental of the parcels of land where the sugar milling and refinery plants and staff houses of CADPI are located, renewable every year and subject to changes in terms and conditions mutually acceptable to both parties (see Note 15).

Rent income amounted to ₱ 47.3 million and ₱ 47.2 million in 2022 and 2021, respectively (see Note 15).

The parcels of land in Barrio Lumbangan, Nasugbu, Batangas with carrying amount of ₱5,031.7 million and ₱4,043.3 million as of September 30, 2022 and 2021, respectively, are mortgaged to secure the loan from a local bank (see Note 13).

As at September 30, 2022, the fair value of investment properties was determined by Philippine SEC accredited external appraiser using sales comparison approach. This approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The fair value measurement for investment properties has been categorized as Level 3 (directly or indirectly observable inputs). The latest appraisal reports were made for the valuation dates as of September 30, 2022 and 2021.

11. **Property and Equipment**

Details and movements in this account are as follows:

	2022		
	Transportation Equipment	**Furniture, Fixtures and Other Equipment**	**Total**
Cost	**₱9,829,200**	**₱61,615,466**	**₱71,444,666**
Accumulated Depreciation			
Balance at beginning of year	**9,829,200**	**61,237,805**	**71,067,005**
Depreciation	**–**	**377,661**	**377,661**
Balance at end of year	**9,829,200**	**61,615,466**	**71,444,666**
Carrying Amount	**₱–**	**₱–**	**₱–**

	2021		
	Transportation Equipment	Furniture, Fixtures and Other Equipment	Total
Cost	₱9,829,200	₱61,615,466	₱71,444,666
Accumulated Depreciation			
Balance at beginning of year	9,829,200	53,242,157	63,071,357
Depreciation	–	7,995,648	7,995,648
Balance at end of year	9,829,200	61,237,805	71,067,005
Carrying Amount	₱–	₱377,661	₱377,661

Depreciation and amortization charged to "General and administrative expenses" amounted to ₱0.4 million and ₱8.0 million in 2022 and 2021 (see Note 18).

The cost of fully depreciated property and equipment still being used in the operations amounted to ₱71.4 million and ₱61.9 million as at September 30, 2022 and 2021, respectively.

12. Short-term Borrowings

The Company has unsecured short-term loans obtained from various bank creditors amounting to ₱ 211.8 million as at September 30, 2021 for its working capital requirements. As of September 30, 2022, the Company has fully paid its short-term borrowings.

The short-term borrowings have a term of 60 to 180 days and bear interest ranging from 7.0% to 7.25% in 2022 and 6.00% to 7.25% in 2021. There are no debt covenants relating to these borrowings in 2022 and 2021.

Total interest expense arises from:

	Note	**2022**	2021
Short-term borrowings		**₱22,290,286**	₱41,263,580
Long-term borrowings	13	**57,627,478**	57,968,037
		₱79,917,764	₱99,231,617

13. Long-term Borrowings

The Company has various loans from local banks. Outstanding long-term borrowings are as follows:

			Outstanding Balance	
Facility	Terms	Collateral	**2022**	2021
₱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	Suretyship agreement and mortgage trust indenture (MTI)	**₱1,250,000,000**	₱1,250,000,000
			1,250,000,000	1,250,000,000
Current portion			**98,670,000**	–
Noncurrent portion			**₱1,151,330,000**	₱1,250,000,000

Suretyship Agreement and MTI
The Company and certain of its subsidiaries (the Group) entered into various suretyship agreements and MTI with local bank creditors that secure the Company's obligations in solidarity against all the properties of the Company and CADPI. Certain property and equipment of the Company with carrying amount of ₱5,031.7 million and ₱4,043.3 million as of September 30, 2022 and 2021 (see Note 10), were mortgaged and used as collateral to secure the loan obligations with the local bank creditors.

Loan Covenants
As of September 30, 2022 and 2021, the foregoing loan agreements are subject to certain covenants are subjected to certain covenants, such as but not limited to:

- prohibition on undertaking or incurring any capital expenditure or purchasing additional capital equipment or other fixed assets outside the ordinary course of business;

- 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 Debt Service Coverage Ratio is at minimum 1.25x in which cash dividend declaration is allowed.

The maturities of the long-term borrowings based on the original term of the loan agreement are as follows:

	2022	2021
Less than one year	**₱98,670,000**	₱–
Between one and two years	**131,560,000**	98,670,000
Between two and five years	**394,680,000**	394,680,000
Over five years	**625,090,000**	756,650,000
	₱1,250,000,000	₱1,250,000,000

Interest Expense
Total interest expense arising from long-term borrowings amounted to ₱ 57.6 million and ₱58.0 million in 2022 and 2021, respectively (see Note 12).

14. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	**2022**	2021
Due to related parties	15	**₱4,549,873**	₱1,032,255,863
Dividends		**7,258,270**	7,258,270
Accrued taxes		**6,108,617**	6,642,425
Withholding and other taxes		**4,556,147**	5,890,965
Accrued interest		**1,666,667**	6,535,959
Others		**163,243,302**	165,875,004
		₱187,382,876	₱1,224,458,486

Other liabilities include payables to various suppliers and accruals of other operating expenses. Pursuant to paragraph 89 of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* in cases where information related to provisions can be expected to prejudice seriously the position of an entity, the entity need not disclose the information pertaining to probable losses.

15. **Related Party Transactions and Balances**

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

Related Party	Relationship	Nature of Transaction	Year	Transactions During the Year	Amount Due from Related Parties* (Note 7)	Amount Due to Related Parties (Note 14)
CADPI	Subsidiary	Interest-bearing cash advances	**2022**	**₱976,942,562**	**₱1,013,388,087**	**₱–**
			2021	393,671,523	474,040,277	–
		Rent income (Note 10)	**2022**	**46,728,000**	**49,998,960**	**–**
			2021	46,728,000	49,998,960	–
RPBC	Subsidiary	Noninterest- bearing cash advances	**2022**	**–**	**–**	**–**
			2021	2,370,816,000	77,303	–
SCBI		Interest- bearing cash advances	**2022**	**1,201,233,747**	**–**	**1,361,124**
			2021	234,799,485	1,330,264,363	–
RBC	Subsidiary	Noninterest-bearing cash advances	**2022**	**5,623,648**	**–**	**–**
			2021	443,914,195	–	1,023,096,417
CACI	Subsidiary	Interest-bearing cash advances	**2022**	**59,995,878**	**–**	**–**
			2021	467,515,456	519,533,956	–
RABDC	Subsidiary	Noninterest- bearing cash advances	**2022**	**6,241,578**	**–**	**–**
			2021	417,076,043	–	5,970,697
CIAI	Subsidiary	Noninterest-bearing advances	**2022**	**–**	**620,795**	**–**
			2021	–	620,795	–
CPSI	Subsidiary	Noninterest-bearing advances	**2022**	**–**	**396,830**	**–**
			2021	–	396,830	–
RPC	Subsidiary	Noninterest-bearing advances	**2022**	**–**	**–**	**388,949**
			2021	–	–	388,949
NPSC	Affiliate	Noninterest-bearing advances	**2022**	**–**	**2,051,310**	**–**
			2021	1,954,858	2,051,310	–
RHI Retirement Fund, Inc. (RHIRFI)	Retirement Fund of RHI	Noninterest-bearing advances payable on demand	**2022**	**–**	**–**	**2,799,800**
			2021	2,799,800	–	2,799,800
			2022		**1,066,455,982**	**4,549,873**
			2021		2,376,983,794	1,032,255,863
Allowance for ECL (Notes 7 and 19)			**2022**		**1,013,388,087**	**–**
			2021		1,079,614,639	–
			2022		**₱53,067,895**	**₱4,549,873**
			2021		₱1,297,369,155	₱1,032,255,863

**Management assessed that balances are recoverable and not impaired.*
***Allowance for ECL totaling ₱1.0 billion in 2022 and ₱1.1 billion in 2021 pertains to due from SCBI and due from RPBC.*

Transactions with Related Parties

- The Company is a party to the Suretyship Agreements and MTI together with CADPI (see Note 13).
- The Company charged CADPI rentals in 2022 and 2021 amounting to ₱ 46.7 million (see Note 10).

Assignment and Offsetting of Related Party Transactions and Balances
In 2022, the following assignments were made:

- The Company assigned its receivable from SCBI to CADPI amounting to ₱547.8 million.

As a result of the assignment, non-cash decrease in due from and due to related parties amounted to ₱105.1 million.

In 2021, the following assignments were made:

- CADPI assigned its receivables from SCBI, RPBC and RBC amounting to ₱11.6 million, ₱0.08 million and ₱0.02 million respectively, to the Company.
- CACI assigned its receivables from CADPI, RABDC and SCBI amounting to ₱ 3.2 million, ₱0.05 million and ₱0.02 million to the Company.
- RBC assigned its receivable from CADPI and SCBI amounting to ₱12.7 million and ₱0.07 million, respectively, to the Company.
- SCBI assigned its receivable from CADPI and NPSC amounting to ₱63.9 million and ₱2.0 million, respectively, to the Company.
- ADC assigned its receivable from CADPI and SCBI amounting to ₱17.6 million and ₱1.7 million, respectively, to the Company.

As a result of the assignment, non-cash increase in due from and due to related parties amounted to ₱1,129.2 million.

Key management personnel compensation, namely, director's fees and incentives, amounted to ₱2.0 million in 2022 and ₱1.7 million in 2021 (see Note 18).

All employees of the Company were transferred to CADPI in 2014. The accounting and administrative functions of the Company are handled by CADPI at no cost to the Company.

16. Equity

a. Capital stock and treasury stock

Details of capital stock and treasury stock follow:

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized common shares "Capital A" at ₱1.0 par value				
Balance at beginning of year	**2,000,000,000**	**₱2,000,000,000**	2,000,000,000	₱2,000,000,000
Additions (Note 1)	**–**	**–**	–	–
Balance at end of year	**2,000,000,000**	**2,000,000,000**	2,000,000,000	2,000,000,000
Issued common shares "Class A"				
Balance at beginning of year	**1,565,579,279**	**1,565,579,279**	1,565,579,279	1,565,579,279
Issuances (Note 1)	**–**	**–**	–	–
Balance at end of year	**1,565,579,279**	**1,565,579,279**	1,565,579,279	1,565,579,279
Treasury stock				
Balance at beginning and end of year	**(17,643,480)**	**(52,290,236)**	(17,643,480)	(52,290,236)
Issued and outstanding	**1,547,935,799**	**₱1,513,289,043**	1,547,935,799	₱1,513,289,043

On February 15, 2017, the shareholders approved the amendment of the 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, SEC approved the Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

b. Additional paid-in capital

The Company's additional paid-in capital amounted to ₱2,842.2 million in 2022 and 2021.

c. Other equity item and reserve

Details of other equity item and reserve are as follows:

	Note	**2022**	2021
Excess of Consideration Received over the Carrying Amount of Investment in a Subsidiary Transferred to Roxas & Company, Inc.		**₱1,323,040,885**	₱1,323,040,885
Cumulative Remeasurement Loss on Retirement Asset	17		
Balance at beginning of year		**(77,914,342)**	(123,309,465)
Remeasurement gain (loss)		**(6,665,908)**	45,395,123
Balance at end of year		**(84,580,250)**	(77,914,342)
Reversal of deferred tax assets on remeasurement losses on retirement assets		**(45,500,873)**	(45,500,873)
		₱1,192,959,762	₱1,199,625,670

Excess of consideration received over the carrying amount of investment in a subsidiary transferred to the Company and effect of change in equity interest in subsidiaries.

Following the Reorganization Program as approved by the SEC on December 11, 2001, RHI was transformed into a holding and investment corporation with specific focus on sugar milling and refining business, while its subsidiary, CADPGC, emerged as a diversified holding and investment company. In 2008, RHI increased its equity interest in CADPGC from 89.28% to 89.36% when CADPGC re-acquired portion of its shares of stock. On December 11, 2008, RHI acquired CADPGC's sugar-related operating subsidiaries: CADPI, CACI, CFSI, CCSI, JOMSI and NAVI and an associate (HPCo), including certain assets and liabilities of CADPGC for a total consideration of ₱3,838.0 million, which represents the cost of CADPGC's investments in these subsidiaries and an associate amounting to ₱4,101.0 million, reduced by the net liabilities transferred by CADPGC amounting to ₱263.0 million. As a result of the acquisition, the Company increased its effective equity interest in the sugar-related operating subsidiaries and an associate. On April 14, 2014, CFSI, CCSI and JOMSI were merged with CADPI, as the surviving entity.

On January 23, 2009, following the acquisition of the sugar-related operating subsidiaries and an associate from CADPGC, the Company sold its investment in CADPGC to RCI, with a carrying value of ₱2,604.3 million in exchange for a noninterest-bearing note of ₱3,927.3 million, which was issued by RCI to the Company. The Company recognized the ₱1,323.0 million excess of the consideration received from RCI over the carrying amount of investment in shares of stock of CADPGC and was presented as a separate component of the equity.

Effective June 29, 2009, upon approval of the Philippine SEC on June 23, 2009, CADPGC merged with RCI with CADPGC as a surviving entity. CADPGC effectively absorbed and liquidated RCI. On the same date, the Philippine SEC approved the change in CADPGC's corporate name to RCI.

Track record of registration

On March 16, 1994, the Company registered with the SEC its 1,000.0 million shares, consisting of 600.0 million Class "A" shares and 400.0 million Class "B" shares at a par value of ₱1.0 a share equivalent to ₱ 1,000,000,000, and representing the entire capital stock of the Company. Moreover, the SEC licensed the sale or offer for sale of the Company's 477,750,000 shares (inclusive of its present subscribed capital stock of 382,200,000 shares), out of which 95,550,000 shares were sold at ₱3.0 a share.

On September 4, 1995, the SEC licensed the sale or offer for sale of 174,400,000 shares in an initial public offering at an offer price between ₱5.0 to ₱8.0 a share. The said shares consist of 100.0 million shares from the Company's registered but unlicensed and unissued capital stock for primary offering and 74,400,000 shares owned by selling shareholders for secondary offering.

On January 28, 1997, the Company declared stock dividend at the rate of 30% payable to stockholders of record as at February 28, 1997.

On November 24, 1999 and December 15, 1999, the Company declared stock dividend at the rate of 30%, consisting of 225,322,500 common shares at ₱1.0 a share, payable to stockholders of record as at February 15, 2000.

On January 30, 2003, the SEC approved the Company's increase in authorized capital stock from ₱1,000,000,000 to ₱1,500,000,000, divided into 1,500,000,000 common shares. Of the total increase in authorized capital stock, 192,779,459 common shares at par value of ₱1.0 a share or total of 192,779,459 common shares, were fully paid through the declaration of stock dividend at the rate of 20% to stockholders of record as at February 28, 2003.

On April 3, 2003, the PSE approved the listing of additional 192,779,459 common shares, at a par value of ₱281.0 a share, representing the 20% stock dividend declaration discussed in the foregoing. Moreover, the Company's listed shares were reduced by 188 common shares representing fractional shares arising from the 30% stock dividend declared in 1997 and 30% stock dividends declared in 2000, which were paid for in cash.

On February 15, 2017, the shareholders approved the amendment of the 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 ₱1.0 per share. On the same day, the shareholders approved the subsequent conversion of the convertible note of FPNRH to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, SEC approved the Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

d. Retained earnings

Details of retained earnings are as follows:

	2022	2021
Restricted	**₱3,804,246,223**	₱2,964,132,233
Unrestricted	**(128,292,965)**	(58,684,329)
	₱3,675,953,258	₱2,905,447,904

Restricted Retained Earnings or Retained Earnings not Available for Dividend Declaration

	2022	2021
Balance at beginning of year	**₱2,964,132,233**	₱2,961,154,740
Unrealized fair value gain on assets previously classified as held for sale, net of tax	**840,113,990**	2,977,493
Balance at end of year	**₱3,804,246,223**	₱2,964,132,233

Details of retained earnings not available for dividend declaration are as follows:

	2022	2021
Cumulative unrealized fair value gain on investment properties, net of tax	**₱2,793,364,468**	₱1,953,250,478
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	**958,591,519**	958,591,519
Treasury stock	**52,290,236**	52,290,236
	₱3,804,246,223	₱2,964,132,233

Unrestricted Retained Earnings

	2022	2021
Balance at beginning of year	**(₱58,684,329)**	(₱181,071,402)
Net income	**770,505,354**	125,364,566
Unrealized fair value gain on investment properties, net of tax	**(840,113,990)**	(2,977,493)
Balance at end of year	**(₱128,292,965)**	(₱58,684,329)

17. **Retirement Benefits**

In 2014, the Company transferred all its employees to CADPI. Consequently, the retirement liability and related plan assets were also transferred to CADPI amounting to ₱93.3 million. The excess plan assets at the time of transfer was retained with the Company. The Company has no defined benefit obligation as at September 30, 2022 and 2021. The retirement asset recognized in the separate statements of financial position pertains to fair value of plan assets.

The Company recognized income from retirement asset pertaining to interest income amounting to ₱1.9 million and ₱0.2 million in 2022 and 2021, respectively (see Note 19).

The cumulative remeasurement losses recognized in other comprehensive income follows:

	2022		
	Cumulative Remeasurement Loss	**Deferred Tax (Note 20)**	**Net**
Balance at beginning of year	**₱123,415,215**	**₱45,500,873**	**₱77,914,342**
Remeasurement loss	**6,665,908**	**–**	**6,665,908**
Balance at end of year	**₱130,081,123**	**₱45,500,873**	**₱84,580,250**

	2021		
	Cumulative Remeasurement Loss	Deferred Tax (Note 20)	Net
Balance at beginning of year	₱168,810,338	₱45,500,873	₱123,309,465
Remeasurement gain	(45,395,123)	–	(45,395,123)
Balance at end of year	₱123,415,215	₱45,500,873	₱77,914,342

The changes in the fair value of plan assets are as follows:

	2022	2021
Balance at beginning of year	**₱48,589,783**	₱2,958,020
Remeasurement gain (loss) recognized in other comprehensive income	**(6,665,908)**	45,395,123
Interest income	**1,943,591**	236,640
Balance at end of year	**₱43,867,466**	₱48,589,783

The categories of plan assets follow:

	2022	2021
Cash and cash equivalents	**9.3%**	14.9%
Receivables	**6.5%**	5.8%
Investments in shares of stock	**48.3%**	56.1%
Investments in other securities and debt instruments	**39.4%**	26.4%
Accounts payable	**(3.5%)**	(3.2%)
	100.0%	100.0%

As at September 30, 2022 and 2021, plan assets include investments in ₱21.7 million shares of stock of the Company with fair value amounting to ₱21.0 million and ₱27.1 million, respectively.

18. **General and Administrative Expenses**

This account consists of:

	Note	2022	2021
Professional fees		**₱3,327,187**	₱4,725,319
Utilities		**2,738,128**	4,711,110
Directors' fees and incentives	15	**1,950,000**	1,725,000
Taxes and licenses		**1,625,658**	4,558,023
Depreciation and amortization	11	**377,661**	7,995,648
Others		**2,892,536**	2,340,034
		₱12,911,170	₱26,055,134

Others include outside services, rent, repairs and maintenance and representation expenses.

19. **Other Income (Charges)**

This account consists of:

	Note	2022	2021
Reversal of allowance for ECL	7, 15	**₱66,226,552**	₱–
Income from retirement asset	17	**1,943,591**	236,640
Impairment loss on investment	9	**–**	(54,822,914)
Others		**6,972,111**	140,912,122
		₱75,142,254	₱86,325,848

20. **Income Taxes**

a. The reconciliation between income tax expense (benefit) computed at statutory income tax rate and income tax expense as shown in the profit or loss is as follows:

	2022	2021
Income tax computed at statutory tax rate	**₱254,546,387**	₱2,946,794
Adjustments to income tax resulting from:		
Deductible temporary differences for which no related deferred tax assets/liabilities were recognized	**(16,070,740)**	–
NOLCO and excess MCIT over RCIT for which no related deferred tax assets were recognized	**9,204,549**	–
Interest income already subjected to final tax	**(56,705)**	(15,525)
Final tax on interest income	**45,362**	12,258
Nondeductible expenses	**11,340**	40,310,131
Effect of change in tax rate	**–**	(121,542,839)
Nontaxable income	**–**	(35,288,210)
	₱247,680,193	(₱113,577,391)

The current income tax expense in 2022 amounting to ₱0.5 million pertains to MCIT and current income tax expense in 2021 amounting to ₱7.1 million pertains to RCIT.

b. Movements in unrecognized deferred tax assets in 2022 are as follows:

Reversal of allowance for ECL	(₱16,566,638)
NOLCO	8,662,068
Income from retirement asset	458,898
Excess of MCIT over RCIT	542,481
	(₱6,903,191)

c. As at September 30, 2022 and 2021, deferred tax liabilities from unrealized fair value gain on investment properties amounted to ₱853.6 million and ₱606.5 million, respectively.

d. Details of excess MCIT over RCIT and NOLCO as of September 30, 2022 are shown in the table below. The Company has no excess MCIT over RCIT or NOLCO as of September 30, 2021. The Company has no excess MCIT over RCIT or NOLCO as of September 30, 2021. The Company did not recognize any deferred tax assets from NOLCO and excess MCIT over RCIT as it has no taxable income to which these could be applied.

Year Incurred	Year of Expiry	Balance at September 30, 2021	Incurred	Expired	**Balance at September 30, 2022**
Excess MCIT over RCIT:					
2022	2025	**₱–**	**₱542,326**	**₱–**	**₱542,326**
NOLCO:					
2022	2027	**₱–**	**₱34,752,566**	**₱–**	**₱34,752,566**

21. **Earnings per Share**

Earnings per share is computed as follows:

	2022		2021	
(Amount in thousands, except basic/diluted earnings per share)	**Basic**	**Diluted**	Basic	Diluted
Net income (a)	**₱770,505**	**₱770,505**	₱125,365	₱125,365
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,547,936	1,547,936
Weighted average number of common shares adjusted for effect of dilution (b)	**1,547,936**	**1,547,936**	1,547,936	1,547,936
Earnings per share (a/b)	**₱0.50**	**₱0.50**	₱0.08	₱0. 08

22. **Capital Management**

The primary objective of the Company'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 dividend declaration is dependent on availability of unrestricted retained earnings and working capital requirements. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended September 30, 2022 and 2021.

Management considers the total equity reflected in the separate statements of financial position as its capital. The Company monitors its use of capital using leverage ratios, specifically, DSCR and debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

23. **Financial Instruments**

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash in banks, receivables (excluding due from related parties), and accounts payable and other current liabilities (excluding statutory payables and due to related parties), which arise directly from its operations. The Company has other financial instruments, such as due from and to related parties, short-term borrowings and long-term borrowings.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and interest rate risk. Risk management is carried out by senior management under the guidance and direction of the BOD of the Company.

Liquidity risk

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

The Company's objective is to maintain sufficient 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 Company aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available. The Company has no unused lines of credit with local banks as at September 30, 2022 and 2021, respectively.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

	2022					
	On Demand	**Less than One Year**	**Over One to Two Years**	**Over Two to Four Years**	**Over Four to Five Years**	**Total**
Long-term borrowings	**₱–**	**₱–**	**₱131,560,000**	**₱263,120,000**	**₱756,650,000**	**₱1,151,330,000**
Current portion of long-term borrowings	**–**	**98,670,000**	**–**	**–**	**–**	**98,670,000**
Accounts payable and other current liabilities*	**169,466,126**	**–**	**–**	**–**	**–**	**169,466,126**
Due to related parties	**4,549,873**	**–**	**–**	**–**	**–**	**4,549,873**
Total undiscounted financial liabilities	**₱174,015,999**	**₱98,670,000**	**₱131,560,000**	**₱263,120,000**	**₱756,650,000**	**₱1,424,015,999**

**Excludes statutory payables amounting to ₱6.1 million and accrued taxes amounting to ₱7.3 million.*

	2021					
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Total
Long-term borrowings	₱–	₱–	₱98,670,000	₱197,340,000	₱953,990,000	₱1,250,000,000
Short-term borrowings*	–	225,566,999	–	–	–	225,566,999
Accounts payable and other current liabilities**	179,669,233	–	–	–	–	179,669,233
Due to related parties	1,032,255,863	–	–	–	–	1,032,255,863
Total undiscounted financial liabilities	₱1,211,925,096	₱225,566,999	₱98,670,000	₱197,340,000	₱953,990,000	₱2,687,492,095

**Includes expected interest payments amounting to ₱13.8 million.*
***Excludes statutory payables amounting to ₱5.9 million and accrued taxes amounting to ₱6.6 million.*

	2022					
	On Demand	**Less than One Year**	**Over One to Two Years**	**Over Two to Four Years**	**Over Four to Five Years**	**Total**
Cash in banks	**₱25,394,038**	**₱–**	**₱–**	**₱–**	**₱–**	**₱25,394,038**
Due from related parties	**53,067,895**	**–**	**–**	**–**	**–**	**53,067,895**
	₱78,461,933	**₱–**	**₱–**	**₱–**	**₱–**	**₱78,461,933**

	2021					
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Total
Cash in banks	₱4,127,332	₱–	₱–	₱–	₱–	₱4,127,332
Due from related parties	1,297,369,155	–	–	–	–	1,297,369,155
	₱1,301,496,487	₱–	₱–	₱–	₱–	₱1,301,496,487

Credit risk

a. Credit risk is the risk that the Company will incur a loss because its counterparties may fail to discharge their contractual obligations. The Company transacts only with related parties and recognized, creditworthy third parties. It is the Company's policy that all counterparties that wish to trade on credit terms are subject to credit verification procedures.

   The exposures to credit risk arise from the default of counterparties, with a maximum exposure equal to the carrying amounts of these instruments, shown in the following table:

	2022	2021
Cash in banks	**₱25,394,038**	₱4,127,332
Due from related parties	**53,067,895**	1,297,369,155
	₱78,461,933	₱1,301,496,487

b. Impairment analysis

For cash and cash equivalents, the Company 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 Company'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 Company 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 ECLs. 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. ECL which amounted to ₱1,013.4 million and ₱1,079.6 million was recognized on due from related parties as of September 30, 2022 and 2021, respectively.

Interest rate risk
The primary source of the interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 12 and 13.

The loans amounting to ₱211.8 million as at September 30, 2021 bear floating interest and expose the Company to interest rate risk.

The table below demonstrate the sensitivity analysis to a reasonably possible change in interest rate, with all other variables held constant, of the Company's income before income tax (through the impact of floating rate borrowings) and equity in 2021 and 2022. The estimates are based on the outstanding interest-bearing liabilities of the Company with floating interest as at September 30, 2021 and 2022.

	2021	
Increase (Decrease)	Effect on Income before Tax	Effect on Equity
0.5%	(₱6,250,000)	(₱4,375,000)
(0.5%)	6,250,000	4,375,000

The other financial instruments of the Company that are not included in the foregoing tables are non-interest bearing and are therefore not subject to interest rate risk.

24. **Fair Value Measurement**

The Company has assets and liabilities that are measured at fair value on a recurring and no-recurring basis in the separate statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the separate statements of financial position at the end of each reporting period. Non-recurring fair value measurements are those that another PFRS requires or permits to be recognized in the separate statements of financial position in particular circumstance. These include investment properties and land under property and equipment at revalued amount.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets which are investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The carrying amounts of the Company'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 in banks, receivables, due to and from related parties, due from employees, other receivables, trade and other payable and long-term and short-term borrowings, and dividends payable. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. The carrying value of long-term borrowings as at September 30, 2022 and 2021 approximates its fair value as they carry interest rates of comparable instruments in the market.

The following tables present fair value hierarchy of the Company's investment properties:

Date of valuation: September 2022	Carrying Value	Fair Value Significant Observable Inputs (Level 3)
Assets measured at fair value		
Investment properties (see Note 10)	**₱5,031,699,400**	**₱5,031,699,400**
Assets measured at fair value		
Investment properties (see Note 10)	₱4,043,330,000	₱4,043,330,000

25. **Note to Statements of Cash Flows**

Changes in liabilities arising from financing activities are as follows:

	2021	Cash flows	Interest expense	Reclassification	2022
Intercompany advances	**₱1,032,255,863**	**(₱1,027,705,991)**	**₱–**	**₱–**	**₱4,549,873**
Short-term borrowings	**211,799,999**	**(211,799,999)**	**–**	**–**	**–**
Long-term borrowings	**1,250,000,000**	**–**	**–**	**(98,670,000)**	**1,151,330,000**
Interest payable	**6,535,959**	**(84,787,056)**	**79,917,764**	**–**	**1,666,667**
Total liabilities from financing activities	**₱2,500,591,821**	**(₱1,324,293,046)**	**₱79,917,764**	**(₱98,670,000)**	**₱1,157,546,540**

	2020	Cash flows	Interest expense	Reclassification	2021
Intercompany advances	₱566,166,776	₱466,089,087	₱–	₱–	₱1,032,255,863
Short-term borrowings	1,466,799,999	(5,000,000)	–	(1,250,000,000)	211,799,999
Long-term borrowings	–	–	–	1,250,000,000	1,250,000,000
Interest payable	4,908,586	(97,604,244)	99,231,617	–	6,535,959
Total liabilities from financing activities	₱2,037,875,361	₱363,484,843	₱99,231,617	₱–	₱2,500,591,821

26. **Segment Reporting**

The Company has two reportable segments: sugar and alcohol. The Company's sugar segment consists of one operating subsidiary, CADPI, 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 bio-ethanol fuel. Prior to merger in 2022, CACI and RABDC are part of the sugar segment while RBC is part of alcohol segment.

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

The Company'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.

In 2022 and 2021, ₱2,894.3 million (44%) and ₱1,846.2 million (40%), respectively, of the Company's total revenue were derived from two customers.

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

	2022			
Amount in thousands	**Sugar**	**Alcohol**	**Reconciliation and Adjustments not Applicable to Separate Financial Statements**	**Separate Financial Statements**
Revenue:				
External customers	**₱5,439,662**	**₱1,627,861**	**(₱7,067,523)**	**₱–**
Inter-segment	**22,491**	**325**	**(22,816)**	**–**
Cost of goods and services:				
Direct materials used	**3,309,864**	**1,199,217**	**(4,509,081)**	**–**
Planters' subsidy and productivity assistance	**49,407**	**98,571**	**(147,978)**	**–**
Fuel and oil	**263,258**	**219,285**	**(482,543)**	**–**
Depreciation and amortization	**304,447**	**90,046**	**(394,493)**	**378**
Interest expense	**302,850**	**19,843**	**(322,693)**	**79,918**
Segment profit (loss)	**(681,284)**	**(115,728)**	**797,012**	**770,505**
Other disclosure - Capital expenditures	**780,512**	**152,962**	**(933,474)**	**–**

	2021			
Amount in thousands	Sugar	Alcohol	Reconciliation and Adjustments not Applicable to Separate Financial Statements	Separate Financial Statements
Revenue:				
External customers	₱2,906,394	₱1,622,368	(₱4,528,762)	₱–
Inter-segment	25,334	15,606	(40,940)	–
Cost of goods and services:				
Direct materials used	1,069,869	906,691	(1,976,560)	–
Planters' subsidy and productivity assistance	73,868	93,250	(167,118)	–
Fuel and oil	220,243	218,281	(438,524)	–
Depreciation and amortization	309,564	108,878	(418,442)	7,996
Interest expense	325,838	12,448	(338,286)	99,232
Segment profit (loss)	(862,482)	(76,438)	938,920	125,365
Other disclosure - Capital expenditures	402,565	36,239	(438,804)	–

27. Supplementary Information Required under Revenue Regulations No. 15-2010

VAT

Details of the net sales or receipts and the related output and input VAT accounts as at and for the year ended September 30, 2022 are as follows:

a. Net sales/receipts and output VAT declared in the VAT returns filed for the year amounted to ₱47,346,005 and ₱5,681,521, respectively.

b. Input VAT

Balance at beginning of year	₱–
Current year's domestic purchases/payments for:	
Services lodged under other accounts	1,441,588
Total input VAT	1,441,588
Less amount applied against output VAT	(1,441,588)
Balance at end of year	₱–

c. Details of the taxes and licenses for the year ended September 30, 2022:

Documentary stamp tax	₱844,664
Business permit	780,494
Others	500
	₱1,625,658

d. Withholding Taxes

Details of withholding taxes for the year ended September 30, 2022 are as follows:

	Paid	Accrued
Final withholding taxes	₱265,916	₱–
Expanded withholding taxes	2,181,777	423,307
	₱2,447,693	₱423,307

e. Tax Assessments and Tax Cases

The Company has no pending deficiency tax assessment and tax case as at September 30, 2022.

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th Street cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Roxas Holdings, Inc. as at and for the years ended September 30, 2022 and 2021, and have issued our report thereon dated December 14, 2022. Our audits were made for the purpose of forming an opinion on the separate financial statements taken as a whole. The schedule listed in the Index to the Separate Financial Statements and Supplementary Schedules are the responsibility of the Company's management. Those schedules are presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68, and are not part of the separate financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the separate financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
Tax Identification No. 102-089-397
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 72557-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854363, January 3, 2022, Makati City

December 14, 2022

ROXAS HOLDINGS, INC.

INDEX TO THE SEPARATE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SCHEDULE I

ROXAS HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Retained earnings, beginning	₱2,905,447,904
Cumulative unrealized fair value gain on investment properties, net of tax, beginning	(1,953,250,478)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Retained earnings available for dividend declaration, beginning	(58,684,329)
Net income recognized during the year	770,505,354
Unrealized fair value gain on investment properties, net of tax	(840,113,990)
	(₱128,292,965)

ROXAS HOLDINGS, INC.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **Roxas Holdings, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the fiscal year ended **September 30, 2022.** Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the fiscal year ended **September 30, 2022** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Roxas Holdings, Inc.** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **Roxas Holdings, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

PEDRO E. ROXAS	CELSO T. DIMARUCUT	VERONICA C. CORTEZ
Chairman of the Board	President and Chief Executive Officer	VP – Finance, Treasury and Administration

SUBSCRIBED AND SWORN to before me this DEC 23 2022 day of December, 2022 affiant(s) exhibiting to me their government IDs as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite

Doc No. 366
Page No. 75
Book No. 269
Series of 2022

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M 019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016355
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-290-538-000
Name	: ROXAS HOLDINGS, INC.
RDO	: 121
Form Type	: 1702
Reference No.	: 462200051456323
Amount Payable (Over Remittance)	: -82,265,176.00
Accounting Type	: F - Fiscal
For Tax Period	: 09/30/2022
Date Filed	: 12/23/2022
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

Reference No : 462200051456323
Date Filed : December 23, 2022 12:41 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) Page 1	**Annual Income Tax Return** For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For Calendar Fiscal 2 Year Ended (MM/20YY) 9/2022	3 Amended Return? Yes No	4 Short Period Return? Yes No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN) 000 - 290 - 538 - 000 | 7 RDO Code 121

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
ROXAS HOLDINGS, INC.

9A Registered Address *(Indicate complete registered address)*
14F, NET ONE CENTER, 3RD AVE. BONIFACIO GLOBAL CITY FORT BONIFACIO TAGUIG CITY

9B Zipcode 1630

10 Date of Incorporation/Organization (MM/DD/YYYY) 10/31/1930

11 Contact Number 8942664 | 12 Email Address rhigroup.tax@rhi.com.ph

13 Method of Deductions: Itemized Deductions [Section 34 (A-J), NIRC] | Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		542,481
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		82,807,657
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(82,265,176)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(82,265,176)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*
To be refunded | To be issued a Tax Credit Certificate (TCC) | To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

VERONICA C. CORTEZ Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	22 Number of Attachments
Title of Signatory: VP - FINANCE AND TRE · TIN 217-875-713	Title of Signatory: · TIN	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 290 - 538 - 000	ROXAS HOLDINGS, INC.

Part IV - Computation of Tax	*(Do NOT enter Centavos)*
27 Sales/Receipts/Revenues/Fees	47,276,006
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	47,276,006
30 Less: Cost of Sales/Services	0
31 Gross Income from Operation *(Item 29 Less Item 30)*	47,276,006
32 Add: Other Taxable Income Not Subjected to Final Tax	6,972,110
33 Total Taxable Income *(Sum of Items 31 and 32)*	54,248,116

Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	92,783,571
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	92,783,571
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction *(40% of Item 33)*	0

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(38,535,455)
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	542,481
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	542,481

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	80,443,857
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	2,363,800
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	82,807,657
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(82,265,176)

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 290 - 538 - 000	ROXAS HOLDINGS, INC.

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	377,661
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	79,872,400
9 Losses	0
10 Pension Trust	0
11 Rental	190,064
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	1,625,658
16 Transportation and Travel	0
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	3,327,187
c Security Services	0
d ADVERTISING AND PROMOTIONS	71,280
e BANK CHARGES	985,178
f BOOKS AND SUBSCRIPTIONS	108,071
g COMMUNICATION, LIGHT AND WATER	2,738,128
h DIRECTORS FEES	1,950,000
i OTHERS	1,537,944
i.1 INSURANCE EXPENSE	965,000
i.2 MEMBERSHIP DUES AND SUBSCRIPTIONS	260,065
i.3 MISCELLANEOUS EXPENSE	18,721
i.4 ORGANIZATIONAL ACTIVITIES	280,158
i.5 SOFTWARE AND LICENSE FEES	14,000
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	92,783,571

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*			0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 290 - 538 - 000	ROXAS HOLDINGS, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	54,248,116
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	92,783,571
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(38,535,455)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4	2022	38,535,455	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	38,535,455
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	1,018,185,545
Add: Non-deductible Expenses/Taxable Other Income	
2 NON-DEDUCTIBLE INTEREST EXPENSE	45,364
3	0
4 Total *(Sum of Items 1 to 3)*	1,018,230,909
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECTED TO FINAL TAX	226,821
6 OTHERS	1,056,539,543
6.1 INTEREST INCOME FROM RETIREMENT ASSET	1,943,591
6.2 REVERSAL OF ALLOWANCE FOR IMPAIRMENT RECEIVABLES	66,226,552
6.3 UNREALIZED FAIR VALUE GAIN ON INVESTMENT PROPERTY	988,369,400
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	1,056,766,364
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(38,535,455)

BIR Form No.
1709
December 2020 (ENCS)
Page 1

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY

(FOREIGN AND/OR DOMESTIC)

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X"

1709 12/20ENCS P1

1 For the	[ ] Calendar [X] Fiscal
2 Year Ended (MM/YYYY)	09 2022
3 Number of Sheet/s Attached	003

Part I - Background Information

4 Tax Identification Number (TIN)	000 / 290 / 538 / 00000
5 RDO Code	121
6 Taxpayer's Name (*Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual*)	ROXAS HOLDINGS, INC.
7 Registered Address (*indicate complete address. If branch, indicate branch address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905*)	14F, NET ONE CENTER, 3RD AVE. COR. 26TH ST. BONIFACIO GLOBAL CITY FORT BONIFACIO
8 Contact Number (*Landline/Cellphone*	87178000
9 Email Address	rhigroup.tax@rhi.com.ph

Part II - Details of Related Parties

(Fill out the table properly. Write N/A if not applicable and use additional sheet/s if necessary)

A. Foreign Related Parties

Name	Nature of Relationship	Country of Residence	Foreign TIN	Local TIN	With Permanent Establishment (PE) in the Philippines (*Yes/No*)	TIN of PE
N/A	N/A	N/A	N/A	N/A	N/A	N/A

B. Domestic Related Parties

Name	Nature of Relationship	TIN	Registered Address
See attached Annex A			

Part III - Related Party Transactions

A. Sale of Goods and Provision of Services

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (*if applicable*)	Amount (*in PHP*)	Were you granted treaty benefit in the source country? (*Yes/No*)	Income Tax Withheld by the Income Payor
Central Azucarera Don Pedro, Inc.	Rent income	N/A	46,728,000.00	N/A	2,336,400.00

B. Purchase of Goods and Services Except Those Provided by the Key Management Personnel (KMP)

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (*if applicable*)	Amount (*in PHP*)	Did the income recipient claim treaty benefit? (*Yes/No*)	Was a TTRA filed therefor? (*Yes/No*)	Income Tax Withheld by the Income Payor (*if any*)	Is the income payment attributable to PE? (*Yes/No*)
Central Azucarera Don Pedro, Inc.	Sublease of office space	N/A	190,064.64	N/A	N/A	9,503.23	N/A

BIR Form No. **1709** December 2020 (ENCS)	**INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY** **(FOREIGN AND/OR DOMESTIC)**	1709 12/20ENCS P2

TIN	Registered Name
0 0 0 2 9 0 5 3 8 0 0 0 0 0	ROXAS HOLDINGS, INC.

Continuation of Part III

C. Loans Granted to or Non-Trade Receivable from (Related Parties)

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debts *(if any)* *	Bad Debts Expense Recognized During the Period *(if any)* **
See attached Annex B						

D. Loans Received from or Non-Trade Payable to (Related Parties)

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year
See attached Annex C				

E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency *(if applicable)*	Amount *(in Php)*
N/A	N/A	N/A	N/A

Part IV – Additional Disclosure

A. Brief business overview of the ultimate and immediate parent/s of the taxpayer

N/A

B. Brief business overview/functional profile of the taxpayer

Roxas Holdings, Inc. is a listed sugar and ethanol producer, and a first mover in the area of agribusiness in the Philippines. It manages Central Azucarera Don Pedro, Inc. and San Carlos Bioenergy, Inc.

C. Has there been any change in your functional profile during the taxable period? If yes, provide details. ☐ Yes ☒ No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. ☐ Yes ☒ No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years? If yes, provide details. ☐ Yes ☒ No

BIR Form No. **1709** December 2020 (ENCS)	**INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY** **(FOREIGN AND/OR DOMESTIC)**	1709 12/20ENCS P3

TIN	Registered Name
0 0 0 2 9 0 5 3 8 0 0 0 0 0	ROXAS HOLDINGS, INC.

Continuation of Part IV

F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include, but are not limited to the following: Organizational Structure (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); [X] Yes [ ] No

G. Do you have pending application/s for relief with the BIR or with the tax authority of other country/ies? [ ] Yes [X] No

If yes, provide details.

H. Do you have an Advance Pricing Agreement (APA) with your related parties? [ ] Yes [X] No

I/We declare, under the penalties of perjury that this return has been made in good faith, and that, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required attachments to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. *(If authorized representative, please attach an authorization letter.)*	*Stamp of receiving Office and Date of Receipt (RO's Signature)*
VERONICA C. CORTEZ VP - Head of Finance, Administration & Treasury	
Signature over Printed Name of Taxpayer/Authorized Representative/Tax Agent *(indicate Title and TIN)*	
Tax Agent Accreditation Number/Atty.'s Roll Number *(if applicable)*	
Date of Issue *(MM/DD/YYYY)* Date of Expiry *(MM/DD/YYYY)*	

Roxas Holdings, Inc.
Details of Domestic Related Parties
Fiscal Year Ended September 30, 2022

Annex A

Name	Nature of Relationship	TIN	Registered Address
Central Azucarera Don Pedro, Inc.	Subsidiary	214-280-422-000	14F, One/NEO, 3rd Ave. Cor. 26th St. Bonifacio Global City, Fort Bonifacio, Taguig City NCR, Fourth District Philippines 1630
Roxas Pacific Bioenergy, Inc.	Subsidiary	008-957-738-000	6/F CG Bldg 101 Aguirre St Legaspi Village Makati City 1229
San Carlos Bioenergy, Inc.	Subsidiary	238-494-525-000	San Carlos Ecozone Brgy Palampas and Punao San Carlos City Negros Occidental 6127
Roxol Bioenergy Corporation	Subsidiary	006-982-846-000	Barangay Nagasi La Carlota City Negros Occidental 6130
Central Azucarera de La Carlota, Inc.	Subsidiary	224-694-486-000	Unit 12-2 12th & 14th Floor, Net One Center, 3rd Ave. Cor. 26th St. Bonifacio Global City, Fort Bonifacio, Taguig City NCR, Fourth District Philippines 1630
RHI Agri-Business Development Corporation	Subsidiary	008-965-671-000	6/F CG Bldg 101 Aguirre St. Legaspi Village Makati City 1229
Northeastern Port & Storage Corporation	Affiliate	006-004-024-000	Emerald Arcade City Center, FC Ledesma Avenue, San Carlos City, Negros Occidental

Roxas Holdings, Inc.
Non-Trade Receivable from Domestic Related Parties
Fiscal Year Ended September 30, 2022

Annex B

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debts *(if any)* *	Bad Debts Expense Recognized During the Period *(if any)* **
Central Azucarera Don Pedro, Inc.	474,040,277.00	-	Interest-bearing cash advances	1,013,388,087.00	-	-
Roxas Pacific Bioenergy, Inc.	77,303.00	-	Noninterest- bearing cash advances	-	-	-
San Carlos Bioenergy, Inc.	1,330,264,363.00	-	Interest-bearing cash advances	-	-	-
Central Azucarera de La Carlota, Inc.	519,533,956.00	-	Interest-bearing cash advances	-	-	-
Northeastern Port & Storage Corporation	2,051,310.00	-	Noninterest-bearing advances	2,051,310.00	-	-

Roxas Holdings, Inc.
Non-Trade Payables to Domestic Related Parties
Fiscal Year Ended September 30, 2022

Annex C

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year
San Carlos Bioenergy, Inc.	-	-	Interest-bearing cash advances	1,361,124.00
Roxol Bioenergy Corporation	1,023,096,417.00	-	Noninterest-bearing cash advances	-
RHI Agri-business Development Corporation	5,970,697.00	-	Noninterest- bearing cash advances	-
RHI Retirement Fund, Inc.	2,799,800.00	-	Noninterest-bearing advances payable on demand	2,799,800.00
Roxas Power Corporation	388,949.00	-	Noninterest-bearing advances	388,949.00

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

Annex "B"

BIR Form No.
2307
January 2018 (ENCS)

Certificate of Creditable Tax Withheld at Source

2307 01/18ENCS

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For the Period From 01 01 2021 (MM/DD/YYYY) To 05 31 2021 (MM/DD/YYYY)

Part I – Payee Information

2 Taxpayer Identification Number (TIN) 000 - 290 - 538 - 000 00

3 Payee's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
ROXAS HOLDINGS INC

4 Registered Address
6th Floor CG Bldg 101 Aguirre St. Legaspi Village Makati City

4A ZIP Code 1229

5 Foreign Address, if applicable

Part II – Payor Information

6 Taxpayer Identification Number (TIN) 000 - 438 - 366 - 000 00

7 Payor's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
BANK OF THE PHILIPPINE ISLANDS

8 Registered Address
Provincial Road Brgy. Lumbangan Nasugbu Batangas

8A ZIP Code 4231

Part III – Details of Monthly Income Payments and Taxes Withheld

Income Payments Subject to Expanded Withholding Tax	ATC	AMOUNT OF INCOME PAYMENTS 1st Month of the Quarter	2nd Month of the Quarter	3rd Month of the Quarter	Total	Tax Withheld for the Quarter
		248,488.33			248,488.33	11,093.23
Total						
Money Payments Subject to Withholding of Business Tax (Government & Private)						
Total		248,488.33			248,488.33	11,093.23

We declare under the penalties of perjury that this certificate has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, we give our consent to the processing of our information as contemplated under the *Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes.

MARILOU D. COMIA (Service Officer)

Signature over Printed Name of Payor/Payor's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No./ Attorney's Roll No. (if applicable) | Date of Issue (MM/DD/YYYY) | Date of Expiry (MM/DD/YYYY)

CONFORME:

Signature over Printed Name of Payee/Payee's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No./ Attorney's Roll No. (if applicable) | Date of Issue (MM/DD/YYYY) | Date of Expiry (MM/DD/YYYY)

*NOTE: The BIR Data Privacy is in the BIR website (www.bir.gov.ph)

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

Annex "B"

BIR Form No.
2307
January 2018 (ENCS)

Certificate of Creditable Tax Withheld at Source

2307 01/18ENCS

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For the Period From 06 01 2021 (MM/DD/YYYY) To 12 31 2021 (MM/DD/YYYY)

Part I – Payee Information

2 Taxpayer Identification Number (TIN) 000 - 290 - 538 - 00000

3 Payee's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
ROXAS HOLDINGS INC

4 Registered Address
_th Floor CG Bldg. 101 Aguirre St. Legaspi Village Makati City

4A ZIP Code 1229

5 Foreign Address, if applicable

Part II – Payor Information

6 Taxpayer Identification Number (TIN) 000 - 438 - 366 - 00000

7 Payor's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)
BANK OF THE PHILIPPINE ISLANDS

8 Registered Address
Provincial Road Brgy. Lumbangan Nasugbu Batangas

8A ZIP Code 4231

Part III – Details of Monthly Income Payments and Taxes Withheld

Income Payments Subject to Expanded Withholding Tax	ATC	AMOUNT OF INCOME PAYMENTS 1st Month of the Quarter	2nd Month of the Quarter	3rd Month of the Quarter	Total	Tax Withheld for the Quarter
				365,277.85	365,277.85	16,307.05
Total						
Money Payments Subject to Withholding of Business Tax (Government & Private)						
Total				365,277.85	365,277.85	16,307.05

We declare under the penalties of perjury that this certificate has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, we give our consent to the processing of our information as contemplated under the *Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes.

MARILOU D. COMIA (Service Officer)

Signature over Printed Name of Payor/Payor's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No./ Attorney's Roll No. (if applicable) | Date of Issue (MM/DD/YYYY) | Date of Expiry (MM/DD/YYYY)

CONFORME:

Signature over Printed Name of Payee/Payee's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No./ | Date of Issue | Date of Expiry

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
2307
January 2018 (ENCS)

Certificate of CreditableTax Withheld at Source

2307 01/18ENCS

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For the Period From 07/01/2022 (MM/DD/YYYY) To 09/30/2022 (MM/DD/YYYY)

Part I - Payee Information

2 Taxpayer Identification Number (TIN) 000290538000

3 Payee's Name *(Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)*

ROXAS HOLDINGS INC.

4 Registered Address

14/F NET ONE CENTER 26TH STREET COR. 3RD AVENUE BONIFACIO GLOBAL CITY, TAGUIG CITY 1630

4A Zip Code

5 Foreign Address, *if applicable*

Part II - Payor Information

6 Taxpayer Identification Number (TIN) 214-280-422-00000

7 Payor's Name *(Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)*

Central Azucarera Don Pedro, Inc.

8 Registered Address

14th Floor One/Neo 3rd Avenue Corner 26th Street, Bonifacio Global City, Fort Bonifacio 1630, Taguig City, NCR, Fourth District Philippines

8A Zip Code ines

Part III - Details of Monthly Income Payments and Taxes Withheld

Income Payments Subject to Expanded Withholding Tax	ATC	AMOUNT OF INCOME PAYMENTS 1st Month of the Quarter	2nd Month of the Quarter	3rd Month of the Quarter	Total	Tax Withheld for the Quarter
Rentals- real/personal properties, poles, satellites & transmission facilities, billboards - Corpora	WC100			46,728,000.00	46,728,000.00	2,336,400.00
Total				46,728,000.00	46,728,000.00	2,336,400.00
Money Payments Subject to Withholding of Business Tax (Government & Private)						
Total						

We declare, under the penalties of perjury, that this certificate has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, we give our consent to the processing of our information as contemplated under the *Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes.

Dorothy Anne O. Diokno Tax Manager 444-427-175-000

Signature over Printed Name of Payor/Payor's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No./ Attorney's Roll No. (if applicable)		Date of Issue *(MM/DD/YYYY)*		Date of Expiry *(MM/DD/YYYY)*	

CONFORME:

Signature over Printed Name of Payee/Payee's Authorized Representative/Tax Agent
(Indicate Title/Designation and TIN)

Tax Agent Accreditation No. / Attorney's Roll No. (if applicable)		Date of Issue *(MM/DD/YYYY)*		Date of Expiry *(MM/DD/YYYY)*	

*NOTE: The BIR Data Privacy is in the BIR website (www.bir.gov.ph)