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

SEC Registration Number

P	W	-	1	5	A

C O M P A N Y   N A M E

ROXAS HOLDINGS, INC. AND
SUBSIDIARIES

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

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

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

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,080	March 17	September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

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

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

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

SEC Number PW 15
File ______________

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

(Company's Full Name)

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

(Company's Address)

(632) 8771-7800

(Company's Telephone Number)

September 30, 2021

(Fiscal Year Ending)

SEC Form 17-Q

(Form Type)

Amended Designation (If Applicable)

June 30, 2021

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter ended: **30 June 2021**

2. Commission Identification Number **15A**

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

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

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

6. Industry Classification Code:

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

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

9. Former name, former address and former fiscal year, if changed since last report
Not Applicable

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

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

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

Yes [**X**]   No [ ]

12. Indicate by check mark whether the registrant:

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

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ROXAS HOLDINGS, INC. AND SUBSIDIARIES

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

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021

(*With Comparative Audited Balances as at September 30, 2020)*
(Amounts in Thousands)

	Note	**June 30, 2021 (Unaudited)**	September 30, 2020 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	3	**₱83,006**	₱888,597
Trade and other receivables	4	**883,532**	1,252,304
Inventories	5	**1,257,359**	442,965
Other current assets	6	**288,404**	194,012
		2,512,301	2,777,878
Noncurrent Assets			
Property, plant and equipment:	8		
At cost		**4,741,683**	4,912,445
At revalued amount		**4,537,678**	4,537,678
Investment properties		**307,955**	301,948
Retirement assets – net		**2,958**	2,958
Other noncurrent assets		**1,496,930**	1,494,439
		11,087,204	11,249,468
		₱13,599,505	₱14,027,346
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	9	**₱3,728,249**	₱5,369,550
Trade and other payables	11	**2,326,317**	1,596,635
Income tax payable		**3,761**	2,408
		6,058,327	6,968,593
Noncurrent Liabilities			
Long-term borrowings - net of current portion	10	**1,251,000**	1,000
Retirement liabilities -net		**391,677**	401,205
Deferred tax liabilities - net		**787,510**	783,813
Other noncurrent liabilities		**10,941**	22,570
		2,441,128	1,208,588
Total Liabilities		**8,499,455**	8,177,181

(Forward)

	Note	**June 30, 2021 (Unaudited)**	September 30, 2020 (Audited)
Equity Attributable to the Equity Holders of the Parent Company	12		
Capital stock		**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock		**(52,290)**	(52,290)
Other equity items and reserves		**3,626,455**	3,649,712
Deficit		**(2,923,031)**	(2,191,115)
		5,058,896	5,814,069
Non-controlling Interests		**41,154**	36,096
		5,100,050	5,850,165
		₱13,599,505	₱14,027,346

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

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

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2021	2020 (As restated)	**2021**	2020 (As restated)
CONTINUING OPERATIONS				
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 14)	**₱1,904,184**	₱1,191,534	**₱3,791,716**	₱3,156,365
COST OF SALES (Note 15)	**(1,859,608)**	(1,202,810)	**(3,854,468)**	(3,291,441)
GROSS INCOME (LOSS)	**44,576**	(11,276)	**(62,752)**	(135,076)
OPERATING EXPENSES (Note 16)	**(175,321)**	(156,970)	**(481,177)**	(496,349)
INTEREST EXPENSE (Note 9)	**(80,406)**	(90,358)	**(252,611)**	(278,683)
OTHER INCOME – Net (Note 18)	**70,344**	7,340	**81,833**	37,134
LOSS BEFORE INCOME TAX	**(140,807)**	(251,264)	**(714,707)**	(872,974)
INCOME TAX BENEFIT (EXPENSE)				
Current	**(8,432)**	(1,954)	**(8,454)**	(4,473)
Deferred	**(3,697)**	45	**(3,697)**	1,829
	(12,129)	(1,909)	**(12,151)**	(2,644)
NET LOSS FROM CONTINUING OPERATIONS	**(152,936)**	(253,173)	**(726,858)**	(875,618)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 7)	**–**	(173,608)	–	143,724
NET LOSS	**(₱152,936)**	(₱426,781)	**(₱726,858)**	(₱731,894)
Net income (loss) attributable to:				
Equity holders of the Parent Company	**(₱159,431)**	(₱425,580)	**(₱731,916)**	(₱725,653)
Non-controlling interests	**6,495**	(1,201)	**5,058**	(6,241)
	(₱152,936)	(₱426,781)	**(₱726,858)**	(₱731,894)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Basic	**(₱0.10)**	(₱0.28)	**(₱0.47)**	(₱0.47)
Diluted	**(0.10)**	(0.28)	**(0.47)**	(0.47)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

(Amounts in Thousands)

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2021	2020 (As restated)	**2021**	2020 (As restated)
NET LOSS	**(₱152,936)**	(₱426,781)	**(₱726,858)**	(₱731,894)
OTHER COMPREHENSIVE INCOME (LOSS)				
Remeasurement loss on retirement liabilities	**–**	–	**(23,257)**	–
Appraisal increase on land, net of tax	**–**	–	–	10,812
Deferred tax asset on retirement actuarial losses	**–**	–	–	9,057
Share in remeasurement loss on retirement liability of an associate, net of tax	**–**	–	–	(5,335)
TOTAL COMPREHENSIVE LOSS	**(₱152,936)**	(₱426,781)	**(₱750,115)**	(₱717,360)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	**(₱159,431)**	(₱425,580)	**(₱755,173)**	(₱711,838)
Non-controlling interests	**6,495**	(1,201)	**5,058**	(5,522)
	(₱152,936)	(₱426,781)	**(₱750,115)**	(₱717,360)

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH AND NINE-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

(Amounts in Thousands)

	Three-Month Period April 1 to June 30 (Unaudited)		Nine-Month Period October 1 to June 30 (Unaudited)	
	2021	2020	**2021**	2020
CAPITAL STOCK	**₱1,565,579**	₱1,565,579	**₱1,565,579**	₱1,565,579
ADDITIONAL PAID-IN CAPITAL	**2,842,183**	2,842,183	**2,842,183**	2,842,183
TREASURY STOCK	**(52,290)**	(52,290)	**(52,290)**	(52,290)
REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE	–	2,806,661	–	2,806,661
OTHER EQUITY RESERVES				
Beginning balance	**3,626,455**	791,104	**3,649,712**	1,049,889
Remeasurement loss on retirement liabilities	–	–	**(23,257)**	–
Reclassification of investment in associate's other comprehensive income to profit and loss	–	–	–	(272,600)
Appraisal increase on land, net of tax	–	–	–	10,093
Deferred tax asset on retirement actuarial losses	–	–	–	9,057
Share in remeasurement loss on retirement liability of an associate, net of tax	–	–	–	(5,335)
	3,626,455	791,104	**3,626,455**	791,104
RETAINED EARNINGS (DEFICIT)				
Beginning balance	**(2,763,600)**	869,919	**(2,191,115)**	897,392
Reclassification of investment in associate's other comprehensive income to profit and loss	**–**	–	–	272,600
Net loss attributable to equity holders of the Parent Company	**(159,431)**	(425,580)	**(731,916)**	(725,653)
	(2,923,031)	444,339	**(2,923,031)**	444,339
NON-CONTROLLING INTERESTS				
Beginning balance	**34,659**	43,723	**36,096**	54,921
Income (loss) attributable to non-controlling interests	**6,495**	(1,201)	**5,058**	(6,241)
Acquisition	**–**	–	**–**	(6,877)
Appraisal increase on land, net of tax	**–**	–	**–**	719
	41,154	42,522	**41,154**	42,522
TOTAL EQUITY	**₱5,100,050**	₱8,440,098	**₱5,100,050**	₱8,440,098

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020
(Amounts in Thousands)

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited, As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax from continuing operations	**(₱714,707)**	(₱872,974)
Income before income tax from discontinued operations	**–**	143,804
Adjustments for:		
Depreciation and amortization	**445,107**	855,112
Interest expense	**252,611**	484,636
Retirement expense	**43,071**	46,411
Unrealized fair value gain on investment properties	**(6,007)**	(9,005)
Loss from disposal of property, plant and equipment	**2,228**	–
Interest income	**(1,005)**	(4,263)
Gain on sale of investment in associate	**–**	(258,311)
Gain on sale of investment property	**–**	(16,677)
Share in net earnings of associate	**–**	(2,193)
Operating income before changes in working capital	**21,298**	366,540
Decrease (increase) in:		
Trade and other receivables	**386,516**	494,042
Inventories	**(814,394)**	(556,074)
Other current assets	**(112,141)**	(85,244)
Increase in trade and other payables	**706,334**	310,222
Net cash generated from operating activities	**187,613**	529,486
Retirement benefits paid	**(75,856)**	–
Income taxes paid	**(10,800)**	(5,971)
Interest received	**1,005**	4,263
Net cash flows provided by operating activities	**101,962**	527,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(197,443)**	(199,179)
Proceeds from:		
Sale of property, plant and equipment	**8,446**	–
Sale of investment in associate	**–**	870,813
Sale of investment property	**–**	50,000
Dividends received	**–**	40,255
Increase in other noncurrent assets	**(21,904)**	(21,291)
Net cash flows provided by (used in) investing activities	**(210,901)**	740,598
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments of short-term borrowings	**(391,301)**	(50,000)
Payments of:		
Interest	**(294,274)**	(507,001)
Principal portion of lease liabilities	**(11,077)**	(21,422)
Long-term borrowings	**–**	(866,833)
Net cash flows used in financing activities	**(696,652)**	(1,445,256)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(805,591)**	(176,880)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**888,597**	438,268
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱83,006**	₱261,388

See accompanying Notes to Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

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

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (collectively, the Group) for the nine-month period ended June 30, 2021 were authorized for issue in accordance with a resolution of the Board of Directors on August 6, 2021.

2. Basis of Preparation and Basis of Consolidation

<u>Basis of Preparation</u>

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

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

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended September 30, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Adoption of New and Revised PFRS</u>
The Group adopted the following amendments and improvements to PFRS effective October 1, 2020 as summarized below.

Effective beginning on or after January 1, 2020 (October 1, 2020 for the Group)

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

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

Effective beginning on or after January 1, 2021 (October 1, 2021 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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

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

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 on the next page is the list of the subsidiaries.

	Percentage of Ownership		Noncontrolling interest			Principal Place of
	2021	2020	**2021**	2020	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00%**	100.00%	**–**	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	**100.00%**	100.00%	**–**	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	**–**	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)	**100.00%**	100.00%	**–**	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	**100.00%**	100.00%	**–**	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)	**100.00%**	100.00%	**–**	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00%**	100.00%	**–**	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [(1)]	**100.00%**	100.00%	**–**	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [(2)]	**93.35%**	93.35%	**6.65%**	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	**–**	95.82%	**–**	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	**50.00%**	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [(3)]	**100.00%**	100.00%	**–**	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *As at September 30, 2020, RHIPCC has not yet started commercial operations*
(2) *Acquired in April 2015 through RPBC*
(3) *Indirect ownership through RPBC*

Non-controlling interests represent the portion of profit or loss and net assets of RPC and SCBI (NAVI in 2019) not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

3. Cash and Cash Equivalents

This account consists of:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Cash on hand	**₱382**	₱410
Cash in banks and cash equivalents	**82,624**	888,187
	₱83,006	₱888,597

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

4. **Trade and Other Receivables**

This account consists of:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Trade	**₱843,944**	₱1,175,836
Due from:		
Planters and cane haulers	**62,829**	97,492
Employees	**24,596**	30,872
Others	**81,420**	78,900
	1,012,789	1,383,100
Allowance for impairment losses	**(129,257)**	(130,796)
	₱883,532	₱1,252,304

5. **Inventories**

This account consists of:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
At NRV:		
Molasses	**₱361,662**	₱58,025
Materials and supplies	**264,545**	285,086
Alcohol	**119,062**	3,845
At cost:		
Refined sugar	**497,128**	70,929
Raw sugar	**7,268**	–
Others	**7,694**	25,080
	₱1,257,359	₱442,965

Cost of inventories valued at NRV is shown below:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Molasses	**₱366,707**	₱78,118
Materials and supplies	**286,842**	304,166
Alcohol	**119,140**	37,922
	₱772,689	₱420,206

6. **Other Current Assets**

This account consists of:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Advances to suppliers	**₱183,594**	₱75,419
Input VAT	**51,084**	58,683
Prepayments	**31,173**	35,797
Deferred milling costs	**10,133**	11,701
Refundable deposits	**12,420**	12,412
	₱288,404	₱194,012

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

7. **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 "Proposed Sale Transaction"). 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 Philippine Competition Commission (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 are removed from this classification. 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 is lower than the recoverable amount at the date of the subsequent decision not to sell.

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 20.

As a result of the preceding circumstances, results of operations presented in the consolidated statements of income and the corresponding notes to the financial statements in 2020 were restated to reflect continuing operations of CADPI and exclude from continuing operations the discontinued operations of CACI, RBC and NAVI.

The results of operations of the Group's sugar milling and distillery operations in La Carlota City, Negros Occidental as of June 30, 2020 is shown in the table below:

Revenue from contracts with customers	₱4,717,117
Cost of sales and services	(4,477,652)
Gross income	239,465
Operating expenses	(185,330)
Interest expense	(205,954)
Other income	295,624
Income before income tax	143,805
Income tax benefit	(81)
Net income from discontinued operations	₱143,724

The Parent Company had 45.09% ownership interest in HP Co., an entity incorporated in the Philippines, which is engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Movements in investment in an associate are as follows:

	2019
Acquisition cost	₱127,933
Accumulated share in net earnings:	
Balance at beginning of year	258,117
Dividends declared	(49,419)
Share in net earnings	41,333
Balance at end of the year	250,031
Cumulative share on remeasurement loss on retirement liability:	
Balance at beginning of year	(7,665)
Share in remeasurement gain	–
Balance at end of the year	(7,665)
Share in revaluation increment of land:	
Balance at beginning of year	264,305
Share in revaluation increment	21,295
Balance at end of the year	285,600
Reclassification to assets held for sale	(655,899)
	₱–

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said shares of stock held as an investment were sold at a higher price than the investment's carrying amount.

Cash dividends declared by HP Co. are as follows:

Date Approved	Amount per Share	Total Amount	Stockholders of Record Date	Date Paid
May 30, 2019	0.50	7,664	May 31, 2019	June 20, 2019
February 7, 2019	1.61	101,939	February 28, 2019	April 11, 2019
March 1, 2018	2.74	173,528	February 28, 2018	April 12, 2018
February 10, 2017	3.85	243,768	February 28, 2017	April 6, 2017
September 29, 2016	3.59	227,306	October 31, 2016	November 10, 2016

Dividends declared attributable to the Parent Company amounted to ₱40.3 million in 2020.

Summarized financial information of HP Co. are as follows:

	2019
Current assets	₱790,431
Noncurrent assets	1,923,293
Current liabilities	(1,034,890)
Noncurrent liabilities	(256,596)
Net assets	1,422,238
Revenue	1,943,337
Net income	₱91,668

8. **Property, Plant and Equipment**

Acquisitions and disposals
During the nine months ended June 30, 2021, the Group acquired assets amounting to ₱153.9 million excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱112.7 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱6,652.7 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 10).

9. **Short-term Borrowings**

This account consists of unsecured short-term loans obtained from various local banks for working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 6.25% to 7.25% and 6.25% to 8.00% for the periods ended June 30, 2021 and September 30, 2020, respectively.

Total interest expense arising from short-term borrowings amounted to ₱212.2 million and ₱352.3 million for the nine-month periods ended June 30, 2021 and 2020, respectively.

On September 23, 2020, the Company sent letter request to the major creditor banks for the proposed term out of outstanding short-term loans amounting to ₱4,375 million. As of December 22, 2020, the conversion of ₱1,250.0 million to a 7-year term loan facility was approved (see Note 10). As of June 30, 2021, the Banks are currently performing credit review and securing approval on the remaining term out proposals.

During the nine months ended June 30, 2021, the Group paid a total of ₱391.3 million worth of short-term borrowings.

10. **Long-term Borrowings**

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

			Outstanding Balance	
Facility	Terms	Collateral	**June 30, 2021**	September 30, 2020
₱1,250.0 million dated December 22, 2020	Quarterly principal repayment amounting to ₱32.9 million starting March 2023 until September 2029 and a lump sum payment of the remaining balance on December 22, 2029 and bears fixed interest of 6.50% subject to repricing thereafter	Mortgage Trust Indenture (MTI)	**₱1,250,000**	₱–
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and MTI	**1,000**	1,000
Noncurrent portion			**₱1,251,000**	₱1,000

Suretyship Agreement and Mortgage Trust Indenture
The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI, CADPI, CACI and RBC. Property, plant and equipment with a carrying amount of ₱6,652.7 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors.

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

- 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.

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 are as follows:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Between one to two years	**₱65,780**	₱–
Between two to three years	**131,560**	–
Between three to five years	**264,120**	1,000
Between five to seven years	**789,540**	–
	₱1,251,000	₱1,000

11. **Trade and Other Payables**

This account consists of:

	June 30, 2021 (Unaudited)	September 30, 2020 (Audited)
Trade	**₱1,698,135**	₱876,673
Accruals for:		
Offseason costs	**251,691**	–
Services	**34,435**	43,494
Taxes	**40,981**	35,952
Interest	**10,964**	12,298
Utilities	**8,345**	10,281
Construction in progress	**6,553**	6,553
Others	**24,667**	28,704
Due to:		
Planters	**2,368**	22,928
Related parties	**15,805**	–
Contract liabilities	**127,070**	11,707
Provision for probable loss	**54,246**	122,253
Payable to government agencies for taxes and statutory contributions	**28,611**	275,335
Others	**22,446**	150,457
	₱2,326,317	₱1,596,635

12. **Equity**

Details of capital stock and treasury stock follow:

	June 30, 2021 (Unaudited)		September 30, 2020 (Audited)	
	Number of Shares	**Amount *(in Thousands)***	Number of Shares	Amount *(in Thousands)*
Authorized – common shares "Class A" at ₱1.0 par value	**2,000,000,000**	**₱2,000,000**	2,000,000,000	₱2,000,000
Issued common shares "Class A"	**1,565,579,279**	**₱1,565,579**	1,565,579,279	₱1,565,579

	June 30, 2021 (Unaudited)		September 30, 2020 (Audited)	
Treasury stock	**(17,643,480)**	**(52,290)**	(17,643,480)	(52,290)
Issued and outstanding	**1,547,935,799**	**₱1,513,289**	1,547,935,799	₱1,513,289

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

13. Related Party Transactions and Balances

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

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

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

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment for the nine-month periods ended June 30, 2021 and 2020. This assessment is undertaken each reporting period by reviewing the financial position of the related party and the market in which the related party operates.

14. Revenue from Contracts with Customers

The components of revenue are as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Sale of goods:		
Alcohol	**₱1,122,107**	₱832,492
Refined sugar	**1,105,535**	1,178,881
Molasses	**338,140**	185,331
Raw sugar	**333,169**	126,742
Carbon dioxide	**4,638**	5,456
	2,903,589	2,328,902
Sale of services:		
Milling revenue	**715,551**	726,940
Tolling fees	**84,847**	73,212
Farm services	**55,069**	19,942
Power	**32,660**	7,369
	888,127	827,463
	₱3,791,716	₱3,156,365

15. **Cost of Sales**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Direct materials used	**₱2,129,255**	₱1,749,105
Fuel and oil	**393,974**	280,090
Depreciation and amortization	**393,738**	410,492
Personnel costs	**267,957**	252,565
Outside services	**197,167**	114,511
Planters' subsidy and productivity assistance	**172,545**	89,414
Repairs and maintenance	**143,877**	173,152
Communication, light and water	**49,437**	70,139
Taxes and licenses	**47,396**	44,135
Others	**59,122**	107,838
	₱3,854,468	₱3,291,441

16. **Operating Expenses**

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
General and administrative expenses	**₱467,271**	₱469,985
Selling expenses	**13,906**	26,364
	₱481,177	₱496,349

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Personnel costs	**₱244,557**	₱259,087
Depreciation and amortization	**51,369**	43,688
Outside services	**36,481**	42,758
Taxes and licenses	**32,684**	31,176
Communication, light and water	**8,564**	10,746
Professional fees	**4,134**	25,277
Transportation and travel	**2,999**	4,765
Others	**86,483**	52,488
	₱467,271	₱469,985

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

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

17. **Personnel Costs**

Personnel costs are allocated as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Costs of goods sold	**₱267,957**	₱252,565
General and administrative expenses	**244,557**	259,087
	₱512,514	₱511,652

18. **Other Income** - Net

This account consists of:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Storage, handling and insurance fees	**₱3,735**	₱5,714
Unrealized fair value gain	**6,007**	9,005
Sales of scrap	**1,390**	353
Interest income	**1,005**	3,888
Rent income	**455**	481
Gain from sale of investment property	**–**	13,677
Others	**69,241**	4,016
	₱81,833	₱37,134

19. **Financial Instruments**

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

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

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

The Group's objective is to maintain sufficient cash and cash in banks and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available.

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

June 30, 2021					
	On demand	**Less than one year**	**Over 1 year but less than 2 year**	**Over 2 year**	**Total**
Financial assets:					
Cash and cash equivalents	**₱83,006**	**₱–**	**₱–**	**₱–**	**₱83,006**
Trade receivables***	**219,271**	**529,507**	**–**	**–**	**748,778**
Due from employees***	**24,463**	**–**	**–**	**–**	**24,463**
Other receivables***	**79,217**	**–**	**–**	**–**	**79,217**
	405,957	**529,507**	**–**	**–**	**935,464**
Financial liabilities					
Trade and other payables**	**200,504**	**2,042,956**	**–**	**–**	**2,243,460**
Short-term borrowings*	**–**	**3,951,944**	**–**	**–**	**3,951,944**
Noncurrent portion of long term borrowings*	**–**	**75,060**	**140,449**	**1,338,213**	**1,553,722**
	200,504	**6,069,960**	**140,449**	**1,338,213**	**7,749,126**
Liquidity position (gap)******	**₱205,453**	**(₱5,540,453)**	**(₱140,449)**	**(₱1,338,213)**	**(₱6,813,662)**

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱223.7 million and ₱302.7 million, respectively.*
*** Excludes payables to government agencies amounting to ₱28.6 million and provision for losses amounting to ₱54.2 million.*
****Net of related allowances for impairment losses totaling ₱97.5 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 7 years after December 31, 2020 (see Note 9)*

September 30, 2020					
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱888,597	₱–	₱–	₱–	₱888,597
Trade receivables***	371,009	742,780	–	–	1,113,789
Due from employees***	28,658	–	–	–	28,658
Other receivables***	67,838	–	–	–	67,838
	1,356,102	742,780	–	–	2,098,882
Financial liabilities					
Trade and other payables**	362,347	836,700	–	–	1,199,047
Short-term borrowings*	–	5,705,147	–	–	5,705,147
Noncurrent portion of long term borrowings*	–	–	–	1,173	1,173
	362,347	6,541,847	–	1,173	6,905,367
Liquidity position (gap)****	₱993,755	(₱5,799,067)	₱–	(₱1,173)	(₱4,806,485)

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱335.6 million and ₱0.2 million, respectively.*
*** Excludes payables to government agencies amounting to ₱283.9 million and provision for losses amounting to ₱122.2 million.*
****Net of related allowances for impairment losses totaling ₱75.3 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 7 years after September 30, 2020 (see Note 9)*

Credit risk

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

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

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

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

a. Risk concentrations of the maximum exposure to credit risk

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

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

b. As at June 30, 2021 and September 30, 2020, the analysis of financial assets follows:

	June 30, 2021			
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**ECL**	**Net of allowance for doubtful accounts**
Loans and receivables:				
Cash and cash equivalents*	**₱82,624**	**₱–**	**₱–**	**₱82,624**
Trade and other receivables				
Trade receivables	**529,507**	**314,437**	**(95,166)**	**748,778**
Due from employees	**24,463**	**133**	**(133)**	**24,463**
Other receivables	**–**	**81,420**	**(2,203)**	**79,217**
Refundable deposits	**12,420**	**–**	**–**	**12,420**
	₱649,014	**₱395,990**	**(₱97,502)**	**₱947,502**

**Excluding cash on hand amounting to ₱0.4 million.*

	September 30, 2020			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱888,187	₱–	₱–	₱888,187
Trade and other receivables				
Trade receivables	805,031	370,805	(62,046)	1,113,790
Due from employees	28,658	2,214	(2,214)	28,658
Other receivables	–	78,900	(11,062)	67,838
Refundable deposits	12,412	–	–	12,412
	₱1,734,288	₱451,919	(₱75,322)	₱2,110,885

**Excluding cash on hand amounting to 0.4 million.*

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 June 30, 2021 and September 30, 2020, the age of the entire Group's past due but not impaired receivables is over 60 days.

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

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of June 30, 2021 and September 30, 2020.

		June 30, 2021				
		Days past due				
	Current	**<30 days**	**30-60 days**	**61 to 90 days**	**> 90 days**	**Total**
Estimated credit loss rate	**0%**	**0%**	**5%**	**27%**	**85%**	**11%**
Estimated total gross carrying amount at default	**₱529,507**	**₱189,677**	**₱14,205**	**₱1,874**	**₱108,681**	**₱843,944**
Expected credit loss	**1,390**	**7**	**722**	**501**	**92,546**	**95,166**

		September 30, 2020				
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	1%	4%	9%	14%	25%	13%
Estimated total gross carrying amount at default	₱237,334	₱196	₱8,302	₱3,587	₱241,394	₱490,813
Expected credit loss	1,390	7	722	501	59,426	62,046

c. Impairment analysis

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

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of June 30, 2021 and September 30, 2020.

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

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

Interest rate risk
The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 9 and 10.

The loans amounting to ₱4,978.3 million and ₱5,369.6 million as at June 30, 2021 and September 30, 2020, respectively, bear floating interest and expose the group to interest rate risk.

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

<u>Capital Management</u>
The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended June 30, 2021 and September 30, 2020.

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

<u>Fair Values</u>

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

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

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

Long-term borrowings. Fair values of long-term borrowings as at June 30, 2021 and September 30, 2020 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

20. Segment Reporting

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

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

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

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

	Nine-Month Periods Ended June 30, 2021 (Unaudited)			
	Sugars	**Alcohol**	**Eliminations**	**Consolidated**
Revenue:				
External customers	**₱2,632,267**	**₱1,159,449**	**₱–**	**₱3,791,716**
Inter-segment	**25,191**	**15,606**	**(40,797)**	**–**
Cost of goods sold:				
Direct materials used	**1,589,053**	**580,999**	**(40,797)**	**2,129,255**
Planters' subsidy and productivity assistance	**80,153**	**92,392**	**–**	**172,545**
Depreciation and amortization	**308,333**	**85,405**	**–**	**393,738**
Fuel and oil	**223,030**	**170,944**	**–**	**393,974**
Interest expense	**240,170**	**12,441**	**–**	**252,611**
Segment loss	**(786,779)**	**59,921**	**–**	**(726,858)**

	Nine-Month Periods Ended June 30, 2020 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱2,311,048	₱845,317	₱–	₱3,156,365
Inter-segment	468,125	2,869	(470,994)	–
Cost of goods sold:				
Direct materials used	1,732,519	487,580	(470,994)	1,749,105
Planters' subsidy and productivity assistance	61,918	27,496	–	89,414
Depreciation and amortization	317,075	93,417	–	410,492
Fuel and oil	184,974	95,116	–	280,090
Interest expense	251,806	26,877	–	278,683
Segment loss	(765,206)	(110,412)	–	(875,618)

21. Impact 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. While the sugar business units were not significantly impacted, 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 7 years as of June 30, 2021. Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

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

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Interim Condensed Consolidated Financial Statements as at and for nine-month periods ended June 30, 2021 and 2020.

Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	**June 30, 2021 (Unaudited)**	September 30, 2020 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱9,587**	₱9,752	(165)	(2%)
Total assets	**13,600**	14,027	(427)	(3%)
Shareholders' equity	**5,100**	5,850	(750)	(13%)
Net debt [(1)]	**4,896**	4,482	414	9%
Equity ratio	**37.5%**	41.7%	(4.2%)	(10%)
Net debt as % of equity	**0.96x**	0.77x	0.19	25%
Shares				
Market capitalization	**2,260**	2,601	(341)	(13%)
Total shares issued	**1,548**	1,548	–	–
Closing price per share	**1.46**	1.68	(0.22)	(13%)

Amounts in Millions except Operational Data	**Nine Months Ended June 30 (Unaudited) 2021**	2020 [(3)]	Increase (Decrease) Amount	%
Revenue and Earnings				
Revenue	**₱3,792**	₱3,156	₱636	20%
Gross loss	**(63)**	(135)	72	53%
Depreciation	**377**	371	6	2%
Operating expenses	**481**	496	(15)	(3%)
Interest expense	**253**	279	(26)	(9%)
Net loss	**(727)**	(876)	149	17%
EBITDA	**(85)**	(224)	139	62%
EBITDA margin [(2)]	**(2%)**	(7%)	5%	71%
Return on equity	**(14.3%)**	(10.4%)	(3.9%)	(38%)
Income (loss) per share	**(0.47)**	(0.47)	–	–
Cash Flow and Investments				
Cash flow provided by operations	**102**	528	(426)	(81%)
Investment in fixed assets	**197**	199	(2)	(1%)
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)	**21,753**	14,359	7,394	51%

(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) EBITDA margin for the period is measured as EBITDA divided by revenues.
(3) Continuing operations only.

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

1. Raw sugar production – a principal determinant of consolidated revenues and is computed as the gross amount of raw sugar output of CADPI and CACI (in 2020) as consolidated subsidiaries.

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

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

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

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

Company Overview

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

RHI has just re-organized its operations coming from the completion of the sale of its assets in La Carlota City in September 30, 2020 and sale of investment in November 2019.

The Company's subsidiaries include the following:

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

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

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

Results of Operations

<u>Revenues</u>

	Nine Months Ended June 30 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2021**	2020 (1)	Amount	%
Refined sugar	**₱1,106**	₱1,179	(₱73)	(6%)
Milling revenue	**716**	727	(11)	(2%)
Molasses	**338**	185	153	83%
Raw sugar	**333**	127	206	162%
Tolling fees	**85**	73	12	16%
	2,578	2,291	287	13%
Alcohol	**1,122**	832	290	35%
Others	**92**	33	59	179%
	₱3,792	₱3,156	₱636	20%

(1) Continuing operations only.

Consolidated revenues for the nine months ended June 30, 2021 amounted to ₱3,791.7 million, ₱635.3 million or 20% higher than the ₱3,156.4 million consolidated revenues reported in the same period in 2020, primarily due to increase in volume sold brought about by increase in ethanol and molasses production.

Sugar – Revenue from sugar operations increased by ₱286.1 million or 13% against last year's revenue of ₱2,291.1 million due to increase in volume sold and higher sugar prices. Despite the increase in raw sugar sales volume by 126 Lkg or 138% compared to 91 Lkg sold during the same period last year, refined sugar sales volume decreased by 55 Lkg or 60% versus last year's sales volume of 606 Lkg. Average selling price per Lkg of raw sugar increased to ₱1,534 in 2021 from ₱1,400 in 2020 while refined sugar price increased to ₱2,006 in current year from ₱1,945 in 2020.

Alcohol – Revenue from alcohol operations amounted to ₱1,122.1 million and ₱832.5 million in 2021 and 2020, respectively. The increase of ₱289.6 million is due to higher volume sold in 2021 by 42%.

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

<u>Gross Profit</u>
The gross loss of the Group for the nine months ended June 30, 2021 amounting to ₱62.8 million is ₱72.3 million or 54% higher than the ₱135.1 million in 2020. The decrease in gross loss is attributable to improvement in SCBI's operations as a result of strategic shift in primary feedstock through increased canes milled supplemented by additional production volume from molasses due to decreased prices and improved refinery operations despite the low cane yield and extended milling weeks caused by prolonged La Niña.

Sugar – The sugar operation's gross loss of ₱86.8 million is lower by ₱17.9 million from ₱104.7 million reported in the same period in 2020 primarily due to better refinery operations offset by lower raw sugar yield caused by increased rainfall and higher fuel cost as a result of delayed cane harvesting. Raw sugar production decreased from 1.253 million lkg in 2020 to 1.214 million lkg in 2021 and refined sugar production also decreased from 1.088 million lkg in 2020 to 1.034 million lkg in 2021.

Alcohol – The gross profit of alcohol for the nine months ended June 30, 2021 is ₱54.4 million higher from ₱30.4 million gross loss in the same period in 2020. Gross profit rate increased to 2% in 2021 from gross loss rate of 4% in 2020 due to better feedstock margin and increased production volume. Ethanol production for the nine months ended June 30, 2021 increased by 7.4 million liters or 51% from 14.4 million liters production in 2020.

Operating Expenses

	Nine Months Ended June 30 (Unaudited)		Increase (Decrease)	
Amounts in Millions	**2021**	2020 [1]	Amount	%
Salaries, wages and other employee benefits	**₱245**	₱259	(₱14)	(5%)
Depreciation and amortization	**51**	44	7	16%
Outside services	**36**	43	(7)	(16%)
Taxes and licenses	**33**	31	2	6%
Selling expenses	**14**	26	(12)	(46%)
Communication, light and water	**9**	11	(2)	(18%)
Professional fees	**4**	25	(21)	(84%)
Transportation and travel	**3**	5	(2)	(40%)
Others	**86**	52	34	65%
	₱481	₱496	(₱15)	(3%)

(1) Continuing operations only.

Consolidated operating expenses for the nine months ended June 30, 2021 decreased by ₱15.2 million or 3% compared to the same period in 2020.

Interest

Interest expense amounted to ₱252.6 million for the nine months ended June 30, 2021, which is 9% or ₱26.1 million lower than the ₱278.7 million reported in the same period in 2020, due to long-term loan payments made in 2020.

Share in Net Earnings of an Associate

Share in net earnings of an associate amounted to nil for the nine months ended June 30, 2021, against ₱2.1 million reported in 2020, due to sale of investment in Hawaiian-Philippine Company.

Net Loss

Consolidated net loss for the nine months ended June 30, 2021 amounted to ₱726.9 million, which is ₱5.0 million lower than the ₱731.9 million net loss reported in the same period in 2020. Consequently, loss per share is ₱0.47 for the nine months ended June 30, 2021 and 2020.

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the nine months ended June 30, 2021 is higher by ₱138.4 million or 62% than ₱223.5 million losses reported in the same period in 2020.

Financial Condition

Consolidated total assets as at June 30, 2021 amounted to ₱13,599.5 million, which is ₱427.8 million lower than the ₱14,027.3 million as at September 30, 2020. Current assets decreased by ₱265.6 million from ₱2,777.9 million as at September 30, 2020 to ₱2,512.3 million as at June 30, 2021. Receivables decreased by ₱368.8 million due to extended collection efforts while inventories increased by ₱814.4 million as a result of increased production in 2021.

During the nine months ended June 30, 2021, the Group paid a total of ₱391.3 million worth of short term borrowings. The Group expects to finalize and complete the arrangement with major creditor banks to term out existing short-term loans within the next quarter.

Trade and other payables amounted to ₱2,326.3 million as at June 30, 2021, which is ₱729.7 million higher than ₱1,596.6 million 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.

OTHER INFORMATION

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

2. Composition of Board of Directors;

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

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

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

4. Suspension of operations; **On February 19, 2021, an order to suspend SCBI's distillery operations was issued due to a compromised portion of spent wash lagoon as a result of increased rainfall due to La Nina. The operations resumed on March 8, 2021 after compliance with the environmental protocols.**

5. Declaration of dividends; **None for the period**

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements; **None for the period**

7. Financing through loans; **None for the period**

8. Offering of rights, granting of Stock Options and corresponding plans therefore; **None for the period**

9. Acquisition of other capital assets or patents, formula or real estates; **None for the period**

10. Any other information, event or happening that may affect the market price of the Company's shares; **None for the period**

11. Transferring of assets, except in the normal course of business; **None for the period**

SIGNATURES

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

Registrant

ROXAS HOLDINGS, INC.

Signature and Title:

ATTY. AIMEE E. PEDAYO
Asst. Corp. Secretary

VERONICA C. CORTEZ
VP – Finance and Administration

August 6, 2021

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES
AS AT JUNE 30, 2021 AND SEPTEMBER 30, 2020
(Amounts in Thousands)

	June 30, 2021						
		Past due but not impaired					
	Current	**1-30 days**	**31-60 days**	**Over 60 days**	**Subtotal**	**Impaired**	**Total**
Trade	**₱529,507**	**₱189,677**	**₱14,205**	**₱15,389**	**₱219,271**	**₱95,166**	**₱843,944**
Due from:							
Planters	**31,074**	**–**	**–**	**–**	**–**	**31,755**	**62,829**
Employees	**24,463**	**–**	**–**	**–**	**–**	**133**	**24,596**
Other receivables	**–**	**–**	**–**	**79,217**	**79,217**	**2,203**	**81,420**
	₱585,044	**₱189,677**	**₱14,205**	**₱94,606**	**₱298,488**	**₱129,257**	**₱1,012,789**

	September 30, 2020						
		Past due but not impaired					
	Current	1-30 days	31-60 days	Over 60 days	Subtotal	Impaired	Total
Trade	₱805,031	₱205	₱7,098	₱301,456	₱308,759	₱62,046	₱1,175,836
Due from:							
Planters	42,018	–	–	–	–	55,474	97,492
Employees	28,658	–	–	–	–	2,214	30,872
Other receivables	–	–	–	67,838	67,838	11,062	78,900
	₱875,707	₱205	₱7,098	₱431,339	₱376,597	₱130,796	₱1,383,100

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX B. FINANCIAL SOUNDNESS INDICATORS
JUNE 30, 2021 AND 2020

		June 30	
		2021	2020
Current ratio	Current assets/Current liabilities	**0.41**	1.05
Debt to equity ratio	Total liabilities/Total equity	**1.67**	1.44
Asset to equity ratio	Total assets/Total equity	**2.67**	2.44
Return on assets	Net income/Total assets	**(5.3%)**	(3.6%)
Return on equity	Net income/Total equity	**(14.3%)**	(8.7%)
Book value per share	Total equity/Outstanding shares	**3.3**	5.5