# COVER SHEET

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S.E.C. Registration Number

ALLIANCE SELECT FOODS
INTERNATIONAL INC

(Company's Full Name)

SUITE 3104 A WEST TOWER
PHILIPPINE STOCK EXCHANGE
CENTER EXCHANGE RD ORTIGAS
PASIG CITY

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

Atty. Barbara Anne C. Migallos
Atty. Daneia Isabelle F. Palad

Contact Person

02 8896-9357 to 59

Telephone Number of the Contact Person

1 2 3 1

Fiscal Year

SEC Form 20- IS
Preliminary Information Statement

FORM TYPE

15th day of June each year

Annual Meeting

N/A

Secondary license Type, If Applicable

M S R D

Dept. Requiring this Doc.

n/a

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**ALLIANCE SELECT FOODS INTERNATIONAL, INC.**
**Notice of the 2023 Annual General Meeting of Stockholders**

TO OUR STOCKHOLDERS:

Please be informed that the **Annual General Meeting of the Stockholders** of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.,** a corporation organized and existing under the laws of the Philippines with address at Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila (hereinafter the "**Company**") will be held on **15 June 2023** at **2:00 p.m.** (the "**Annual General Meeting**" or the "**Meeting")**, The Meeting will be presided at the Company's address via Zoom Teleconferencing. The order of business thereat will be as follows:

1. Call to order;
2. Proof of the required notice of the meeting;
3. Certification of quorum;
4. Approval of the Minutes of the 2022 Annual General Meeting of Stockholders held on 15 June 2022;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended 31 December 2022 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2022-2023;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other Matters;
10. Adjournment

For purposes of the Meeting, only stockholders of record at the close of business on 18 May 2023 are entitled to notice of, and to vote at, this year's Meeting. The Definitive Information Statement and Management Report for the period ended 31 December 2022, and the Minutes of the Annual General Stockholders' Meeting of the Company held on 15 June 2022 may be accessed at the Company's website: http://corporate.allianceselectfoods.com/.

**The Meeting will be via remote communication only.** To register, certificated stockholders who will attend the Meeting should send a scanned copy of one (1) valid government identification card (ID) to ASM@allianceselectfoods.com (the "Dedicated Email Address"). Indirect shareholders should send scanned copies of their broker's certification and one (1) valid ID to the same Dedicated Email Address. Deadline for registration is on 9 June 2023 at 12 NN. Once the Company successfully verifies the stockholder's status, the Company will reply to each stockholder with an online ballot for voting purposes.

**Proxies.** A proxy form that is compliant with the requirements of the Securities and Exchange Commission is attached to the Definitive Information Statement. Should you be unable to attend the meeting, you can nevertheless be represented and vote at the Meeting by submitting a proxy by email to the same Dedicated Email Address, or by sending a physical copy to the Office of the Corporate Secretary at the Company's principal address at 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila. The deadline for submission of proxies is on 9 June 2023.

**Open Forum.** Stockholders should send their questions via email to the Dedicated Email Address on or before 12:00 NN of 13 June 2023. Officers of the Company will endeavor to answer all questions during the Meeting.

**BARBARA ANNE C. MIGALLOS**
*Corporate Secretary*

**The Rationale and Explanation for each Agenda item requiring shareholders' approval is attached to this Notice.**

**The Preliminary Information Statement and Management Report accompany this Notice.**

**ANNEX “A”**

**EXPLANATION AND RATIONALE**
**For each item on the Agenda of the 2023 Annual General Meeting of Stockholders of Alliance Select Foods International, Inc. requiring the vote of stockholders**

**AGENDA**

1. **Call to Order**
   The Chairman will formally open the 2023 Annual General Meeting of Shareholders. The Directors and Officers of the Company will be introduced.

2. **Proof of required notice of the meeting**
   The Corporate Secretary will certify that copies of this Notice and the Information Statement with its accompanying documents have been duly provided in accordance with SEC Rules, within the required periods, to stockholders of record as of 18 May 2023.

3. **Certification of quorum**
   The Corporate Secretary will attest whether a quorum is present for the meeting.

4. **Approval of the Minutes of the 2022 Annual General Meeting of Stockholders held on 15 June 2022**
   Shareholders may examine the Minutes of the 15 June 2022 annual general meeting of stockholders, in accordance with Sec. 73 of the Revised Corporation Code. The Minutes are attached to the Definitive Information Statement and are also available on the Company’s website.

   **Resolution to be adopted:**
   Shareholders will vote for the adoption of a resolution approving the Minutes of the 15 June 2022 annual general meeting of stockholders.

5. **Presentation of the Annual Report and the Audited Financial statements for the Year Ended 2022 and Action Thereon**
   The annual report and the financial statements of the Company, audited by the Company’s external auditors, Reyes Tacandong & Co., will be presented. The report will include the Audited Financial Statements, a copy of which accompanies this Notice and the Definitive Information Statement. Copies of the Definitive Information Statement and the Audited Financial Statements for 2022 are likewise made available on the Company’s website (http://corporate.allianceselectfoods.com/).

   **OPEN FORUM**. After the report, inquiries submitted by stockholders on or before 13 June 2023 via email as stated in the Notice will be answered by the appropriate officer. Due to time considerations, questions not addressed at the meeting will be responded to via email.

   **Resolution to be adopted:**
   Shareholders will vote for the adoption of a resolution approving the annual report and the audited financial statements for the year 2022.

6. **Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2022-2023**
   Actions by the Board and by the officers are contained in the Information Statement or are referred to in the Management Report.

   **Resolution to be adopted:**
   The ratification and approval of the acts of the Board of Directors and Officers.

7. **Appointment of independent auditors**
   The Audit Committee screened the nominees for independent external auditor and endorsed the appointment of Reyes Tacandong and Company as the Company's independent external auditors for the year 2023.

   **Resolution to be adopted:**
   Shareholders will vote on a resolution for the appointment of Reyes Tacandong and Company as independent external auditor of the Company for 2023.

8. **Election of directors, including independent directors**
   The Final List of Candidates for election as directors, as prepared by the Corporate Governance Committee in accordance with the Company's By-Laws, the Revised Manual on Corporate Governance, the Securities Regulation Code and its Implementing Rules and Regulations and SEC guidelines for the election of independent directors is contained in the Information Statement. The Final List will be presented to the shareholders, and the election of directors will be held.

   The Voting Procedure is stated in the Information Statement.

9. **Other matters**
   Matters that are relevant to and appropriate for the annual general shareholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Definitive Information Statement, will be submitted for voting by the shareholders.

10. **Adjournment**

## PART II

PLEASE FILL UP AND SIGN THIS PROXY AND RETURN IMMEDIATELY TO THE CORPORATE SECRETARY VIA EMAIL (ASM@allianceselectfoods.com) OR BY SENDING PHYSICAL COPIES TO THE OFFICE OF THE CORPORATE SECRETARY.

## PROXY FORM

The undersigned stockholder of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") hereby appoints ________________________________, or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **2023 Annual General Meeting of Stockholders** of the Company to be held on **15 June 2023** at **2:00 p.m.**, to be presided at the Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, and at any of the adjournments thereof for the purpose of acting on the following matters:

| | |
|---|---|
| 1. Approval of the Minutes of the 2022 Annual General Meeting of Stockholders held on 15 June 2022<br><br>___ Yes ___ No ___ Abstain<br><br>2. Approval of the Annual Report and Audited Financial Statements for 2022<br><br>___ Yes ___ No ___ Abstain<br><br>3. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2022<br><br>___ Yes ___ No ___ Abstain<br><br>4. Appointment of Reyes Tacandong & Co. as independent auditors<br><br>___ Yes ___ No ___ Abstain | 5. Election of Directors<br><br>Vote for nominees listed below:<br><br>Regular Directors:<br>1. ☐ Lorenzo Sixto T. Lichauco<br>2. ☐ Gabriel A. Dee<br>3. ☐ Jeoffrey P. Yulo<br>4. ☐ Joseph Peter Y. Roxas<br><br>Independent Directors:<br>1. ☐ Dobbin A. Tan<br>2. ☐ Domingo C. Go<br>3. ☐ Fernando L. Gaspar<br><br>☐ Withhold authority for all nominees listed above<br><br>☐ Withhold authority to vote for the nominees listed below:<br>______________ ______________<br>______________ ______________<br>______________ ______________<br><br>6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting. |
| ______________________________<br>**DATE** | ______________________________<br>**PRINTED NAME OF STOCKHOLDER**<br><br>______________________________<br>**SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY** |

THIS PROXY SHOULD BE RECEIVED VIA EMAIL (ASM@allianceselectfoods.com) OR BY THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY ON OR BEFORE 9 **JUNE 2023**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED BY THE PROXY HEREIN DESIGNATED FOR THE APPROVAL OF THE MATTERS STATED ABOVE, AND FOR THE ELECTION OF NOMINEES FOR DIRECTORS AT HIS DISCRETION.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER. FORMS OF THE CERTIFICATION MAY BE REQUESTED FROM THE OFFICE OF STOCK TRANFER SERVICES, INC. (TEL NO. 8403-2410)

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THIS PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.

NO DIRECTOR OR EXECUTIVE OFFICER, NOMINEE FOR ELECTION AS DIRECTOR, OR ASSOCIATE OF SUCH DIRECTOR, EXECUTIVE OFFICER OR NOMINEE, OF THE COMPANY, AT ANY TIME SINCE THE BEGINNING OF THE LAST FISCAL YEAR, HAS ANY SUBSTANTIAL INTEREST, DIRECT OR INDIRECT, BY SECURITY HOLDINGS OR OTHERWISE, IN ANY OF THE MATTERS TO BE ACTED UPON IN THE MEETING, OTHER THAN ELECTION TO OFFICE.

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 20-IS**
**INFORMATION STATEMENT PURSUANT TO SECTION 20**
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
   [**X**] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   **ALLIANCE SELECT FOODS INTERNATIONAL, INC.**
   **(formerly Alliance Tuna International, Inc.)**

3. Province, country or other jurisdiction of incorporation or organization
   **Metro Manila, Philippines**

4. SEC Identification Number **CS200319138**

5. BIR Tax Identification Code **227-409-243-000**

6. Address of principal office — Postal Code
   **Suite 3104 A West Tower, Philippine Stock Exchange Centre,**
   **Exchange Road, Ortigas Center, Pasig City, Metro Manila** — **1605**

7. Registrant's telephone number, including area code **(632) 8637 8800**

8. Date, time and place of the meeting of security holders

   **Date : 15 June 2023**
   **Time : 2:30 p.m.**
   **Place : Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **24 May 2023.**

10. **In case of Proxy Solicitations:**

    ***Name of Person Filing the Statement/Solicitor:*** **Alliance Select Foods International, Inc.**

    **Address : Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road Ortigas Center, Pasig City, Metro Manila 1605**
    **Telephone No. : +632 8637 8800**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

    **Number of Shares of Common Stock Issued: 2,500,000,000 (as of 31 December 2022)**
    **Amount of Debt Outstanding: US$14,827,795 (as of 31 December 2022)**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes _**x**_ No ___

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    **Philippine Stock Exchange, Inc. – Common Shares**

**PART I.**

**INFORMATION REQUIRED IN INFORMATION STATEMENT**

## A. GENERAL INFORMATION

### Item 1. Date, time and place of meeting of security holders.

The Annual General Meeting of the Stockholders of Alliance Select Foods International, Inc. (the "**Company**"), a corporation organized and existing under the laws of the Philippines with address at Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, will be held on **15 June 2023** at **2:30 p.m.** (the "**Annual General Meeting**" or the "**Meeting**"). The meeting will be presided at the Company's address via Zoom Teleconferencing**.**

The Agenda of the Meeting, as indicated in the accompanying Notice of Annual General Meeting, is as follows:

1. Call to order;
2. Proof of the required notice of the meeting;
3. Certification of quorum;
4. Approval of the Minutes of the 2022 Annual General Meeting of Stockholders held on 15 June 2022;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended 31 December 2022 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2022-2023;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other Matters;
10. Adjournment

Shareholders may only participate via remote communication. To register, certificated stockholders who will attend the Meeting should send a scanned copy of one (1) valid government identification card (ID) to ASM@allianceselectfoods.com (the "Dedicated Email Address"). Indirect shareholders should send scanned copies of their broker's certification and one (1) valid ID to the same Dedicated Email Address. Deadline for registration is on 09 June 2023 at 5:00 p.m.

Once the Company successfully verifies the stockholder's status, the Company will reply to each stockholder with an online ballot for voting purposes, and a link through which the Meeting may be accessed. Questions relating to the Meeting materials may also be sent to the said Dedicated Email Address on or before 13 June 2023 at 12:00 noon. Due to time considerations, questions that will not be addressed at the Meeting will be responded to via email.

Clarificatory questions regarding attendance via remote communication may be sent via email to ASM@allianceselectfoods.com.

Stockholders may also be represented and vote at the meeting by submitting a proxy by email to the same Dedicated Email Address, or by sending a physical copy to the Office of the Corporate Secretary at the Company's principal address at 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila. The deadline for submission of proxies is on 9 June 2023.

Proxies will be validated and tabulated by a special committee composed of the Company's stock transfer agent, Stock Transfer Service Inc. with address at 34th Floor, Rufino Plaza, Ayala Avenue, Makati City ("STSI"), the Corporate Secretary, and the Compliance Officer, and will be voted as indicated by the shareholder in the proxy and applicable rules. The tabulation of votes shall be done by the special committee and may be further reviewed by the Company's independent external auditor, Reyes Tacandong & Co. (RT), if necessary.

Voting procedures are contained in Item 19 of this Information Statement and will be stated at the start of the Meeting. Cumulative voting is allowed; please refer to Item 4, and Item 19 for an explanation of cumulative voting.

Copies of pertinent corporate documents are available on the Company's website. Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said SEC Form 17-A, as filed with the SEC, free of charge. The contact details for obtaining such copies are on Page 25 of this Information Statement.

Further information regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

This Information Statement and Proxy Form shall be sent to security holders on or before 24 May 2023.

**Item 2. Dissenters' Right of Appraisal**

There are no corporate matters or action to be taken during the Meeting on 15 June 2023 that will entitle a stockholder to a Right of Appraisal as provided in Title X of the Revised Corporation Code of the Philippines (Batas Pambansa [National Law] No. 68).

For the information of stockholders, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of his shares in the following instances, as provided in Section 80 of the Revised Corporation Code of the Philippines:

1. In case of an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;

3. In case of merger or consolidation; and

4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

5. Section 11 of the Revised Corporation Code automatically grants perpetual existence to Corporation existing at the time of its effectivity unless stockholders representing a majority of its outstanding capital stock elect to retain the specific corporate term under its Articles of Incorporation. However, any change in the corporate term under Section 11 is without prejudice to the appraisal right of dissenting stockholders.

The Revised Corporation Code of the Philippines (Section 81) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

### Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

At the time of the filing of this Information Statement, the Company has not been informed by any incumbent director in writing of an intention to oppose any action to be taken at the Meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4. Voting Securities and Principal Holders Thereof

As of 30 April 2023, there are **2,500,000,000** outstanding and issued common shares of the Company, exclusive of **287,537** treasury shares. The Company does not have any class of shares other than common shares.

All stockholders of record as of **18 May 2023** ("Record Date") are entitled to notice and to vote at the Meeting.

A stockholder entitled to vote at the Meeting shall have the right to vote online or by proxy.

Cumulative voting may be adopted in the election of directors as allowed by the Revised Corporation Code of the Philippines. On this basis, each registered stockholder as of Record Date may vote the number of shares registered in his name for each of the directors to be elected; or he may multiply the number of shares registered in his name by the number of directors to be elected, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the directors to be elected.

***Security Ownership of Certain Record and Beneficial Owners***

To the best of the knowledge of the Company, the following stockholders own more than five percent (5%) of the Company's outstanding capital stock as of 30 April 2023:

| Title of Class | Name, Address of Record Owner, and Relationship With Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | Number of Shares Held | % of Class |
|---|---|---|---|---|---|
| Common | **Strongoak, Inc.**<br>3rd Floor HRC Center 104 Rada Street Legaspi Village Makati City 1229 | Please see Note 1 below | Filipino | 1,382,765,864 | 55.32% |
| Common | **PCD Nominee Corporation**<br>37/F Tower I, The Enterprise Center 6766 Ayala Center, Makati City | Please see Note 2 below.<br><br>Proxy Named: Please see Note 3 | Filipino | 661,704,459 | 26.47% |
| Common | **PCD Nominee Corporation**<br>37/F Tower I, The Enterprise Center 6766 Ayala Center, Makati City | See Note 2 below. | Non-Filipino | 62,778,663 | 2.51% |
| Common | **Harvest All Investment Ltd.**,<br>4304-43/F China Resources Bldg. 26 Harbour Road Wanchai, Hong Kong<br><br>*Stockholder* | Harvest All Investment Ltd. (Same as Record Owner)<br><br>Proxy Named: (Please see Note 3) | Hong Kong | 177,261,165 | 7.09% |
| Common | **Victory Fund Ltd.,**<br>30 Biderford Road, #17-02 Thongsia Building, Singapore<br><br>*Stockholder* | Victory Fund Ltd. (Same as Record Owner)<br><br>Proxy Named: (Please see Note 3) | Hong Kong | 138,474,015 | 5.54% |
| | **TOTAL** | | | **2,421,747,328** | **96.87%** |

[1] Mr. Lorenzo Sixto T. Lichauco, and Mr. Gabriel A. Dee currently represent Strongoak in the Board of Directors of the Company.

[2] PCD Nominee Corporation ("PCD Nominee") is a wholly owned subsidiary of the Philippine Depository & Trust Corp., the depository infrastructure for equities and fixed income markets in the Philippines. PCD Nominee is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transaction in the Philippines. PCD Nominee is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or on behalf of their clients. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or on behalf of their clients.

The 661,704,459 shares shown above as of 30 April 2023 are shares beneficially owned by Filipinos. Foreigners or non-Filipinos beneficially own 62,778,663 shares of the Company through PCD Nominee.

3 The proxies naming the natural persons authorized to vote the shares of the foregoing record owners for the Meeting have not yet been received by the Company. The deadline set by the Board of Directors for the submission of proxies is on 9 June 2023.

Except as stated above, the Company has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than 5% of the Company's outstanding shares or who has a voting power, voting trust or any similar agreement with respect to shares comprising more than 5% of the Company's outstanding common stock. Other than Strongoak, Inc., the Company is not informed of any other participants under the PCD Nominee account who own more than 5% of the voting securities of the Company as of 30 April 2023.

***Security ownership of Directors, Officers and Management***

***Security Ownership of Directors and Officers***

To the best knowledge of the Company, the beneficial ownership of the Company's directors and officers as of 30 April 2023 is as follows:

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Citizenship | % |
|---|---|---|---|---|---|
| | | Direct | Indirect | | |
| **Directors** | | | | | |
| Common Shares | Lorenzo Sixto T. Lichauco | 30,000 | 29,983,000 | Filipino | 1.2% |
| Common Shares | Gabriel A. Dee | 1,000 | - | Filipino | 0.00% |
| Common Shares | Jeoffrey P. Yulo | 10,000 | 2,000,000 | Filipino | 0.00% |
| Common Shares | Domingo C. Go | 1,000 | - | Filipino | 0.00% |
| Common Shares | Joseph Peter Y. Roxas | 100,000 | 2,041,000 | Filipino | 0.08% |
| Common Shares | Dobbin A. Tan | 10,000 | - | Filipino | 0.00% |
| Common Shares | Fernando L. Gaspar | 10,000 | - | Filipino | 0.00% |

| **Key Officers** | | | | | |
|---|---|---|---|---|---|
| Common Shares | Barbara Anne C. Migallos | - | - | Filipino | - |
| Common Shares | Eldwin S. Umusig | - | - | Filipino | - |
| Common Shares | Maria Carolyn C. Angeles | - | - | Filipino | - |
| Common Shares | Jackson G. Lumaban | - | - | Filipino | - |

| | | | | | |
|---|---|---|---|---|---|
| Common Shares | Maria Resa S. Celiz | - | - | Filipino | - |
| All Directors and Officers as a Group | | 34,186,000 | | | 1.28% |

***<u>Voting Trust Holders/Changes in Control</u>***

The Company has no knowledge of any voting trust holders of 5% or more of the Company's stock, or of any arrangements that may result in a change of control of the Company.

### Item 5. Directors and Executive Officers

The names of the incumbent directors of the Company as at 30 April 2023, their respective ages, citizenship, period of service, directorships in other companies and positions held for the last five (5) years are as follows:

**<u>DIRECTORS</u>**

| Director | Nationality | Position | Age | Year Position was Assumed |
|---|---|---|---|---|
| Lorenzo Sixto T. Lichauco | Filipino | Chairman of the Board | 66 | 2022 |
| Gabriel A. Dee | Filipino | Vice-Chairman | 58 | 2018 |
| Jeoffrey P. Yulo | Filipino | Director, President & CEO | 52 | 2022 |
| Joseph Peter Y. Roxas | Filipino | Director | 61 | 2016 |
| Domingo C. Go | Filipino | Independent Director | 62 | 2020 |
| Dobbin A. Tan | Filipino | Independent Director | 59 | 2016 |
| Fernando L. Gaspar | Filipino | Independent Director | 71 | 2023 |

**LORENZO SIXTO T. LICHAUCO -** 66, Filipino citizen; Chairman of the Board

Mr. Lichauco has been Officer in Charge of Seawood Resources, Inc., an investment holding company, since September 2020. Prior to joining Seawood, he spent his career in stockbroking and more recently portfolio management. Mr. Lichauco headed or had senior positions in a number of brokerage firms such as Merrill Lynch Philippines, Sun Hung Kai Peregrine Securities, Crosby Securities, CLSA Securities, HSBC Securities, Philippine Equity Partners and Maybank-ATR-Kim Eng Securities. He briefly headed the Asset Management Group at the GSIS, the state pension fund and ran the equity portfolio investments for Security Bank.

Mr. Lichauco is Chairman of Mizu Resources and a director of Resins Inc., Makati Sports Club, and is an independent director of SB Equities, Inc.

He has an MBA from The George Washington University in Washington D.C. and a BA Economics degree from Westminster College, Pennsylvania.

**GABRIEL A. DEE** - 58, Filipino citizen; Vice-Chairman

Mr. Dee obtained his law degree from the University of the Philippines College of Law and his Master of Laws degree from the University of California Berkeley School of Law.

He is the currently the Managing Partner of Picazo Buyco Tan Fider & Santos Law Offices. He is a Director and Corporate Secretary of various listed and unlisted corporations, including several financial institutions. He is also a resource person for various seminars on Initial Public Offering, Listings and Estate Planning.

Mr. Dee has been practicing law since 1989. He is a professor of law teaching Corporation Law at the UP College of Law and the Tanada-Diokno College of Law (DLSU).

**JEOFFREY P. YULO -** 52, Filipino citizen; Director, President & CEO

Mr. Yulo graduated from the Colegio de San Agustin in 1993 with a Bachelor's s degree in Marketing Management.

Mr. Yulo was the Chief Operating Officer of Goldilocks Bakeshop Incorporated Philippines from January 2020 to October 2021, and was the Chief Operating Officer and Assistant Country Director - Philippines for Cargill - Joy Meats Production, Inc. from June 2018 to April 2019. He served as the Commercial Projects Director in Latin America, and the Project Management Director - Philippines for Coca-Cola FEMSA from 2015 to 2018. Mr. Yulo was a General Manager for Glaxo SmithKline Philippines-Consumer healthcare from 2013 to 2015, and Country General Manager for Reckitt Benckiser Philippines, Inc. from 2010 to 2013. From 2000 to 2010, Mr. Yulo was with Masterfoods Philippines, Inc. / Wrigley Phils. Inc. where he served in various capacities until he was appointed as National Sales Director in 2004. Mr. Yulo started his career with Unilever Philippines, Inc., where he was the National Merchandising Manager.

**JOSEPH PETER Y. ROXAS -** 60, Filipino citizen; Director

Mr. Roxas graduated from the Ateneo de Manila University in 1983 with a Bachelor's degree in Economics. He also has MBA units from the Ateneo de Manila University Graduate School.

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of Kimquan Trading Corporation, a privately held company. Mr. Roxas was also a member of the Board of Governors of the Philippines Stock Exchange. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992. Mr. Roxas is also a certified acupuncturist.

**DOBBIN A. TAN -** 59, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently the Chief Executive Officer of Red Rock IT Security. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990.

**DOMINGO C. GO** - 62, Filipino Citizen, Lead Independent Director

Mr. Go is an alumnus of the Ateneo de Manila University where he graduated with the degree of Bachelor of Science in Management (Honors Program), and undertook special studies as the recipient of a one-year exchange scholarship program at the International Christian University in Tokyo, Japan. He obtained his Master of Business Administration from the University of the Philippines-Diliman.

Mr. Go is presently a Director of the Financial Executives Institute of the Philippines (FINEX) since 2020, and was also a Director of the FINEX Academy from 2020-2021. He has been a Trustee of the Philippine Federation of Japan Alumni, Inc. since July 2015, and has served as its President since July 2022.

Previously, he served as the First Vice President/Head of the Equity Investments Department at the Metropolitan Bank & Trust Company (Metrobank), where he also formerly held positions at the Merchant Banking Division and the Account Management Group as well as concurrent positions in various investee companies of the Metrobank Group. He was a Director of Northpine Land, Inc., Toyota Manila Bay Corporatíon, Sumisho Motor Finance Corporatíon, and Sagara Metro Plastics Industrial Corporatíon, among others.

Mr. Go is a Fellow of the Institute of Corporate Directors (ICD).

**FERNANDO L. GASPAR** – 71, Filipino Citizen, Independent Director

Mr. Fernando Gaspar is concurrently the President and CEO of Falconer Aircraft Management, Inc. (FAMI) and Aviation Concepts Technical Services, Inc. (ACTSI). He is the Chairman of the Board of the Ortoll Group of Companies.

He has over 49 years of experience in a wide range of industries including manufacturing, marketing, real estate, container terminals, agribusiness and general aviation. He has developed and managed businesses and organizations, both publicly- and privately-owned in the ASEAN region, Australia, Hong Kong, China, Japan, Europe, Latin America and Africa.

***Process and Criteria for Selection of Nominees for Directors***

The Board of Directors set 12 May 2023 as the deadline for the submission of nominations to the Board of Directors. The deadline was duly announced and disclosed on 4 May 2023.

The Corporate Governance Committee of the Company will meet on 16 May 2023 to screen the nominees for election to the Board of Directors in accordance with the Company's Revised Manual on Corporate Governance. The Committee will assess the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee shall review their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code ("SRC"), and the SRC Implementing Rules and Regulations.

The final list of nominees for election at Annual General Meeting of Stockholders on 15 June 2023 will be provided as soon as it is available. In the meantime, below is the list of incumbent directors:

1. Lorenzo Sixto T. Lichauco
2. Gabriel A. Dee

3. Jeoffrey P. Yulo
4. Joseph Peter Y. Roxas
5. Dobbin A. Tan – Independent Director
6. Domingo C. Go – Independent Director
7. Fernando L. Gaspar – Independent Director

As of the date of filing of this Information Statement, no director has resigned or declined to stand for re-election to the Board of Directors due to disagreement on any matter.

***Executive Officers***

The following persons are the executive officers of the Company as of 30 April 2023:

| Officer | Nationality | Position | Age | Year Position was Assumed |
|---|---|---|---|---|
| Jeoffrey P. Yulo | Filipino | President & CEO | 52 | 2022 |
| Eldwin S. Umusig | Filipino | VP-Operations | 50 | 2022 |
| Barbara Anne C. Migallos | Filipino | Corporate Secretary | 67 | 2015 |
| Maria Carolyn C. Angeles | Filipino | Treasurer | 51 | 2021 |
| Jackson G. Lumaban | Filipino | VP for Sales | 38 | 2023 |
| Maria Resa S. Celiz | Filipino | Head of Legal, Chief Compliance Officer, Asst. Corporate Secretary | 57 | 2023 |

**JEOFFREY P. YULO -** 52, Filipino citizen; Director, President & CEO

Mr. Yulo graduated from the Colegio de San Agustin in 1993 with a Bachelor's s degree in Marketing Management.

Mr. Yulo was the Chief Operating Officer of Goldilocks Bakeshop Incorporated Philippines from January 2020 to October 2021, and was the Chief Operating Officer and Assistant Country Director - Philippines for Cargill - Joy Meats Production, Inc. from June 2018 to April 2019. He served as the Commercial Projects Director in Latin America, and the Project Management Director - Philippines for Coca-Cola FEMSA from 2015 to 2018. Mr. Yulo was a General Manager for Glaxo SmithKline Philippines-Consumer healthcare from 2013 to 2015, and Country General Manager for Reckitt Benckiser Philippines, Inc. from 2010 to 2013. From 2000 to 2010, Mr. Yulo was with Masterfoods Philippines, Inc. / Wrigley Phils. Inc. where he served in various capacities until he was appointed as National Sales Director in 2004. Mr. Yulo started his career with Unilever Philippines, Inc., where he was the National Merchandising Manager.

**ELDWIN S. UMUSIG** – 49, Filipino citizen; Vice President for Operations

Engr. Umusig graduated cum laude from the Ateneo de Davao University with a degree in Bachelor of Science in Chemical Engineering in 1994 and secured his Professional Chemical Engineering License the following year.

Engr. Umusig is a licensed Chemical Engineer with expertise in operating food processing facilities, with 25 years of supervisory and managerial experience in food manufacturing operations. He has extensive knowledge in logistics operations in the tuna industry covering forecasting, purchasing, inventory, production planning, warehouse management, export and import shipping and distribution, and in technical services covering legal and regulatory compliance and adherence to quality requirements. He held leadership roles both locally and internationally, such as in Mega Global Corporation and Starkist Co., USA.

**BARBARA ANNE C. MIGALLOS** – 67, Filipino citizen; Corporate Secretary.

Ms. Migallos graduated cum laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as cum laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.

Ms. Migallos was elected as Corporate Secretary of the Company on July 6, 2015. She is Director and Corporate Secretary of Philex Mining Corporation and Philex Petroleum Corporation, and Corporate Secretary of Nickel Asia Corporation and Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also a Director of Mabuhay Vinyl Corporation and Philippine Resins Industries, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

**MARIA CAROLYN C. ANGELES** – 51, Filipino citizen, Treasurer

Ms. Angeles graduated cum laude from Polytechnic University of the Philippines in 1992 with a degree in Bachelor in Accountancy. She received her CPA License in the same year.

Ms. Angeles is a seasoned Certified Public Accountant with more than 30 years of experience. Prior to joining Alliance Select Foods International, Inc., Ms. Angeles worked for the Max's Group of Companies for eight years, where she rose from being an Accounting Head to Senior Finance Business Partner. Ms. Angeles is a member of the Philippine Institute of Certified Public Accountants and is accredited by the Bureau of Internal Revenue and Board of Accountancy.

**JACKSON EMIL G. LUMABAN** -38, Filipino Citizen, VP for Sales

Mr. Jackson Emil Lumaban has 14 years of experience in business and customer development, and sales management roles at Century Pacific Food, Inc. and San Miguel Foods, Inc.

He graduated from the University of the Philippines Diliman with a Bachelor of Science in Business Economics.

**MARIA RESA S. CELIZ** – 57, Filipino Citizen, Head of Legal, Chief Compliance Officer, Assistant Corporate Secretary

Atty. Maria Resa S. Celiz has 23 years of experience advising a group of companies engaged in food manufacturing, retail and franchising. For two years, she was Legal Counsel and Chief of Staff to the head of a government agency. She currently teaches at the Lyceum of the Philippines College of Law and is certified by the International Association of Privacy Professionals as an Information Privacy Manager.

Atty. Celiz obtained her Juris Doctor degree from the Ateneo de Manila University - College of Law. She has a Master's Degree in International Relations from Boston University and finished her undergraduate studies at the University of the Philippines - Diliman where she majored in Political Science.

### Independent Directors

As provided in Article III, Section 1-A (b) of the Corporation's By-Laws, the procedure for the nomination of independent directors shall be as follows:

1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of which is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission. (As amended on October 26, 2006)

2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. (As amended on October 26, 2006)

3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s. (As amended on October 26, 2006)

4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of Securities Regulation Code (SC), Rule 12, which list shall be made available to SEC and to all stockholders through the filing and distribution of the Information Statement in accordance with SC Rule 20, or in such other reports the company is required to submit with SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee. (As amended on October 26, 2006)

5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting. (As amended on October 26, 2006)

Dobbin A. Tan, Domingo C. Go, and Fernando L. Gaspar, are the incumbent independent directors of the Company. They are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of their independent judgment in carrying out responsibilities of an independent director. The Corporate Governance Committee has determined that they possess all the qualifications and none of the disqualifications for holding the position of independent director. In approving the nominations for Independent Directors, the Corporate Governance Committee took into consideration the guidelines on the nominations of Independent Directors prescribed in SEC Memorandum Circular No. 16, Series of 2002. Certifications of Independent Directors are attached hereto as Annex A.

**Directorship in Other Reporting Companies**

The following are directorships held by the Directors in other reporting companies during the last five years:

| Name of Director | Name of Reporting Company | Position Held | Period of Service |
|---|---|---|---|
| Dobbin A. Tan | Red Rock IT Security, Inc. | President | November 2016 to Present |
| | Information Gateway Group (Rising Tide Mobile Entertainment, Inc., I-Gateway Mobile Philippines, Inc., and G-Gateway Mobile, Philippines, Inc.) | President | November 2016 to Present |
| | Xavier School, Inc. | School Treasurer | April 2014 to Present |
| | PhilEquity Fund, Inc. | Independent Director | March 2014 to Present |
| | New Sunlife Ventures, Inc. | Chief Executive Officer | January 2013 to Present |
| Domingo Cu Go | Financial Executives Institute of the Philippines (FINEX) | Director | January 2020 to Present |
| Fernando L. Gaspar | Aviation Concepts Technical Services, Inc. | Director, President and Chairman | 2019 to present |
| | Falconer Aircraft Management, Inc. | Director, President and Chairman | 2019 to present |
| | IW Cargo Handlers, Inc. | Director | 2019 to present |
| | IWI Container Terminal Holdings, Inc. | Director | 2019 to present |
| | Carosal Development Corporation | Chairman and Director | 2018 to present |
| | Zarcon Development Corporation | Chairman and Director | 2018 to present |
| | Ground Level Ortigas Realty, Inc. | Chairman and Director | 2018 to present |
| | OGC Management, Inc. | Chairman and Director | 2018 to present |
| | San Fermin de Pamplona, Inc. | Chairman and Director | 2018 to present |

**Term of Office**

Pursuant to the Company By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected unless he resigns, dies or is removed prior to such election.

In the Annual Meeting of the Stockholders, the stockholders will be electing the members of the Board of Directors for the year 2023 to 2024. Nomination shall be open for submission until 12 May 2023, and election shall commence during the Annual Meeting on 15 June 2023.

Pursuant to the Company By-Laws, the nominations for directors should have been submitted not later than thirty (30) business days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as director of the Company.

***Significant Employees***

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

***Family Relationships***

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

***Involvement in Certain Legal Proceedings***

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any:

a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

b. conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and

d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation, for the past five (5) years up to date of this Preliminary Information Statement, that is material to the evaluation of ability or integrity to hold the relevant positions in the Company.

The pending and material legal proceedings involving the Company, and the directors, executive officers or control persons of the Company in their respective capacities as such, are as follows:

**1.** ***Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bond east Private Limited, and***

***Hedy S.C. Chua v. George E. SyCip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga, and Grace Dogillo,* Commercial Case No. 14-220**

On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit purportedly on behalf of the Company against former Directors Messrs. George E. SyCip, Jonathan Dee, Alvin Y. Dee and Ibarra Malonzo, and certain senior executives of the Company at that time. The derivative suit prayed, among others, for the appointment of an interim management committee, and to compel an accounting and return of Company funds allegedly diverted to corporations controlled by the family of respondents Messrs. Jonathan and Alvin Dee. On 03 February 2015, the respondents filed a motion praying to declare the application of an interim management committee moot and academic in view of the change in the composition of the Company's Board of Directors and management. The Complainants filed a Motion to Inhibit on February 28, 2015, which was granted by the Pasig RTC Branch 159 on January 5, 2016. The case was eventually re-raffled to Pasig RTC Branch 154 on February 1, 2016.

Subsequently, George SyCip filed a Petition for Certiorari before the Court of Appeals, alleging that the inhibition was improper. The Court of Appeals granted said petition. Upon appeal to the Supreme Court, the Supreme Court affirmed the ruling of the Court of Appeals in its Resolution, dated September 19, 2018 (S.C. G.R. No. 239426), which ruling became final and executory.

Case was remanded back to Pasig RTC 159 for trial pursuant to the Order of the Supreme Court, directing RTC 159 to proceed with the hearing of the case.

**2. *Alliance Select Foods International, Inc. v. Hedy S.C. Yap-Chua and Albert Hong Hin Kay,* I.S. No. INV-14F-02786**

On June 11, 2014, the Company, to protect its interests, filed a criminal complaint for Revealing Secrets with Abuse of Office against two of its then directors, Ms. Hedy S.C. Yap-Chua and Mr. Albert Hong Hin Kay, because it had reasonable cause to believe that Ms. Yap-Chua and Mr. Hong revealed to third parties information relating to the Company's financials given to them in confidence, in breach of their fiduciary duty to the Company. The Office of the City Prosecutor of Pasig City dismissed the case, and the Company has since filed its appeal with the Department of Justice, where the case remains pending.

**3. *Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. SyCip, Jonathan Y. Dee, Raymond K.H, See, Marie Grace T. Vera-Cruz, Antonio C. Pacis, Erwin M. Elechicon and Barbara Anne C. Migallos,* Commercial Case No. 15-234**

On August 5, 2015, Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua ("Harvest All et al.") filed a Complaint (with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary Restraining Order/Writ of Preliminary Injunction) with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its then Directors Messrs. George E. SyCip, Jonathan Y. Dee, Marie Grace T. Vera-Cruz, Erwin M. Elechicon, Raymond K.H, See and Antonio C. Pacis, and Corporate Secretary Barbara Anne C. Migallos (the "Company") praying, among others, that the Company be restrained from carrying out its Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders' Meeting prior to the said Stock Rights Offering. The Stock Rights Offering would raise gross proceeds of P1,000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system, and working capital requirements of the Company.

In a Resolution dated August 14, 2015, the Pasig RTC denied the prayer for a Temporary Restraining Order. The Pasig RTC held that Harvest All et al. failed to show that it had a clear and unmistakable right that was or would be violated by the conduct of Annual Stockholders' Meeting after the Stock Rights Offering. The Pasig RTC noted that Temporary Restraining Order is unwarranted because Harvest All et al. were granted the right to subscribe to the Stock Rights Offering to prevent the dilution of shareholdings and voting rights feared by Harvest All et al.

In a Resolution dated 24 August 2015, the Pasig RTC dismissed the Complaint for lack of jurisdiction over the subject matter of the case due to Harvest All et al.'s failure to pay the correct filing fees (the "RTC Resolution").

In the meantime, the offer period for the Stock Rights Offering, which commenced on August 17, 2015, ended on August 26, 2015. On September 7, 2014, the Company's Board scheduled the Company's Annual Stockholders' Meeting on November 17, 2015 with record date on October 20, 2015. The Board of Directors later on decided to reschedule the Annual Stockholders' Meeting to December 16, 2015.

Harvest All et al. filed a Petition for Review with the Court of Appeals to reverse and set aside the RTC Resolution dismissing the Complaint. It also prayed that the Company be restrained from implementing the October 20, 2015 record date of the Annual Stockholders' Meeting, and to compel the Company to set the record date of the Annual Stockholders' Meeting to a date prior to the Stock Rights Offering.

On 15 December 2015, the Court of Appeals issued a Resolution of even date granting Harvest All et al.'s prayer for a Temporary Restraining Order ("TRO"), effective for a period of 60 days from notice, enjoining the parties to maintain and preserve the status quo pending resolution of the Petition for Review, after Harvest All et al. posts the required bond (the "TRO Resolution"). The Court of Appeals issued the TRO the next day, or on 16 December 2015, the date of the Meeting. The Company received the TRO a few hours before said Meeting. The Company and the respondent directors and officers filed motions for reconsideration of the TRO Resolution and to dissolve the TRO.

The Court of Appeals rendered a Decision dated February 15, 2016 sustaining the position of the Company that Harvest All et al., should pay the correct filing fees for its Complaint with the Pasig RTC. Both parties filed their respective Motions for Reconsideration, and both were subsequently denied.

Jonathan Dee filed a Petition for Review on Certiorari with the Supreme Court to set aside the ruling of the Court of Appeals and affirm the ruling of the Pasig RTC dismissing the case (SC G.R. No. 224834).

Harvest All et al. on the other hand filed their only Petition for Review on Certiorari with the Supreme Court questioning the ruling of the Court of Appeals that though the case should not be dismissed because Harvest All et al. was not in bad faith in not filing the proper filing fee, the latter should pay the filing fee based on the 2015 SRO, which would amount to approximately Php 20 Million.

The Petitions for Review on Certiorari were consolidated by the Supreme Court. On March 15, 2017, the Supreme Court rendered a Decision in favor of the petition of Harvest All et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case. The Company, as well as the other Defendants filed their respective motions for reconsiderations.

The Supreme Court denied the motions for reconsideration with finality and the case was remanded back to the Regional Trial Court of Pasig City, Branch 159, under Judge Lingan. Thereafter, the Company filed a Motion for Factual Determination of Mootness, arguing that the cause of action of Plaintiffs is already moot and academic. Defendant Migallos likewise filed a Motion to Dismiss arguing also that the case is already moot and academic.

Plaintiffs however, filed a Motion for Inhibition against Judge Lingan (RTC 159), which said Judge granted. Defendant SyCip filed a Petition for Certiorari and Mandamus with Application for the Issuance of TRO and/or Writ of Preliminary Injunction before the Court of Appeals against Judge Lingan for inhibiting from the case (CA-G.R. SP No. 158324).

Pursuant to the inhibition of Judge Lingan (RTC 159), the case was eventually re-raffled to RTC 265 on April 4, 2019.

The case was referred to mediation on October 18, 2019. The parties underwent mediation until January 2020, but parties failed to enter into a settlement. Pre-Trial Conference was set on March 4, 2020.

On the day of the Pre-Trial Conference, before hearing started, the parties received an Omnibus Order, dated February 20, 2020, issued by RTC 265 **dismissing the case** due to forum shopping and being moot and academic.

On July 17, 2020, Harvest All et al. filed a Petition for Review before the Court of Appeals to assail the dismissal of the case. Respondents and Petitioners subsequently filed their respective Comments and Replies to the Petition for Review.

On March 28, 2023, the Court of Appeals denied the Petition for Review filed by Harvest All Limited, et. al, and affirmed the Omnibus Order of the Regional Trial Court dismissing the Complaint. The Court of Appeals cited the following grounds: (a) the Petitioners committed forum shopping given that at the time of filing the 2015 case, there was a pending 2014 derivative suit also filed by them (Case No. 1 above) and, (b) the case is rendered moot and academic by supervening events; namely: the holding of the Annual Stockholders' Meetings for the Years 2015, 2016 and 2017.

**4. *Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited vs. Alliance Select Foods International, Inc.,***
**SEC MSRD Case No. MSRD-SRD-2021-1**

On May 26, 2021, Alliance Select Foods International, Inc. ("Company") received a summons from the Markets and Securities Regulation Department of the Securities and Exchange Commission ("MSRD-SEC") resulting from a Complaint, dated November 2, 2020, filed by Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited ("Complainants"), questioning the lack of mandatory tender offer during the Company's sale of 430,286,226 shares to Strongoak Inc. through a private placement in May 5, 2014; and also when Strongoak Inc. subscribed to additional shares in the Company during a Stock Rights Offering in 2015.

The Company filed its Answer dated June 10, 2021 raising the defenses of prescription; non-applicability of Mandatory Tender Offer Rule as the questioned transactions are covered by express exemptions under the Securities Regulation Code; that the Complainants were given the privilege to subscribe to additional shares; and that the said complaint is a deliberate act of forum shopping by the Complainants due to the filing of previous cases against the Company in judicial courts praying for the invalidation of the same share purchases and subscriptions of Strongoak Inc.

The SEC-MSRD dismissed the Complaint in a Decision dated May 19, 2022 finding forum shopping and prescription of action. Complainants filed an Appeal Memorandum dated June 3, 2022 to assail the Decision of the SEC-MSRD with the SEC En Banc.

On December 15, 2022, the SEC En Banc reversed the decision of the SEC-MSRD with the following dispositive portion:

> “WHEREFORE, premises considered, the Appeal is hereby GRANTED. The Decision of the Markets Securities Regulation Department is hereby REVERSED and SET ASIDE.
>
> The ASFII shares acquired by Strongoak, Inc. under the 2014 Private Placement and 2015 SRO are hereby declared void subscriptions and shall be cancelled from the Stock and Transfer Book (STB) of ASFII where these shares shall be considered unsubscribed, and shall be allocated for subscription by any person who intends to buy the same provided that he/she complies with all the legal requirements; and once the subscription is fully paid, ASFII shall pay Strongoak the price it paid for the subscriptions that were nullified.”

On January 20, 2023, the Company filed its Petition for Review (with urgent application for a writ of preliminary injunction and/or temporary restraining order) with the Court of Appeals (CA). The case is still pending the CA who enjoined both parties to submit pleadings and to notify the CA of the pendency of any other related cases and proceedings involving the same parties, subject matter and/or issues pending before the CA or other courts.

On February 20, 2023, the Company received a Motion for Writ of Execution filed by the Complainants with the SEC En Banc. This was opposed by the Company via an Opposition filed with the Commission on March 2, 2023.

On March 27, 2023, the Company received a Motion to Intervene and Admit Attached Comment-in-Intervention filed with the Court of Appeals by the Securities and Exchange Commission through the Office of the Solicitor General. The Motion is pending with the Court of Appeals.

***Certain Relationships and Related Transactions***

The Company has had no transactions covered under Part IV (D)(1) of Annex "C" of SRC Rule 12 in the last two (2) years, or those involving the Company or any of its subsidiaries in which an incumbent director, executive officer or stockholder owning ten percent (10%) or more of the total outstanding shares of the Company and members of their immediate family had or is to have a direct or indirect material interest.

Note 13 of the Notes to the Consolidated Financial Statements as of 31 December 2022 on the Company’s related party transactions are incorporated by reference. The Company’s related party transactions, as reported therein, are under terms that are no less favorable than those arranged with third parties, and are conducted on an arm’s length basis.

**Directors Disclosures on Self-Dealing and Related Party Transactions**

No transaction, without proper disclosure, was undertaken by the Corporation in which any director, executive officer, or any nominee for election as director was involved or had a direct or indirect material interest.

Directors, officers and employees of the Corporation are required to promptly disclose any business or family-related transactions with the Corporation to ensure that potential conflicts of interest are surfaced and brought to the attention of the management.

**Appraisals and Performance Report for the Board**

The Board has established committees to assist in exercising its authority in monitoring the performance of the Corporation in accordance with its Revised Corporate Governance Manual, Code of Business Conduct and related SEC Circulars. The Corporate Governance Committee of the Corporation oversees the performance evaluation of the Board and its committees and management. More detailed discussion on appraisals and performance report for the Board, as well as corporate governance compliance of the Company, are found in the Management Report.

**Item 6. Compensation of Directors and Executive Officers**

The following summarizes the executive compensation received by the CEO and the top four (4) most highly compensated officers of the Company for 2021, 2022, and the estimate for 2023:

| | Year | Salaries Amounts in ₱'000 | Bonuses/Other Income Amounts in ₱'000 |
|---|---|---|---|
| CEO and the four most highly compensated officers named above | 2021 | ₱ 16,802 | ₱ 313 |
| | 2022 | ₱ 17,529 | ₱ 336 |
| | 2023 (est) | ₱ 24,614 | ₱ 303 |
| Aggregate compensation paid to all officers and directors as a group unnamed | 2021 | ₱ 24,639 | ₱ 1,324 |
| | 2022 | ₱ 25,091 | ₱ 1,436 |
| | 2023 (est) | ₱ 33,129 | ₱ 1,399 |

The following are the Company's top five (5) compensated executive officers as of 30 April 2023 (in no particular order):

| | |
|---|---|
| Jeoffrey P. Yulo | President and CEO |
| Lisa Angela Y. Dejadina | Senior Vice President for Operations |
| Ma. Berniefel Bernardo-Sarmiento | Supply Chain Optimization Manager |
| Maria Carolyn C. Angeles | Treasurer |
| Phoebe Ann S. Bayona | Asst. Corporate Secretary and Compliance Officer |

**Compensation of Directors**

On 21 January 2016, the Company's Board of Directors adopted a policy, effective immediately, setting directors' per diems at P10,000 per attendance at Board meetings, and P5,000 per attendance at Committee meetings.

Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the shareholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the shareholders.

Total compensation of each of the Directors on a per diem basis for 2022-30 April 2023, is as follows:

| Name | Total Compensation (per diem) for 2022 (PhP) | Total Compensation (per diem) 30 April 2023 (PhP)[1] |
|---|---|---|
| **Lorenzo Sixto T. Lichauco**<br>*Chairman* | ₱ 70,000 | ₱ 35,000 |
| **Gabriel A. Dee**<br>*Vice Chairman* | ₱ 90,000 | ₱ 25,000 |
| **Jeoffrey P. Yulo**<br>*Director, President, and CEO* | ₱ 65,000 | ₱ 25,000 |
| **Domingo C. Go**<br>*Independent Director* | ₱ 190,000 | ₱ 45,000 |
| **Joseph Peter Y. Roxas**<br>*Director* | ₱ 75,000 | ₱ 25,000 |
| **Dobbin A. Tan**<br>*Independent Director* | ₱ 155,000 | ₱ 45,000 |
| **Fernando L. Gaspar**<br>*Independent Director* | ₱ 0 | ₱ 25,000 |
| **Antonio C. Pacis***<br>*Former Chairman* | ₱25,000 | ₱25,000 |
| **Raymond K.H. See***<br>*Former Director, President and CEO* | ₱ 40,000 | ₱ 25,000 |
| **Rena M. Rico-Pamfilo***<br>*Director* | ₱170,000 | ₱25,000 |

**Messrs. Antonio C. Pacis and Raymond K. H. See, and Ms. Rena M. Rico-Pamfilo, are no longer with the Company.*

**Employment Contracts, Termination of Employment, Change-in-control arrangements**

Other than the usual employment contracts, there are no other existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executives.

There is also no arrangement for compensation to be received from the Company in the event of a change in control of the Company.

**Item 7. Independent Public Accountants**

**THE APPOINTMENT OF THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR 2023 WILL BE SUBMITTED TO THE SHAREHOLDERS FOR APPROVAL AND RATIFICATION AT THE MEETING.**

The Audit Committee has recommended, and the Board of Directors has approved, the re-appointment of the accounting firm of Reyes Tacandong & Co. (Reyes Tacandong) as the Company's independent auditors. Reyes Tacandong was first appointed as the Company's independent auditors in 2015. Mr. Cedric M. Caterio is the new partner-in-charge of Reyes Tacandong, following the expired term of Mr. Wilson Teo.

Representatives of Reyes Tacandong will be present at the Meeting, and will have an opportunity to make a statement, if they desire to do so; and to respond to appropriate questions from shareholders.

[1] This compensation has been earned by the Directors, but not yet paid by the Company.

The Company has been advised that the Reyes Tacandong auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

***Audit and Audit-Related Fees***

The following table sets out the aggregate fees billed for professional services rendered by the Company's independent auditors for each of the last three (3) fiscal years:

| Audit and Audit-Related Fees | 2022 | 2021 | 2020 |
|---|---|---|---|
| Regular Audit | ₱1,500,000 | ₱1,674,400 | ₱1,506,400 |
| Review of proposed equity restructuring | | | |
| Long Form Audit | | | |
| Review of Forecast | | | |
| All Other Fees | ₱62,272 | ₱100,000 | ₱150,640 |
| **Total Audit and Audit-Related Fees** | **₱1,562,272** | **₱1,774,400** | **₱1,657,040** |

***Tax Fees***

There were no tax-related services rendered by the independent auditors other than the assistance rendered in the preparation of the income tax returns which formed part of the regular audit engagement.

***Changes in and Disagreements with Accountants on Accounting and Financial Disclosures***

As stated above, Reyes Tacandong was first appointed to be the Company's independent auditors for 2015. Reyes Tacandong succeeded Navarro Amper & Co. (Navarro Amper), who was the Company's independent auditors for 10 years prior to 2015. Other than that, there was no change in the Company's independent accountants during the three most recent calendar years or in any subsequent interim period.

There has been no disagreement with either Reyes Tacandong or Navarro Amper on accounting and financial disclosure.

**Item 8. Compensation Plans**

No action is to be taken by the shareholders at the Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

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## C. ISSUANCE AND EXCHANGE OF SECURITIES

**Item 9. Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken at the Meeting with respect to the authorization or issuance of securities other than for Exchange.

**Item 10. Modification or Exchange of Securities**

No action is to be taken at the Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

As stated above, no action is to be taken at the Meeting with respect to financial and other information.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken at the Meeting with respect to any transaction involving the following:

a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company;

b) the acquisition by the Company or any of its security holders of securities of another person;

c) the acquisition by the Company of any other going business or of the assets thereof;

d) the sale or other transfer of all or any substantial part of the assets of the Company; or

e) the liquidation or dissolution of the registrant.

**Item 13. Acquisition or Disposition of Property**

No action is to be taken at the Meeting with respect to the acquisition or disposition of any property.

**Item 14. Restatement of Accounts**

No action is to be taken at the Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

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## D. OTHER MATTERS

### Item 15. Action with Respect to Reports

**1. Minutes of the previous Annual Stockholders' Meeting**

**ACTION IS TO BE TAKEN ON THE READING AND APPROVAL OF THE MINUTES OF THE 15 JUNE 2022 ANNUAL STOCKHOLDERS' MEETING.**

The following is a summary of the Minutes of the Previous Stockholders' Meeting held on 15 June 2022:

The Minutes of the 2022 Annual Stockholders' Meeting held on 15 June 2022 are posted on the Company's website (www. http://allianceselectfoods.com/home/our-company/), and also available for inspection by stockholders at the principal office of the Company. Copies thereof will also be made available upon request at the venue of the Meeting.

The matters taken up during the Annual Stockholders' Meeting held on 15 June 2021 are as follows: (i) reading and approval of the minutes of the 2021 Annual Stockholders' Meeting held on 15 June 2021; (ii) presentation and approval of the Management Report and Audited Financial Statements for the year ended 31 December 2021; (iii) ratification and approval of the acts of the Board of Directors and Executive Officers; (iv) appointment of independent external auditors; and (v) election of Directors, including Independent Directors.

The voting results at the 15 June 2022 Annual Stockholders' Meeting are as follows:

| AGENDA ITEM | IN FAVOR | | AGAINST | | ABSTAIN | |
|---|---|---|---|---|---|---|
| | NO. OF SHARES | % | NO. OF SHARES | % | NO. OF SHARES | % |
| **ITEM 1 – APPROVAL OF MINUTES OF THE 15 JUNE 2021 MEETING** | 1,728,272,924 | 69.14% | 0 | 0.00% | 331,364,351 | 13.26 % |
| **ITEM 2 – APPROVAL OF ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021** | 1,728,272,924 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| **ITEM 3 – RATIFICATION AND APPROVAL OF THE ACTS** | 1,728,272,924 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| **ITEM 4 – APPOINTMENT OF REYES TACANDONG & CO. AS INDEPENDENT AUDITORS** | 1,728,272,924 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| **ITEM 6 – ELECTION OF DIRECTORS** | | | | | | |
| GABRIEL A. DEE | 1,728,290,365 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| RENA M. RICO-PAMFILO | 1,728,262,227 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| JOSEPH PETER Y. ROXAS | 1,728,290,365 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| LORENZO SIXTO T. LICHAUCO | 1,728,251,787 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| JEOFFREY P. YULO | 1,728,283,557 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| DOBBIN A. TAN (INDEPENDENT) | 1,728,269,034 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| DOMINGO CU GO (INDEPENDENT) | 1,728,263,134 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |

The shareholders were given the opportunity to ask questions through email and these were addressed at the meeting. In the interest of time, questions that were not addressed at the 15 June 2022 Annual Stockholders' Meeting were responded to via email.

Details of the 15 June 2022 Annual Stockholders' Meeting, including all matters discussed and the resolutions reached, records of voting results for each agenda item, attendance of Directors who attended the meeting, are lengthily discussed in the Minutes of the 2022 Annual Stockholders' Meeting, attached herewith.

**THE RESOLUTION TO BE ADOPTED WILL BE FOR THE APPROVAL OF THE MINUTES OF THE 2022 ANNUAL STOCKHOLDERS' MEETING HELD ON 15 JUNE 2022.**

2. **Management Report**

**ACTION IS TO BE TAKEN ON THE APPROVAL OF THE MANAGEMENT REPORT.**

The Company's Management Report, which includes the Audited Financial Statements for 2022, will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement. The 2022 Annual Report under SEC Form 17-A will be filed with the Definitive Information Statement and will be made available on the Company's website (http://allianceselectfoods.com/). Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said Annual Report as filed with the SEC, free of charge. The contact details for obtaining such copy are on Page 29 of this Information Statement.

**THE RESOLUTION TO BE ADOPTED WILL BE THE APPROVAL OF THE MANAGEMENT REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021.**

### Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up at the Meeting that will not require the vote of the stockholders as of the record date.

### Item 17. Amendment of Charter, By-laws or Other Documents

No action is to be taken at the Meeting with respect to the Amendment of the Company's Charter, Bylaws or other Documents.

### Item 18. Other Proposed Action

Action is to be taken on the ratification and approval of the acts of the Board of Directors and executive officers.

1. **Acts of the Board of Directors and Executive Officers**

**ALL ACTS, CONTRACTS, PROCEEDINGS, ELECTIONS AND APPOINTMENTS MADE OR TAKEN BY THE BOARD OF DIRECTORS AND/OR THE OFFICERS OF THE COMPANY DURING THE PAST CORPORATE YEAR WILL BE SUBMITTED FOR RATIFICATION AND APPROVAL OF SHAREHOLDERS**.

These refer to the actions taken by the Board of Directors at its meetings held on the following dates:

| ***Date*** | ***Type of Meeting*** |
|---|---|
| 13 April 2022 | Regular Meeting of the Board of Directors |
| 12 May 2022 | Regular Meeting of the Board of Directors |
| 26 May 2022 | Special Meeting of the Board of Directors |
| 15 June 2022 | Organizational Meeting |
| 11 August 2022 | Regular Meeting of the Board of Directors |
| 5 October 2022 | Special Meeting of the Board of Directors |
| 11 November 2022 | Regular Meeting of the Board of Directors |
| 16 December 2022 | Regular Meeting of the Board of Directors |
| 17 February 2023 | Regular Meeting of the Board of Directors |
| 13 April 2023 | Regular Meeting of the Board of Directors |
| 4 May 2023 | Special Meeting of the Board of Directors |

At the meeting of the Board of Directors held on 13 April 2022, the Board approved the Company's 2021 Performance and Audited Financial Statements. The Board approved the 2022 revised budget and capital expenditure, appointed the external auditor for 2022, and approved the relevant dates relating to the Annual Stockholders' Meeting.

At the 12 May 2022 meeting, the Board approved the First Quarter Financial Performance and Management Report of the Company, and appointed Reyes Tacandong & Co. as the Company's independent external auditors.

The extension of the Company's Revolving Loan Facility with Strongoak, Inc. was approved by the Directors at the Special Meeting held on 26 May 2022.

At the Organizational Meeting held on 15 June 2022, the Board appointed officers of the Corporation, as well as members of the Board committees.

At the 11 August 2022 Board Meeting, the Board approved the Second Quarter of 2022 Financial and Management Report, the Appointment of Mr. Domingo C. Go as Lead Independent Director; the liquidation of PT Van De Zee; and PT IAFI's Debt-to-Equity Conversion.

The Board, at its meeting held on 5 October 2022, approved the reallocation of 2022 Approved capital expenditure, several changes and movements in key personnel, changes in bank signatories, and appointed Atty. Gino Marco Bautista as the Company's Data Protection Officer.

At the 16 December 2022 the Board approved the budget and capital expenditure for 2023.

At the 11 November 2022 Meeting, the Board approved the First Quarter Financial Performance and Management Report of the Company

At the 17 February 2023 Regular Meeting of the Board of Directors the Board approved the Annual GSPA 2022 Results; the GSPA proposal for 2023, appointment of new officers, and the 2023 Annual Incentive Program.

At the Regular Meeting of the Board held on 13 April 2023, the following were taken up and approved: (1) Annual performance Report as at December 31, 2022; (2) 2023 Capital Expenditures; (3) Appointment of Extemal Auditor for Fiscal Year 2023; (4) Appointment of Assistant corporate secretary; (5) Waiver of Interest on BGB and AMHI Loans; (6) Updates on Manual of Authorities; (7) Changes in Bank signatories; (8) Election of Mr. Fernando L. Gaspar as Independent Director; Appointment of directors and corporate secretary for subsidiaries.

At the Special Meeting of the Board held on 4 May 2023, the Board approved the date of the Annual Stockholders' Meeting including record date, nominations and proxy deadine.

**Item 19. Voting Procedures**

Stockholders of record as of 18 May 2023 may vote at the Meeting. Stockholders have the right to vote in person or by proxy.

Under the Company's policy for the effective participation by shareholders in shareholders' meetings of the Company and the exercise of shareholders' right to vote:

1. To vote, a stockholder must first register online. Certificated stockholders should send a scanned copy of one (1) valid government identification card (ID) to ASM@allianceselectfoods.com. Indirect shareholders should send scanned copies of

their broker's certification and one (1) valid ID to ASM@allianceselectfoods.com. Deadline for registration is on 6 June 2023, at 12NN. Once the Company successfully verifies the stockholder's status, the Company will reply to each stockholder with an online ballot for voting purposes.

2. Only items reflected on the Agenda and the Information Statement will be voted upon. No resolution that is not in the Agenda will be voted on.
3. Votes may be casted online by sending the filled up online ballot form to ASM@allianceselectfoods.com.
4. If a shareholder is unable to attend the meeting, he/she may still be represented at the meeting by submitting proxies either online, or by sending a physical copy to the Office of the Corporate Secretary at the Company's principal address at Suite 3104 A West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City 1605. Proxies must be submitted on or before 9 June 2023.
5. Cumulative voting may be adopted in the election of directors as allowed by the Revised Corporation Code of the Philippines. On this basis, each registered stockholder as of Record Date may vote the number of shares registered in his name for each of the seven (7) directors to be elected; or he may multiply the number of shares registered in his name by seven (7), the number of the Company's directors as provided in its Articles of Incorporation, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the seven (7)) directors to be elected.
6. Validation of online ballots and proxies shall be undertaken by a special committee designated by the Board for the validation of proxies. For the 2023 Annual General Shareholders' Meeting, Reyes Tacandong & Company, the Company's independent external auditor shall work with the special committee, to review the tabulation of proxies, when necessary
7. Voting results for each item on the agenda shall be announced during the meeting and shall be made publicly available immediately.

**Management's Report**

The Management's Report on the Financial Conditions and Other Information of the Company as of 31 December 2022 for the 2023 Annual Stockholders' Meeting to be held on 15 June 2023 is in Part II hereof.

**Financial Statements**

The Statement of Management's Responsibility and the Consolidated Audited Financial Statements of the Company as of 31 December 2022, is incorporated as part of *Annex C* below.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

**Alliance Select Foods International, Inc.**
**Attention: Atty. Maria Resa S. Celiz**
*Assistant Corporate Secretary*

Unit 3104, West Tower, Tektite Towers, Exchange Road,
Ortigas Center, Pasig City, Metro Manila, 1600 Philippines

Landline: +632 8637 8800
Mobile: +632 917 620 5726

| PART II. |
| --- |

## MANAGEMENT REPORT

### I. Consolidated Audited Financial Statements

The consolidated financial statements of Alliance Select Foods International, Inc. (the “Company”) and its subsidiaries for the period ended December 31, 2022 in compliance with SRC Rule 68, as amended, are attached to the Information Statement and are incorporated by reference. Copies of the said financial statements are also uploaded on the Company's website (http://allianceselectfoods.com/).

### II. Disagreements with Accountants on Accounting and Financial Disclosure

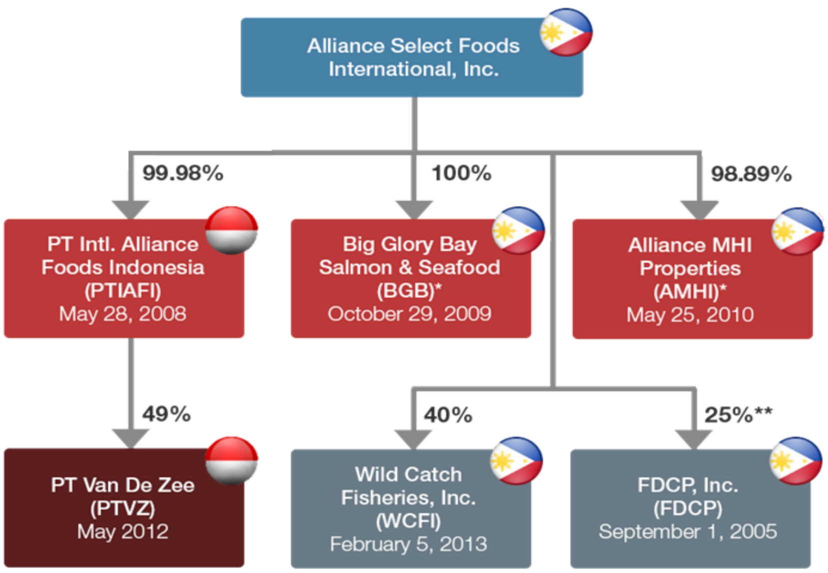
Reyes Tacandong & Co. was appointed as the external auditor of the Company for the year 2022. There were no disagreements with the Company's independent external auditors, Reyes Tacandong & Co., regarding the financial statements of the Company for the year 2022.

### III. The Company

Alliance Select Foods International, Inc. is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was registered in the Philippine Securities and Exchange Commission (SEC) on September 1, 2003 as Alliance Tuna International, Inc. It started commercial operations in 2004 to engage in tuna processing, canning, and the export of canned tuna products in General Santos City, Mindanao, Philippines. On November 8, 2006, the Company's shares were listed on the Philippine Stock Exchange (PSE) through an initial public offering. In July 2010, the Company was renamed as “Alliance Select Foods International, Inc.”

The Parent Company's key business activity is the processing, canning, and export of canned tuna. It exports its products to Europe, North and South America, Asia, Africa, and the Middle East.

The following presents the conglomerate map of the Company's operating subsidiaries and affiliates, including its corresponding percentage of ownership as of March 31, 2021.



The following discussion provides a history and describes briefly the operating subsidiaries and affiliates of the Company:

In September 2005, the Company acquired a 40% stake in First Dominion Canning Philippines, Inc. (FDCP), a can manufacturing company. In November 2016, FDCP increased its outstanding shares from 12,500,000 to 20,000,000 common shares. The Company did not subscribe to the additional issuance, thus decreasing the Company's stake in FDCP to 25%.

In May 2008, PT International Alliance Foods Indonesia (PT IAFI) was established to acquire the assets of an Indonesian tuna cannery located in Bitung in the island of North Sulawesi. The Parent Company owns 99.98% of PT IAFI. A complete renovation of the factory and upgrade of capacity to 90 metric tons per day was undertaken. On October 18, 2019, PT IAFI changed its core business operations to export trading, and sold its fixed assets in North Sulawesi. PT IAFI is currently not in operation.

PT IAFI set up PT Van de Zee (PT VDZ), a fishing company in Indonesia in May 2012 with an initial stake of 80%. In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51%. Currently, PT IAFI owns 49% of PT VDZ. Due to subsequent changes in Indonesian fishing regulations restricting foreign commercial fishing, PT VDZ is currently not in operation. PT VDZ is currently going through a liquidation process in Indonesia.

As part of the Parent Company's product diversification strategy, it invested in a New Zealand based processor of smoked salmon in January 2009. The initial investment of a 39.00% stake in Prime Foods New Zealand (PFNZ) was later increased to 50% plus 1 share. PFNZ was engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand. On October 2015, the Parent Company divested its interest in PFNZ.

In October 2009, the Parent Company and PFNZ established a joint-venture company called Big Glory Bay Salmon and Seafoods Company, Inc. (BGB) that imports salmon from New Zealand, Chile and Norway, among others, and processes it in General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad. In October 2015, the Parent Company accepted PFNZ's BGB shares as partial payment for PFNZ's payment obligations to the Parent Company. This resulted in BGB becoming a 100% subsidiary of the Company. BGB's registered address is at Soliven corner MRR Ave., Manggahan, Pasig City, 1611.

On June 18, 2010, Alliance MHI Properties, Inc. (AMHI), a property holding company, was established. The Parent Company owned a 40.00% stake in the affiliate, while Mingjing Holdings, Inc., a Filipino company, owned the remaining 60.00% stake. On November 11, 2015, the AMHI Board approved ASFII's application for subscription of preferred shares arising from the increase in authorized capital stock of AMHI. AMHI's application for increase in capital stock was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI. AMHI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

The Parent Company acquired an 80% stake in Akaroa Salmon New Zealand Limited (Akaroa) in October 2012. With its principal office in 89 Treffers Road, Wigram, Christchurch, New Zealand, Akaroa is engaged in the business of sea cage salmon farming and is among the pioneers of farmed salmon industry in New Zealand. Akaroa smokes and processes fresh salmon, and has established itself as the premium quality brand in the country over the years. Akaroa has been the recipient of various awards and accolades from New Zealand's food industry. It operates two marine farms in the pristine cold waters of Akaroa Harbor in the country's South Island to rear the King salmon or Chinook salmon. Akaroa holds a 20% stake in Salmon Smolts NZ Ltd., a modern hatchery with high quality and a consistent supply of smolts (juvenile salmon). In November 2021, the Parent Company divested all of its equity investment in Akaroa.

In March 2018, the SEC approved the Amendment of Article Seventh of the Company's Articles of Incorporation to reduce the par value of common shares of the Company from One Peso (P1.00) per share to Fifty Centavos (P0.50) per share, and to decrease the authorized capital stock of the Company from Three Billion Pesos (P3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (P1.00) each to One Billion Five Hundred Million Pesos (P1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (P0.50) each.

## PRODUCTS

### Tuna

The Tuna Division sources its products primarily from ASFII, which offers a range of processed tuna products such as canned tuna, tuna in pouches, frozen tuna loins, and a premium line of tuna marketed under the Bay of Gold brand. The tuna market comprises both institutional and retail sectors. Institutional cans and pouches are typically purchased by restaurants, hotels and commissaries, while the retail packs are sold to wholesalers, distributors, and food companies that market their own brands

### Salmon

BGB processes various salmon species and manufactures them into smoked and raw products for retail and institutional consumers. These are frozen and vacuum packed, and sold in different forms and cuts. Products are sold in retail stores under Prime New Zealand, Gold Standard, and Superfish. In 2022, BGB focused on distributing imported king salmon products from its former subsidiary, Akaroa Salmon.

### Fishmeal

Fishmeal is the by-product of tuna and salmon processing operations. Fishmeal is sold as additives or primary ingredients for animal feeds.

### Fish Oil

ASFII extracts crude fish oil from raw tuna heads, one of the best sources of high-quality fish oil, at the processing plant in General Santos City. This unrefined oil is primarily intended for animal feed, but can also be refined for human consumption. ASFII currently produces around 24,500 kg of crude fish oil per month, which is sold in the local market to agricultural businesses or food processors.

## REVENUE BREAKDOWN

The percentage contribution to the Group's revenues broken down into major product lines for each of the three (3) years in the periods ended December 31, 2022, 2021 and 2020 are as follows:

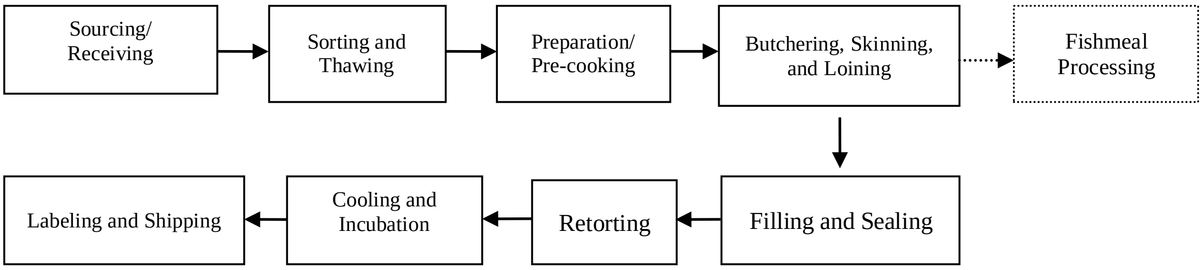
| **Product** | ***December 31, 2022*** | ***December 31, 2021*** | ***December 31, 2020*** |
|---|---|---|---|
| Tuna | 93% | 74% | 83% |
| Fishmeal | 6% | 5% | 3% |
| Salmon | 1% | 21% | 14% |
| Total* | 100% | 100% | 100% |

**Numbers might not add up due to rounding*

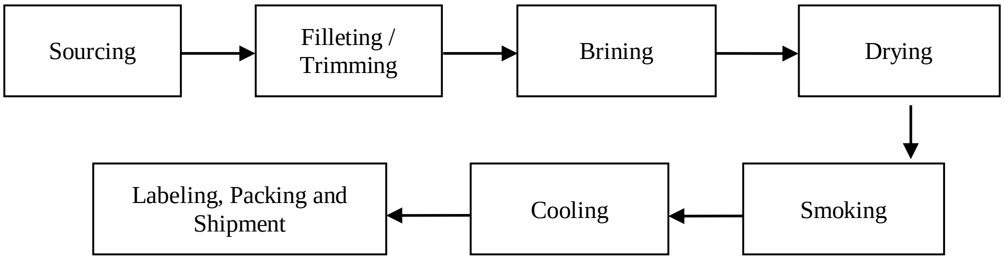
**PRODUCTION PROCESS**

The following diagrams present the different processes that the Company employs in producing canned tuna and smoked salmon in its processing facilities.

***Canned Tuna***




***Smoked Salmon***




**IV. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>**

*The following is a discussion and analysis of the Company's financial condition and results of operations and certain trends, risks, and uncertainties that may affect the Company's business. The discussion and analysis of the Company's results of operations is presented in four (4) comparative sections:*

*a) the three (3) months ended March 31, 2023 with comparative figures for the period ended March 31, 2022;*
*b) the year ended December 31, 2022 with comparative figures as of December 31, 2021;*
*c) the year ended December 31, 2021 with comparative figures as of December 31, 2020;*
*d) the year ended December 31, 2020 with comparative figures as of December 31, 2019; and disclosure relating to liquidity and financial condition and the trends, risks, and uncertainties that have had or that are expected to affect revenues and income, completes the management's discussion and analysis.*

*Further, the following discussion should be read in conjunction with the accompanying consolidated financial statements of Alliance Select Foods International, Inc., and its Subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2022, 2021 and 2020 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended and unaudited financial statements of the Group for the period ended March 31, 2023.The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine*

*Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.*

*The consolidated financial statements are presented in United States Dollar, the currency of the primary economic environment in which the Group operates.*

**Operating Performance**

**Three Months Ended March 31, 2023 versus March 31, 2022**

The table below shows the comparisons of key operating results for the three-month period ended March 31, 2023 versus the same period in 2022.

| Amount in US$ '000 | For the Three Months Ended March 31 | | |
|---|---|---|---|
| | 2023 | 2022 | % Change |
| | | | |
| Revenue | **$13,718** | **$6,420** | 114% |
| Gross profit | 847 | 508 | 67% |
| **Gross Profit %** | ***6%*** | ***8%*** | -22% |
| Selling & Administrative Expenses | 917 | 847 | 8% |
| Finance Cost | 192 | 91 | 111% |
| **Loss Before Tax** | **(235)** | **(390)** | -40% |
| Income Tax Expense | 9 | 4 | 125% |
| | | | |
| **Loss for the Period** | (244) | (394) | -38% |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | ($244) | ($394) | -38% |
| Non-controlling interest | 0 | 0 | |
| | ($244) | ($394) | -38% |

*numbers may not add up due to rounding

The Group's consolidated net revenues for the first quarter of 2023 is 114% higher than the revenues in the same reporting period last year due to significant increase in sales volume driven by the effort to recover old customers and the re-establishment of customer relationship.

The Group's gross profit rate (GPR) for the first quarter of 2023 decreased to 6% from 8% GPR of the same period last year due to the continuing increase in fish prices and other raw materials. The lower manufacturing overhead per metric tons resulted from higher plant utilization and lower storage and rental expenses mitigated the impact of the increase in raw materials.

General and administrative expenses increased by 8% because of the increase in commission and other marketing expenses and other expenses side by side with the increase in production and sales volume.

The increase in finance cost resulted by the increase in interest rates of 5.75% pa in the first quarter of 2023 from 3.0% pa of the same period last year.

The increase in sales volume and revenue improved the profitability cushioning the impact of the rising cost to the bottomline.

**December 31, 2022 versus December 31, 2021**

| | Years Ended December 31 | | |
|---|---|---|---|
| **Amount in US$ '000** | **2022** | **2021** | **% Change** |
| | | | |
| Revenue | $34,580 | $40,788 | (15%) |
| Gross profit | 3,179 | 4,915 | (35%) |
| **Gross Profit %** | 9% | 12% | |
| | | | |
| Selling & Administrative Expenses | 3,372 | 5,547 | (39%) |
| | | | |
| Finance Cost | 451 | 841 | (46%) |
| | | | |
| **Profit (loss) for the year** | (3,943) | (1,058) | 273% |
| Non-controlling interest | (1) | 214 | (101%) |
| Profit (Loss) attributable to equity holders of the parent | (3,942) | (1,271) | 175% |
| **Net Profit (Loss) %** | (11%) | (3%) | |
| | | | |
| EBITDA | 804 | 1,568 | |
| *EBITDA margin* | 2% | 4% | |
| | | | |
| Return on equity (ROE) | (19%) | (6%) | |
| Earnings per share | (0.0014) | (0.0005) | |
| Book value per share | 0.0077 | 0.0089 | |
| | | | |

*numbers may not add up due to rounding

The Group's consolidated revenues of $34.6 million in 2022 were 15% lower than the revenues of $40.8 million in 2021. During the year, tuna-related products contributed about 99% of total revenues, while the remaining 1% were contributed by salmon-related products. The decrease in revenues is due to deconsolidation of Akaroa in November 2021 with revenue as at November 30, 2021 of $7.89 million. Without the effect of Akaroa 2022 revenue grew by $1.7 million or 5.2% from 2021.

The Group's gross profit decreased to 9% in 2022 from 12% in 2021 including Akaroa's gross profit of 28%, excluding Akaroa gross profit in 2021 is 8%. The better gross profit in 2022 is resulted from better production recoveries and efficient labor due to higher plant utilization.

The Group incurred net loss before tax of $0.51 million in 2022 and $0.59 million including Akaroa's net income of $1.4 million. Without Akaroa 2022 performance is better by 74% from last year due mainly from:

- Consistent implementation of cost containment measures which brought down selling and administrative expenses
- Reduction in interest expense due to faster rate of loan repayment vs availment

The Group incurred net loss after tax of $3.94 million in 2022 higher than net loss of $1.06 million in 2021 due to derecognition of deferred tax assets pertaining to allowance for impairment losses from receivables and idle assets.

**December 31, 2021 versus December 31, 2020**

| | **Years Ended December 31** | | |
|---|---|---|---|
| **Amount in US$ '000** | **2021** | **2020** | **% Change** |
| | | | |
| Revenue | $40,778 | $62,706 | -35% |
| Gross profit | 4,915 | 2,928 | 68% |
| **Gross Profit %** | 12% | 5**%** | |
| | | | |
| Selling & Administrative Expenses | 5,547 | 10,123 | -45% |
| | | | |
| Finance Cost | 841 | 1,253 | -33% |
| | | | |
| **Profit (loss) for the year** | -1,058 | -10,100 | -90% |
| Non-controlling interest | 214 | 135 | 59% |
| Profit (Loss) attributable to equity holders of the parent | -1,271 | -10,235 | -88% |
| **Net Profit (Loss) %** | -3% | -16% | |
| | | | |
| EBITDA | 1,568 | -6,076 | |
| *EBITDA margin* | 4% | -10% | |
| | | | |
| Return on equity (ROE) | -6% | -39% | |
| Earnings per share | -0.0005 | -0.0041 | |
| Book value per share | 0.0089 | 0.0094 | |
| | | | |

**Numbers might not add up due to rounding*

The Group's consolidated revenues of $40.8 million in 2021 were 35% lower than the revenues of $62.7 million in 2020. During the year, tuna-related products contributed about 79% of total revenues, while the remaining 21% were contributed by salmon-related products. Compared to 2020, the significant decrease in sales volume was due to continued spike in freight rates, 6x higher from pre-pandemic rate, resulting to deferral of shipments. Losses to competition in EU market because of higher freight rates compared to that of Ecuador, and the deconsolidation of Akaroa in November also contributed to the decline in sales.

The Group's gross profit increased to 12% in 2021 from 5% in 2020. This is mainly due to the improvement of production efficiency which resulted from reduced headcount, lower maintenance costs and utility consumption due to capital expenditures investment, and improved recovery rates.

The Group has successfully implemented measures to reduce selling and administrative expenses and has consistently managed costs to partially cushion the impact of low gross profit.

The proceeds from the disposal of Akaroa and cash generated from operations allowed the Group to pay a significant amount of loans, thus reducing the finance cost by 33% from $1.3 million in 2020 to $0.8 million in 2021.

The Group incurred net loss of $1.1 million in 2021, 89% lower than the net loss of $10.1 million in 2020. This is driven by lower sizeable one-offs, lower selling and administrative expenses resulting from cost containment, savings on interest expense from repayment of loans and net gain on the divestment of Akaroa.

**December 31, 2020 versus December 31, 2019**

| | **Years Ended December 31** | | |
|---|---|---|---|
| **Amount in US$ '000** | **2020** | **2019** | **% Change** |
| | | | |
| Revenue | $62,706 | $84,883 | -26% |
| Gross profit | 2,928 | 8,177 | -64% |
| **Gross Profit %** | **5%** | **10%** | |
| | | | |
| Selling & Administrative Expenses | 10,123 | 8,564 | 18% |
| | | | |
| Finance Cost | 1,253 | 2,035 | -38% |
| **Profit (loss) for the year** | **-10,100** | **-5,132** | **-97%** |
| | | | |
| Non-controlling interest | 135 | -47 | -387% |
| Profit (Loss) attributable to equity holders of the parent | -10,235 | -5,085 | -101% |
| **Net Profit (Loss) %** | **-16%** | **-6%** | |
| | | | |
| EBITDA | -6,076 | -360 | |
| *EBITDA margin* | -10% | 0% | |
| | | | |
| Return on equity (ROE) | -39% | -15% | |
| Earnings per share | -0.004 | -0.002 | |
| Book value per share | 0.0094 | 0.0134 | |

**Numbers might not add up due to rounding*

The Group's consolidated revenues of $62.7 million in 2020 were 26% lower than the revenues of $84.9 million in 2019. In 2020, tuna-related products contributed about 86% of total revenues, while the remaining 14% were contributed by salmon-related products. Drop in revenue was primarily driven by lower fish costs offered in other regions, which resulted to lower sales prices. In the last quarter of 2020, the significant spike in freight rates drove the deferment of shipments to 2021. The disposal of 100% equity investment in Spence around October 2019 also contributed in the decrease in sales in 2020.

The Group's gross profit declined from $8.2 million in 2019 to $2.9 million in 2020. Factors affecting the decrease in gross profits are lower selling prices, delays in sales shipments which resulted to additional costs, increase in labor rate and additional depreciation from the new fishmeal plant and equipment.

After years of suffering losses due to frequent shut downs of PT IAFI primarily due to Indonesian fishing regulations that have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia, management decided to change core business operations in Indonesia to export trading, and pursued a sale of PT IAFI's fixed assets in North Sulawesi.

Over the past years, the Group has successfully implemented measures to reduce selling and administrative expenses and has consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories is lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. The Group recognized the following provisions in its books:

Inventory write down and allowance for inventory obsolescence for the Group totaling $1.4 million and $0.9 million in 2020 and 2019, respectively. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

Provision for doubtful accounts of trade and other receivables amounting to $1.1 and $0.01 million in 2020 and 2019, respectively. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

Improvement in the operating cash flows allowed the Group to pay a significant amount of loans, thus reducing the finance cost by 38% from $2.0 million in 2019 to $1.3 million in 2020.

The Group has a net loss of $10.1 million and $5.1 million in 2020 and 2019, respectively. In 2020, the Group also incurred additional costs related to the disposal of Spence in 2019, and assistance to local government units for those affected by lockdowns due to COVID 19.

## Financial Condition, Liquidity, and Capital Resources

***March 31, 2023 compared to March 31, 2022***

The Group's decrease in cash by 56%% is attributed to the increase in purchases of raw materials required by the increasing volume of production.

Trade and other receivables rose by 50% due to the significant increase in sales revenue on credit.

Inventories dropped by 26% because of the increased in the shipments to customers.

The increase in other current assets pertains to additional purchase deposits for raw materials.

Trade and other payables is higher by 36% due to increase in trade transactions of raw materials and other services required to meet the demand of higher production.

| **Liquidity and Solvency** | **March 31, 2023** | **December 31, 2022** |
|---|---|---|
| Current ratio | 1.08 | 1.10 |
| Debt to equity ratio | 1.25 | 1.17 |

| **Profitability** | **For the Three Months Ended March 31** | |
|---|---|---|
| | **2023** | **2022** |
| Revenue growth rate | 114% | (25%) |
| Net profit margin | (2%) | (6%) |
| Return on average stockholders' equity | (1%) | (2%) |

The following defines each ratio:

- Liquidity ratio (expressed in proportion) = current assets / current liabilities
- Debt to equity ratio (expressed in proportion) = total liabilities / total stockholders' equity
- Revenue growth rate (expressed in percentage) = (current year's revenue – previous year's revenue) / previous year's revenue
- Net profit margin (expressed in percentage) = net income attributable to equity holders of parent / net revenues
- Return on average stockholders' equity (expressed in percentage) = net income attributable to equity holders of the Parent / average stockholders' equity attributable to the Parent

***March 31, 2023 compared to December 31, 2022***

| ***Amount in US$'000*** | **March** | **December** | **% Change** |
|---|---|---|---|
| | **2023** | **2022** | |
| | | | |
| Cash & cash equivalent | $1,334 | $3,050 | (56%) |
| Receivables | 9,668 | 6,450 | 50% |
| Inventories | 4,091 | 5,545 | (26%) |
| Other current assets | 3,979 | 3,358 | 18% |
| **Total Current Assets** | **$19,071** | **$18,403** | **4%** |
| Property & Equipment | 14,550 | 14,689 | (1%) |
| **Total Assets** | **$37,047** | **$36,428** | **2%** |
| | | | |
| Trade and Other Payables | $5,545 | $4,091 | 36% |
| Bank Loans | 12,050 | 12,535 | (4%) |

| | | | |
|---|---|---|---|
| **Total Current Liabilities** | **17,628** | **16,638** | **6%** |
| **Total Liabilities** | **20,589** | **19,676** | **5%** |
| **Total Stockholders' Equity** | **16,459** | **16,752** | **(2%)** |
| **Total Liabilities & SE** | **$37,047** | **$36,428** | **2%** |

| | **March 31, 2023** | **December 31, 2022** |
|---|---|---|
| Current Ratio | 1.08 | 1.11 |
| Debt-to-equity Ratio | 1.25 | 1.17 |

***December 31, 2022 compared to December 31, 2021***

| **Balance Sheet Highlights** | **Years Ended December 31** | | |
|---|---|---|---|
| | | | |
| ***Amount in US$'000*** | **2022** | **2021** | **% Change** |
| | | | |
| Cash & cash equivalent | $3,050 | $4,442 | (31%) |
| Receivables | 6,450 | 4,408 | 46% |
| Inventories | 5,545 | 5,335 | 4% |
| Other current assets | 3,358 | 2,940 | 14% |
| **Total Current Assets** | **$18,403** | **$17,126** | 7% |
| Property & Equipment | 14,689 | 14,619 | 0% |
| **Total Assets** | **$36,428** | **$38,080** | (4%) |
| | | | |
| Trade and Other Payables | $4,091 | $3,434 | 19% |
| Bank Loans | 12,535 | 11,297 | 11% |
| **Total Current Liabilities** | **16,638** | **16,853** | (1%) |
| **Total Liabilities** | **19,676** | **18,244** | 8% |
| **Total Stockholders' Equity** | **16,752** | **19,836** | (16%) |
| **Total Liabilities & SE** | **$36,428** | **$38,080** | (4%) |

Derecognition of deferred tax assets pertaining to the allowance for impairment of accounts receivable and idle assets.

| | **December 31, 2022** | **December 31, 2021** |
|---|---|---|
| Current Ratio | 1.11 | 1.02 |
| Debt-to-equity Ratio | 1.17 | 0.92 |

***December 31, 2021 compared to December 31, 2020***

| **Balance Sheet Highlights** | **Years Ended December 31** | | |
|---|---|---|---|
| | | | |
| ***Amount in US$'000*** | **2021** | **2020** | **% Change** |
| | | | |
| Cash & cash equivalent | $4,442 | $1,871 | 74% |
| Receivables | 4,408 | 12,114 | -19% |
| Inventories | 5,335 | 12,659 | -41% |
| Other current assets | 2,940 | 10,141 | 32% |
| **Total Current Assets** | **$17,126** | **$36,785** | **-11%** |
| Property & Equipment | 14,619 | 16,275 | 13% |
| **Total Assets** | **$38,080** | **$67,808** | **-23%** |
| | | | |
| Trade and Other Payables | $3,434 | $6,183 | 52% |
| Bank Loans | 11,297 | 22,344 | -7% |
| **Total Current Liabilities** | **16,853** | **28,709** | **-14%** |
| **Total Liabilities** | **18,244** | **36,508** | **-34%** |
| **Total Stockholders' Equity** | **19,836** | **31,300** | **-7%** |
| **Total Liabilities & SE** | **$38,080** | **$67,808** | **-23%** |

There was no impairment of goodwill recognized during the year. Goodwill was deconsolidated upon divestment of Akaroa.

| | **December 31, 2021** | **December 31, 2020** |
|---|---|---|
| Current Ratio | 1.02 | 0.99 |
| Debt-to-equity Ratio | 0.92 | 1.30 |

**Plan of Operation**

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. It is in compliance with its loan covenant pertaining to debt-to-equity ratio. It is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Group with entities or other persons created during the reporting period that would have significant impact on the Group's operations and/or financial condition.

As of December 31, 2021, there were no other material events or uncertainties known to management that could have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Known trends, events, uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations;

- Significant elements of income or loss that did not arise from the Group's continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

**Key performance Indicators**

The company uses the following key performance indicators to assess the Company's financial performance from period to period.

| | For the period ended December 31 | | | | For the 3-month period ended March 31 |
|---|---|---|---|---|---|
| **Liquidity and Solvency** | **2019** | **2020** | **2021** | **2022** | **2023** |
| Current ratio | 1.28 | 0.99 | 1.02 | 1.11 | 1.08 |
| Debt to equity ratio | 1.17 | 1.30 | 0.92 | 1.17 | 1.25 |
| **Profitability** | | | | | |
| Revenue growth rate | -13% | -26% | -35% | -15% | 114% |
| Net profit margin | -6% | -16% | -3% | -10% | -2% |
| Return on average stockholders' equity | -15% | -39% | -39% | -19% | -1% |

The following defines each ratio:

- The current assets to current liabilities ratio are used to measure liquidity. This is computed by dividing total current assets by total current liabilities. The result is expressed in proportion.

- The total liabilities to equity ratio are used to measure debt exposure. It shows the relative proportions of all creditors' claims versus ownership claims. This is computed by dividing total liabilities by total stockholders' equity. The result is expressed in proportion.

- The revenue growth rate is the Group's increase in revenue for a given period. This growth rate is computed from the current revenue less revenue of the previous year, divided by the revenue of the previous year. The result is expressed in percentage.

- The net profit margin is the ratio of the Group's net income attributable to equity holders of the parent versus its net revenue for a given period. This is computed by dividing net income after tax by net revenue. The result is expressed in percentage.

- The return on average stockholders' equity ratio is the ratio of the Group's net income attributable to equity holders of the parent to the average stockholders' equity. This measures the management's ability to generate returns on investments. This is computed by dividing net income attributable to equity holders of the parent by the average stockholders' equity. The result is expressed in percentage.

## IV. Number of Holders of Each Class of Common Security

As of March 31, 2022, there are 2,499,712,463 outstanding and issued common shares of the Company, exclusive of 287,537 treasury shares. The Company does not have any class of shares other than common shares.

## V. Names of the Top Twenty (20) Shareholders of Each Class

The top twenty (20) stockholders of the Company as of March 31, 2023 are the following:

| | Name | No. of shares | % ownership |
|---|---|---|---|
| 1. | Strongoak, Inc. | 1,382,765,864 | 55.31% |
| 2. | PCD Nominee Corporation (Filipino) | 661,704,459 | 26.47% |
| 3. | Harvest All Investment Limited | 177,261,165 | 7.09% |
| 4. | Victory Fund Limited | 138,474,015 | 5.54% |
| 5. | PCD Nominee Corporation (Foreign) | 62,778,663 | 2.51% |
| 6. | Albert Hin Kay Hong | 39,071,537 | 1.56% |
| 7. | Bondeast Private Limited | 13,023,411 | 0.52% |
| 8. | Peter Kawsek Jr. | 4,538,646 | 0.18% |
| 9. | Martin Antonio G. Zamora | 3,975,370 | 0.16% |
| 10. | Michael W. Cordova | 3,805,000 | 0.15% |
| 11. | S. Chandra Das | 2,604,760 | 0.10% |
| 12. | Oriental Tin Can & Metal Sheet Mfg | 2,210,385 | 0.09% |
| 13. | FDCP Inc. | 1,894,045 | 0.08% |
| 14. | Tri-Marine International (Pte) Ltd. | 1,170,472 | 0.05% |
| 15. | Damalerio Fishing Corp. | 920,656 | 0.04% |
| 16. | DFC Tuna Venture Corporation | 617,248 | 0.02% |
| 17. | Phil. Fisheries Development Authority | 346,207 | 0.01% |
| 18. | Amadeo Fishing Corp. | 294,874 | 0.01% |
| 19. | Alliance Tuna International Inc. | 257,464 | 0.01% |
| 20. | GENPACCO, Inc. | 172,973 | 0.01% |

As of April 30, 2023, foreign ownership of the company's common stock equity stands at 17.33% or 433,173,698 - common shares. Locally owned common stock stands at 82.64% or 2,066,538,765 common shares. Currently, there is no foreign ownership limitation applicable to FOOD.

There is no action to be taken at the 2022 Annual General Shareholders' Meeting with respect to an acquisition, business combination or other reorganization that will affect the amount and percentage of present holdings of the Company's common equity owned beneficially by (i) any person or group who is known to the Company to be the beneficial owner of more than five percent (5%) of any class of the registrant's common equity; (ii) each director and nominee; and (iii) all directors and officers as a group, and the Company's present commitments to such persons with respect to the issuance of shares of any class of its common equity, if any.

## VI. `Board Attendance, Compensation, Appraisal and Training

The Company's Board has a pre-determined schedule of meetings at the beginning of each calendar year. As necessary, attendance at the Board meetings may be through electronic medium or telecommunications. Details on the Directors' attendance at Board meetings and Committee meetings are as follows:

2022 Board Meetings:

| Name | 04/13 | 05/12 | 05/26 | 06/15 | 08/11 | 10/05 | 11/11 | 12/16 |
|---|---|---|---|---|---|---|---|---|
| **Antonio C. Pacis** *Chairman* | ✓ | | ✓ | | N/A | N/A | N/A | N/A |
| **Gabriel A. Dee** *Vice Chairman* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Raymond K.H. See**, *Director, President and CEO* | ✓ | ✓ | ✓ | | N/A | N/A | N/A | N/A |
| **Rena M. Rico-Pamfilo** *Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Domingo C. Go** *Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Joseph Peter Y. Roxas** *Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan** *Independent Director* | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| **Lorenzo Sixto T. Lichauco** | N/A | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Jeoffrey P. Yulo** *Director, President and CEO* | N/A | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |

**Messrs. Antonio C. Pacis and Raymond K. H. See, and Ms. Rena M. Rico-Pamfilo, are no longer with the Company.*

Audit Committee:

| Name | 02/8 | 02/24 | 03/01 | 03/09 | 04/06 | 04/13 | 05/06 | 08/04 | 9/05 | 09/19 | 11/10 | 12/15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rena M. Rico-Pamfilo** *Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| **Domingo C. Go** *Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan** *Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Corporate Governance Committee:

| Name | 02/18 | 03/11 | 04/06 | 05/11 | 06/02 | 08/04 |
|---|---|---|---|---|---|---|
| **Rena M. Rico-Pamfilo** *Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Domingo C. Go** *Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Joseph Peter Y. Roxas**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Related Party Transactions Committee:

| Name | 05/24 |
|---|---|
| **Antonio C. Pacis**<br>*Director* | ✓ |
| **Domingo C. Go**<br>*Independent Director* | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ |

Executive Committee:

| Name | 07/12 | 08/30 | 12/13 |
|---|---|---|---|
| **Lorenzo Sixto T. Lichauco**<br>*Director* | ✓ | ✓ | ✓ |
| **Jeoffrey P. Yulo**<br>*Independent Director* | ✓ | ✓ | ✓ |
| **Domingo C. Go**<br>*Director* | ✓ | ✓ | |

Total compensation received by each of the Directors on a per diem basis for 2022, is as follows:

| Name | Total Compensation (per diem) for 2022 (PhP) |
|---|---|
| **Antonio C. Pacis**<br>*Chairman* | ₱ 25,000 |
| **Gabriel A. Dee**<br>*Vice Chairman* | ₱ 90,000 |
| **Raymond K.H. See**,<br>*Director, President and CEO* | ₱ 40,000 |
| **Rena M. Rico-Pamfilo**<br>*Director* | ₱ 170,000 |
| **Domingo C. Go**<br>*Independent Director* | ₱ 195,000 |
| **Joseph Peter Y. Roxas**<br>*Director* | ₱ 75,000 |
| **Dobbin A. Tan**<br>*Independent Director* | ₱ 155,000 |
| **Lorenzo Sixto T. Lichauco**<br>*Chairman* | ₱ 70,000 |
| **Jeoffrey P. Yulo**<br>*Director, President and CEO* | ₱ 65,000 |

The Company has adopted a policy on Board self-assessment as a body, and as individual committees, to assess if it possesses the right mix of experience and backgrounds. It also conducts a performance assessment of the CEO to evaluate performance and overall compliance with laws, regulations and best practices.

The Charter of the Board of Directors likewise include a policy on the training of Directors, including an orientation program for first-time Directors and relevant annual continuing training for all Directors.

## VII. Market Price of the Issuer's Common Shares

The common shares of the Company are traded on the PSE under the symbol FOOD. The Company's common stock was first listed on the PSE on November 8, 2006.

The table below sets out the high and low sales prices for the Company's common shares as reported on the PSE for the periods indicated.

| | 2023 | | 202 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|---|
| | **High** | **Low** | **High** | **Low** | **High** | **Low** | **High** | **Low** |
| **Q1** | 0.54 | 0.54 | 0.64 | 0.58 | 0.69 | 0.61 | 1.02 | 0.95 |
| **Q2** | - | - | 0.58 | 0.55 | 0.67 | 0.61 | 0.86 | 0.72 |
| **Q3** | - | - | 0.55 | 0.52 | 0.68 | 0.62 | 0.78 | 0.68 |
| **Q4** | - | - | 0.56 | 0.52 | 0.63 | 0.52 | 0.68 | 0.51 |

On March 31, 2022, the last trading day for the month of March 2022, the closing price for FOOD was P0.60 per share.

The number of shareholders of record as of March 31, 2022 owning at least one board lot was 200 and the total number of shares outstanding on that date were 2,499,712,463 net of 287,537 treasury shares.

Public float as of March 31, 2022 was 31.87%.

## VIII. Dividends

The Company is authorized to declare and distribute dividends to the extent it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed profits of a corporation that have not been earmarked for any corporate purposes. A corporation may pay dividends in cash, by distribution of property, or by issuance of shares. Dividends declared in the form of cash or additional shares are subject to approval by the Company's Board of Directors.

In addition to Board approval, dividends declared in the form of additional shares are also subject to the approval of the Company's shareholders representing at least two-thirds (2/3) of the outstanding capital stock. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares. SEC approval is required before any property or stock dividends can be distributed. While there is no need for SEC approval for distribution of cash dividends, the declaration of cash dividends must be immediately disclosed to the SEC and the PSE in accordance with the SRC Rule 17.

The Company has not adopted a specific dividend policy. Nevertheless, the Company has declared dividends for the years 2007, 2008, 2009, and 2011.

The Company has not declared dividends for the past three (3) most recent fiscal years.

In the future, the Company intends to continue to pay dividends out of its unrestricted retained earnings. The ability to pay dividends, and the amount of such, however, shall depend on the Company's retained earnings, cash flow requirements, financial condition, capital expenditures, and investment requirements during the relevant period.

## IX. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

## X. Corporate Governance

The Company believes that corporate governance is a necessary component of what constitutes sound strategic business management, and therefore undertakes all efforts necessary to create awareness within the organization.

The Company's corporate governance principles and practices are principally embodied in the Company's Articles of Incorporation, By-Laws and its amendments, and Manual on Corporate Governance. The Company complies with the Revised Code of Corporate Governance set by the Securities & Exchange Commission (SEC) and the Corporate Governance Guidelines and Listing Rules of the Philippines Stock Exchange (PSE), and endeavors to elevate its corporate governance practices in line with best practices.

The Company's Articles of Incorporation, By-Laws and Manual on Corporate Governance may be viewed on the Company's website (http://corporate.allianceselectfoods.com//).

To ensure adherence to corporate governance principles and best practices, the Company has a Compliance Officer that reports directly to the Chairman of the Board. The Compliance Officer constantly monitors and evaluates compliance of the Directors and officers to its Manual on Corporate Governance.

*Corporate Governance Updates*

On June 1, 2017, in compliance with SEC Memorandum Circular No. 8 Series of 2017, Alliance Select Foods International, Inc. (FOOD) submitted with the SEC its 2017 Corporate Governance Manual. The same was adopted by the Board of Directors of FOOD in a special meeting held on May 30, 2017.

In compliance with SEC Regulations, the Company has consistently filed its Integrated Annual Corporate Governance Report (I-ACGR) with the SEC since 2018 on or before its regulatory deadline. The Company likewise posts these reports on its website on even date.

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## PART III.

### SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, Metro Manila on 9 May 2023.

By:

**BARBARA ANNE C. MIGALLOS**
*Corporate Secretary*

**UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A PRINTED COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AND QUARTERLY REPORT FOR THE FIRST QUARTER OF 2022 ON SEC FORM 17-Q, AS FILED WITH THE SEC FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**ATTY. MARIA RESA S. CELIZ**
*Assistant Corporate Secretary*
*Suite 3104 A West Tower, Philippine Stock Exchange Centre,*
*Exchange Road, Ortigas Center, Pasig City 1605*

# ANNEX “A”

CERTIFICATION OF NON-AFFILIATION WITH GOVERNMENT INSTRUMENTALITIES

**REPUBLIC OF THE PHILIPPINES)**
**MAKATI CITY ) SS.**

## CERTIFICATION

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino, with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, being the duly elected and incumbent Corporate Secretary of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.**, a corporation duly organized and existing under Philippine law, with office address at Suite 3104 A West Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, Metro Manila (the "Company"), do hereby certify that the following incumbent Directors of the Company are not connected with any government agency or instrumentality:

1. Lorenzo Sixto T. Lichauco
2. Gabriel A. Dee
3. Jeoffrey P. Yulo
4. Joseph Peter Y. Roxas
5. Dobbin A. Tan – Independent Director
6. Domingo C. Go – Independent Director
7. Fernando L. Gaspar – Independent Director

**BARBARA ANNE C. MIGALLOS**
*Corporate Secretary*

**SUBSCRIBED AND SWORN** to before me this 9th day of May 2023, affiant exhibiting to me her Community Tax Certificate No. 26690625 issued on 4 January 2023 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 517;
Page No.: 105;
Book No.: I;
Series of 2023.

C2503 ASFII 2023 AGM – Certification on Non Gov /dfp99

KATRINA JANINE M. STA. ANA
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-262 (2022-2023)
COMMISSION EXPIRES ON DECEMBER 31, 2023
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 9566815; Makati City; 1/4/2023
IBP O.R. No. 256287; Makati; 12/30/2022
TIN 465-637-617
Attorney's Roll No. 78275
Admitted to the Philippine Bar: 12 May 2022

# ANNEX "B"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

ALLIANCE SELECT FOOD INTERNATIONAL, INC.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at and for the years ended December 31, 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 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.

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

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

**Reyes Tacandong & Co.,** the independent auditors appointed by the stockholders for the years ended December 31, 2022 and 2021, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

**LORENZO SIXTO T. LICHAUCO**
Chairman of the Board

**JEOFFREY P. YULO**
President and Chief Executive Officer

**MARIA CAROLYN C. ANGELES**
Treasurer

Signed this 13th day of April 2023

REPUBLIC OF THE PHILIPPINES )
PASIG CITY )

SUBSCRIBED AND SWORN TO BEFORE ME this 17th day of April, 2023 the Affiants exhibiting to me their evidence of identity with details below:

| NAME | ID TYPE/ DATE AND PLACE ISSUED |
|---|---|
| LORENZO SIXTO T. LICHAUCO | DRIVER'S LICENSE NO. 1-74-028833 |
| JEOFFREY P. YULO | PASSPORT NO. P7151375B |
| MARIA CAROLYN C. ANGELES | DRIVER'S LICENSE NO. C09-10-003908 |

Doc. No. 130;
Page No. 27;
Book No. 116;
Series of 2023.

FERDINAND B. AYAHAO
Notary Public
For Pasig City, Pateros and San Juan City
Appointment No.108 (2022-2023) valid until 12/31/2023
MCLE Exemption No.VII-BEP003719 valid until 04/14/25
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 0161665; 01/06/23; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

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

SEC Registration Number

CS200319138

**C O M P A N Y   N A M E**

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES (A Subsidiary of STRONGOAK INC.)

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

Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| AACFS | 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/s | Mobile Number |
|---|---|---|
| info@allianceselectfoods.com | (02) 8673-8800 | 09176205726 |

| No. of Stockholders | Annual Meeting (Month / Day) | Calendar Year (Month / Day) |
|---|---|---|
| 237 | June 15 | December 31 |

**CONTACT PERSON INFORMATION**

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

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| Mr. Jeoffrey P. Yulo | info@allianceselectfoods.com | (02) 7-747-3798 | 09176205726 |

**CONTACT PERSON'S ADDRESS**

Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City

***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 shall not excuse the corporation from liability for its deficiencies.*

# INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

*Opinion*

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc., a subsidiary of Strongoak Inc., and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

*Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 the 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 year. 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.

<u>Impairment Assessment of Property, Plant and Equipment and Deferred Tax Assets</u>
The operating losses incurred by the Group for the past three years are indications that it may have to recognize an impairment on its property, plant and equipment and deferred tax assets. The Group's impairment assessment of the property, plant and equipment and deferred tax assets which have an aggregate carrying value of $18.0 million is significant to our audit because these assets represent 49% of the total consolidated assets as at December 31, 2022. The impairment assessment also requires significant management judgment and assumptions involving expected future financial performance of the Group. The impairment assessment includes estimation of future cash flows that are projected using growth rates and discounted using pretax discount rate, which are highly dependent on management's strategies and business plans.

Our audit procedures included, among others, review of impairment indicators and evaluation of management's key assumptions used in the impairment analysis, financial projections, appraisal of assets and external data taking into consideration the historical information experience of the Group. We also checked the appropriateness and reasonableness of the assumptions to which the outcome of the impairment assessment is most sensitive. We also reviewed the adequacy of the Group's disclosures in Notes 2, 3, 9 and 24 to the consolidated financial statements.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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.

*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 PFRS, 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.

*Auditors' 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 auditors' 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 PSA 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 PSA, 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 auditors' 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 auditors' 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 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 group 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 audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' 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 auditors' report is Cedric M. Caterio.

**REYES TACANDONG & CO.**

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

# ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
**(A Subsidiary of Strongoak Inc.)**

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | December 31 | |
|---|---|---|---|
| | Note | **2022** | 2021 |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | 5 | **$3,050,221** | $4,442,099 |
| Trade and other receivables | 6 | **6,449,648** | 4,408,220 |
| Inventories | 7 | **5,545,217** | 5,335,281 |
| Other current assets | 8 | **3,357,913** | 2,939,939 |
| Total Current Assets | | **18,402,999** | 17,125,539 |
| **Noncurrent Assets** | | | |
| Property, plant and equipment | 9 | **14,688,676** | 14,619,255 |
| Right-of-use (ROU) assets | 22 | **20,816** | 62,453 |
| Deferred tax assets | 24 | **3,315,221** | 6,272,392 |
| Total Noncurrent Assets | | **18,024,713** | 20,954,100 |
| | | **$36,427,712** | $38,079,639 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | **$4,090,680** | $3,433,658 |
| Current portion of loans payable | 12 | **12,534,524** | 11,297,040 |
| Current portion of lease liabilities | 22 | **13,053** | 52,460 |
| Due to a related party - current | 13 | **–** | 2,069,832 |
| Total Current Liabilities | | **16,638,257** | 16,852,990 |
| **Noncurrent Liabilities** | | | |
| Due to a related party - noncurrent | 13 | **1,876,604** | – |
| Noncurrent portion of: | | | |
| Loans payable | 12 | **416,667** | 916,667 |
| Lease liabilities | 22 | **–** | 14,268 |
| Net retirement benefits obligation | 14 | **166,972** | 417,262 |
| Deferred tax liabilities | 24 | **106,829** | 42,749 |
| Other noncurrent liability | 9 | **470,267** | – |
| Total Noncurrent Liabilities | | **3,037,339** | 1,390,946 |
| Total Liabilities | | **19,675,596** | 18,243,936 |
| **Equity** | | | |
| Capital stock | 15 | **26,823,389** | 26,823,389 |
| Additional paid-in capital (APIC) | 15 | **1,486,546** | 1,486,546 |
| Deficit | | **(10,795,479)** | (7,303,949) |
| Other comprehensive income | | **1,628,344** | 1,221,450 |
| | | **19,142,800** | 22,227,436 |
| Treasury stock - at cost | 15 | **(5,774)** | (5,774) |
| Equity attributable to equity holders of the Parent Company | | **19,137,026** | 22,221,662 |
| Non-controlling interests | 15 | **(2,384,910)** | (2,385,959) |
| Total Equity | | **16,752,116** | 19,835,703 |
| | | **$36,427,712** | $38,079,639 |

*See accompanying Notes to Consolidated Financial Statements.*

**ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES**
**(A Subsidiary of Strongoak Inc.)**

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Note | Years Ended December 31 **2022** | 2021 | 2020 |
|---|---|---|---|---|
| **NET SALES** | 16 | **$34,579,904** | $40,778,376 | $62,706,131 |
| **COST OF GOODS SOLD** | 17 | **(31,401,404)** | (35,863,359) | (59,778,016) |
| **GROSS PROFIT** | | **3,178,500** | 4,915,017 | 2,928,115 |
| **SELLING AND ADMINISTRATIVE EXPENSES** | 18 | **(3,372,183)** | (5,547,162) | (10,122,735) |
| **INTEREST EXPENSE** | 12 | **(451,305)** | (840,868) | (1,253,181) |
| **OTHER INCOME (CHARGES)** | 19 | **130,939** | 887,133 | (210,824) |
| **LOSS BEFORE INCOME TAX** | | **(514,049)** | (585,880) | (8,658,625) |
| **PROVISION FOR INCOME TAX** | 24 | **2,978,803** | 471,662 | 1,441,495 |
| **NET LOSS** | | **(3,492,852)** | (1,057,542) | (10,100,120) |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| *Item that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | **213,567** | 35,822 | 144,203 |
| *Item that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement gain on retirement benefits obligation, net of tax | 14 | **195,698** | – | 11,611 |
| Effect of change in income tax rate | 14 | **–** | 8,237 | – |
| | | **409,265** | 44,059 | 155,814 |
| **TOTAL COMPREHENSIVE LOSS** | | **($3,083,587)** | ($1,013,483) | ($9,944,306) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Parent Company | | **($3,491,530)** | ($1,271,377) | ($10,235,521) |
| Non-controlling interests | | **(1,322)** | 213,835 | 135,401 |
| | | **($3,492,852)** | ($1,057,542) | ($10,100,120) |
| **TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:** | | | | |
| Equity holders of the Parent Company | | **($3,084,636)** | ($1,214,059) | ($10,099,704) |
| Non-controlling interests | | **1,049** | 200,576 | 155,398 |
| | | **($3,083,587)** | ($1,013,483) | ($9,944,306) |
| **LOSS PER SHARE** | | | | |
| Basic and Diluted | 21 | **($0.0014)** | ($0.0005) | ($0.0041) |

*See accompanying Notes to Consolidated Financial Statements.*

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
**(A Subsidiary of Strongoak Inc.)**

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | | Years Ended December 31 | | |
|---|---|---|---|---|
| | Note | **2022** | 2021 | 2020 |
| **EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY** | | | | |
| **Capital Stock** | 15 | **$26,823,389** | $26,823,389 | $26,823,389 |
| **APIC** | 15 | **1,486,546** | 1,486,546 | 1,486,546 |
| **Retained Earnings (Deficit)** | | | | |
| Balance at beginning of year | | **(7,303,949)** | (6,032,572) | 4,202,949 |
| Net loss | | **(3,491,530)** | (1,271,377) | (10,235,521) |
| Balance at end of year | | **(10,795,479)** | (7,303,949) | (6,032,572) |
| **Other Comprehensive Income** | | | | |
| *Cumulative Translation Adjustment* | | | | |
| Balance at beginning of year | | **1,114,326** | 1,064,970 | 940,764 |
| Exchange differences on foreign currency translation | | **211,196** | 49,356 | 124,206 |
| Balance at end of year | | **1,325,522** | 1,114,326 | 1,064,970 |
| *Cumulative Remeasurement Gains on Retirement Benefits Obligation* | 14 | | | |
| Balance at beginning of year | | **107,124** | 98,887 | 87,276 |
| Remeasurement gain - net of tax | | **195,698** | – | 11,611 |
| Effect of change in tax rate | | **–** | 8,237 | – |
| Balance at end of year | | **302,822** | 107,124 | 98,887 |
| *Revaluation Reserves* | | | | |
| Balance at beginning of year | | **–** | 275 | 275 |
| Effect of deconsolidation | | **–** | (275) | – |
| Balance at end of year | | **–** | – | 275 |
| | | **1,628,344** | 1,221,450 | 1,164,132 |
| **Treasury Stock** - at cost | 15 | **(5,774)** | (5,774) | (5,774) |
| | | **19,137,026** | 22,221,662 | 23,435,721 |
| **NON-CONTROLLING INTERESTS** | | | | |
| Balance at beginning of year | | **(2,385,959)** | (2,080,267) | (2,235,665) |
| Share in comprehensive income | | **1,049** | 200,576 | 155,398 |
| Dividends declared | | **–** | (297,491) | – |
| Disposal of a subsidiary | | **–** | (208,777) | – |
| Balance at end of year | | **(2,384,910)** | (2,385,959) | (2,080,267) |
| | | **$16,752,116** | $19,835,703 | $21,355,454 |

*See accompanying Notes to Consolidated Financial Statements.*

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
**(A Subsidiary of Strongoak Inc.)**

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Years Ended December 31 | | |
|---|---|---|---|---|
| | Note | **2022** | 2021 | 2020 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss before income tax | | **($514,049)** | ($585,880) | ($8,658,625) |
| Adjustments for: | | | | |
| Reversal of: | | | | |
| Inventory write-down | 7 | **(1,189,400)** | (825,536) | (299,167) |
| Allowance for ECL | 6 | **–** | (210,136) | (63,629) |
| Depreciation and amortization | 9 | **867,065** | 1,312,574 | 1,329,238 |
| Interest expense | 12 | **472,932** | 840,868 | 1,253,181 |
| Retirement benefits costs | 14 | **53,946** | 85,265 | 66,482 |
| Net unrealized foreign exchange loss (gain) | | **(21,183)** | (232,416) | 196,441 |
| Loss (gain) on disposal/retirement of property, plant and equipment - net | 9 | **(7,867)** | 71,111 | (234,664) |
| Inventory write-down | 7 | **7,028** | 237,407 | 1,385,778 |
| Interest income | 5 | **(243)** | (4,003) | (950) |
| Provisions for impairment losses | 18 | **–** | 222,627 | 1,112,998 |
| Gain on disposal of a subsidiary | 19 | **–** | (389,437) | – |
| Equity in net income of an associate | | **–** | (3,934) | (85,944) |
| Operating income (loss) before working capital changes | | **(331,771)** | 518,510 | (3,998,861) |
| Decrease (increase) in: | | | | |
| Trade and other receivables | | **(2,041,428)** | 397,072 | 5,622,580 |
| Inventories | | **972,436** | 4,233,769 | 2,513,234 |
| Other current assets | | **(411,240)** | (962,300) | 7,942,539 |
| Increase (decrease) in trade and other payables | | **577,971** | (1,361,108) | 1,121,435 |
| Net cash generated from (used for) operations | | **(1,234,032)** | 2,825,943 | 13,200,927 |
| Income tax paid | | **(29,473)** | (370,839) | (25,887) |
| Retirement contributions paid | 14 | **(5,381)** | – | – |
| Interest received | | **243** | 4,003 | 950 |
| Net cash flows from (used in) operating activities | | **(1,268,643)** | 2,459,107 | 13,175,990 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisitions of property, plant and equipment | 9 | **(364,311)** | (1,021,241) | (1,498,459) |
| Proceeds from sale of: | | | | |
| Property, plant and equipment | 9 | **26,647** | – | 234,664 |
| Subsidiaries, net of cash deconsolidated | | **–** | 2,604,066 | – |
| Decrease in other noncurrent assets | | **–** | 8,417 | 10,354 |
| Net cash flows from (used in) investing activities | | **(337,664)** | 1,591,242 | (1,253,441) |

(Forward)

| | Note | **2022** | 2021 | 2020 |
|---|---|---|---|---|
| | | **Years Ended December 31** | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payments of: | 28 | | | |
| Loans payable | | **($21,918,112)** | ($33,445,755) | ($38,648,486) |
| Lease liabilities | 22 | **(53,656)** | (333,448) | (419,731) |
| Interest | | **(469,399)** | (570,205) | (1,054,669) |
| Proceeds from availment of loans | 28 | **22,655,596** | 32,142,216 | 28,839,550 |
| Net cash flows from (used in) financing activities | | **214,429** | (2,207,192) | (11,283,336) |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH** | | **–** | 49,081 | 39,187 |
| **NET INCREASE (DECREASE) IN CASH** | | **(1,391,878)** | 1,892,238 | 678,400 |
| **CASH AT BEGINNING OF YEAR** | | **4,442,099** | 2,549,861 | 1,871,461 |
| **CASH AT END OF YEAR** | 5 | **$3,050,221** | $4,442,099 | $2,549,861 |
| **SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITY** | | | | |
| Recognition of asset acquired through deferred payment and other liability | 9 | **$549,318** | $– | $– |
| **COMPONENTS OF CASH** | 5 | | | |
| Cash on hand | | **$10,872** | $11,021 | $12,905 |
| Cash in banks | | **3,039,349** | 4,431,078 | 2,536,956 |
| | | **$3,050,221** | $4,442,099 | $2,549,861 |

*See accompanying Notes to Consolidated Financial Statements.*

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## AS AT DECEMBER 31, 2022 AND 2021 AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. **General Information**

**Corporate Information**

Alliance Select Foods International, Inc. (ASFII or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 1, 2003. The Parent Company is primarily engaged in the business of manufacturing, canning, importing and exporting of food products such as marine, aquaculture and other processed seafoods. The shares of stock of the Parent Company are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

Strongoak Inc. (Strongoak), the immediate parent of ASFII, owns 55.32% of ASFII. Strongoak is a domestic company engaged in investment activities. The ultimate parent company is Seawood Resources, Inc., a domestic company engaged in investment activities.

The Parent Company's registered office address is Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City.

**Subsidiaries**

The following subsidiaries as at December 31, 2022, 2021 and 2020:

| | % of Ownership | | | | Principal Place of |
|---|---|---|---|---|---|
| Name of Subsidiary | **2022** | 2021 | 2020 | Nature of Business | Business |
| Big Glory Bay Salmon and Seafood Company, Inc. (BGB) | **100.00** | 100.00 | 100.00 | Salmon and other seafoods processing | Philippines |
| PT International Alliance Food Indonesia (PT IAFI) | **99.98** | 99.98 | 99.98 | Export trading | Indonesia |
| Alliance MHI Properties, Inc. (AMHI) | **98.89** | 98.89 | 98.89 | Leasing | Philippines |
| PT Van De Zee (PT VDZ) | **49.00** | 49.00 | 49.00 | Fishing | Indonesia |
| Akaroa Salmon (NZ) Ltd. (Akaroa) | **–** | – | 80.00 | Salmon farming and processing | New Zealand |

The Parent Company and the subsidiaries are collectively referred herein as the "Group".

BGB has plant facilities that are located in Barrio Tambler, General Santos City.

PT IAFI was established under the Indonesian Foreign Capital Investment Law. In October 2019, the plant and machinery of PT IAFI was sold to an Indonesian entity. PT IAFI owns 49% of PT VDZ, a fishing company. PT IAFI and PT VDZ ceased operations in 2020 and 2016, respectively.

Akaroa holds 25% stake in Salmon Smolt NZ Ltd. (SSNZ), an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm. The Parent Company divested from its investment in Akaroa in 2021.

**Approval of the Consolidated Financial Statements**

The consolidated financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were reviewed and recommended for approval by the Audit Committee on April 11, 2023 and were approved and authorized for issuance by the Board of Directors (BOD) on April 13, 2023.

## 2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

**Basis of Preparation and Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

**Bases of Measurement**

The consolidated financial statements are presented in United States (U.S.) Dollar, the functional currency of the primary economic environment in which the Parent Company operates. All values are rounded to the nearest U.S. Dollar, except when otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis, except for net retirement benefits obligation which is measured at the present value of the defined benefits obligation less fair value of plan assets, and lease liabilities and other noncurrent liability which are measured at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses observable market data to the extent possible when measuring the fair value of an asset or a liability.

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets 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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 to the consolidated financial statements.

**Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards effective for annual periods beginning on or after January 1, 2022.

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments 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 an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other's behalf. The amendments apply 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 amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

**<u>Amended PFRS Issued But Not Yet Effective</u>**
Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under the prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as necessary.

**<u>Basis of Consolidation</u>**

The consolidated financial statements include the accounts of the Parent Company and subsidiaries. Subsidiaries are entities in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Parent Company controls an entity. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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 are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniformed accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Parent Company derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Parent Company retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of interest retained.

*Non-controlling Interests.* Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company, presented within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of PT IAFI, PT VDZ and AMHI.

**<u>Business Combination</u>**

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Parent Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Parent Company 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interest is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Parent Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Parent Company retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Parent Company receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

**Financial Assets and Liabilities**

**Recognition and Measurement**

*Date of Recognition.* The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*"Day 1" Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable market data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

**Classification**

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

*Classification of Financial Instruments between Liability and Equity.* A financial instrument is classified as 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 Group; 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.

*Financial Assets at Amortized Cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Group's cash, trade and other receivables and other noncurrent receivables presented under "Other noncurrent assets" are classified under this category.

*Financial Liabilities at Amortized Cost*. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method.  Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process. Financial liabilities at amortized cost are included under current liabilities if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2022 and 2021, the Group's trade and other payables (excluding statutory payable and customers' deposits), loans payable, lease liabilities, due to a related party and other noncurrent liability are classified under this category.

**Reclassification**
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.
For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

**Impairment of Financial Assets at Amortized Cost**
The Group records an allowance for expected credit losses (ECL). ECL is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized costs, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions. In assessing whether a borrower is in default, the Group considers qualitative and quantitative factors.

**Derecognition**

*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 financial 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 financial 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.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial 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. When 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.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original 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 the lender on the other's behalf. The amendments apply 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 amendments.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

**Offsetting**

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 intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

**<u>Inventories</u>**

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV). Cost incurred in bringing each product to its present location and condition is accounted as follows:

*Finished Goods.* Costs of inventories are calculated using weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

*Raw Materials and Packaging Supplies.* Cost is determined using weighted average method. NRV is the current replacement cost.

When the NRV of the inventories is lower than the cost, the Group recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in profit or loss.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period when the related revenue is recognized and the related inventory write-down is reversed.

**Other Assets**

Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

*Advances to Suppliers.* Advances to suppliers are recognized whenever the Group pays in advance for its purchase of goods. These are applied for the purchase of raw materials upon delivery. These advances are measured at transaction price less any impairment in value.

*Value-added Tax (VAT).* Revenue, expenses and assets are recognized net of the amount of VAT except receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from the taxation authority is included as part of “Other current assets” account in the consolidated statements of financial position.

*Prepayments.* Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are measured at face amount less any impairment in value. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred.

*Investments in Joint Ventures.* A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in joint ventures are initially carried in the consolidated statements of financial position at cost. Subsequent to initial recognition, investments in joint ventures are measured in the consolidated financial statements using the equity method.

Under the equity method, the investments in joint ventures are initially recognized at cost. The carrying amount of the investments is adjusted to recognize changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investments and is neither amortized nor individually tested for impairment.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the investment upon loss of significant influence or joint control and the fair value of the retained interest and proceeds from disposal is recognized in profit or loss.

*Idle Assets.* Idle assets are those which are no longer used in the Group's operations. These are measured at cost less accumulated depreciation and impairment loss. The Group's idle assets are already fully provided with allowance for impairment loss.

**Property, Plant and Equipment**

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property, plant and equipment:

| Asset Type | Number of Years |
|---|---|
| Building | 15 - 25 |
| Leasehold improvements | 5 (or lease term, whichever is shorter) |
| Machinery and equipment | 15 |
| Transportation equipment | 5 |
| Office and plant furniture, fixtures and equipment | 5 |

The 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 and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

**Impairment of Nonfinancial Assets**

The carrying amounts of the Group's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, 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. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

**Equity**

*Capital Stock and APIC.* Capital stock is measured at par value for all shares issued and outstanding. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Excess of proceeds or fair value of consideration received over par value is recognized as APIC.

*Deficit.* Deficit represents the cumulative balance of the Group's results of operations as at reporting date. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

*Other Comprehensive Income.* Other comprehensive income comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertains to cumulative remeasurement gains on retirement benefits obligation, revaluation reserves and cumulative translation adjustments.

*Treasury Stock.* Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

**Earnings (Loss) per Share**

The Group presents basic and diluted earnings (loss) per share data for its common shares.

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

**Revenue Recognition**

The Group generates revenue primarily from the sale of goods. Other revenue sources include rental, interest and other income.

*Revenue from Contracts with Customers.* Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

*Sale of Goods.* Revenue is recognized, net of sales returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Revenue from other sources is recognized as follows:

*Interest Income. Interest* is recognized as it accrues on a time proportion basis using the effective interest method.

*Other Income.* Income from other sources is recognized when earned during the year.

**Contract Balances**

*Receivables.* A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract Assets.* A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

As at December 31, 2022 and 2021, the Group does not have outstanding contract assets.

*Contract Liabilities.* A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The Group considers its customers' deposits as contract liabilities (see Note 11).

*Cost to Obtain a Contract.* The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. Otherwise, these are treated as expense.

*Contract Fulfillment Asset.* Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As at December 31, 2022 and 2021, the Group does not have contract fulfillment assets.

**<u>Cost and Expense Recognition</u>**

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

*Cost of Goods Sold.* Cost of goods sold is recognized as expense when the related goods are sold.

*Selling and Administrative Expenses.* Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute costs of administering the business. These are charged to profit or loss in the period when these are incurred.

*Interest Expense.* Interest is recognized as it accrues on a time proportion basis using the effective interest method.

*Other Charges.* Expenses from other sources are expensed as incurred.

**Leases**

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and,
ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.

At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

*ROU Assets.* At commencement date, the Group measures ROU assets at cost. The cost comprises:

i. the amount of the initial measurement of lease liabilities;
ii. any lease payments made at or before the commencement date less any lease incentives received;
iii. any initial direct costs; and,
iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from four to 28 years.

*Lease Liabilities.* At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of lease liabilities comprise the following:

i. fixed payments, including in-substance fixed payments;
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
iii. amounts expected to be payable by the lessee under residual value guarantees; and,
iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

For income tax reporting purposes, payments and receipts under lease agreements are treated as deductible expense and taxable income in accordance with the terms of the lease agreements.

**Retirement Benefits**

Retirement benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs comprising of current service costs and net interest expense on the retirement benefits liability in profit or loss.

The Group determines the net interest expense on defined benefit obligation by applying the discount rate to the net retirement benefits obligation at the beginning of the year, taking into account any changes in the liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefits liability, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trusted bank. Plan assets are not available to the creditors of the Group, nor can they 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 defined benefit obligation, the measurement of the resulting defined benefit 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 net retirement benefits obligation recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related defined benefits obligation.

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.

**Income Taxes**

*Current Tax*. Current tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

*Deferred Tax*. Deferred tax is provided on all temporary differences at the reporting date 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. Deferred tax assets are recognized for all deductible temporary differences and the carryforward benefits of net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused NOLCO and excess MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws 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 in effect at the reporting date.

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.

*Offsetting.* Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Foreign Currency-denominated Transactions and Translation**

Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation on non-monetary items in respect of which gains and losses are recognized in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in U.S. Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences, if any, are recognized as cumulative translation adjustment in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

**Related Party Relationships and Transactions**

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Group's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed by the BOD in accordance with the Group's related party transactions policies.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

**Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

**Contingencies**

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. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

**Events after the Reporting Period**
The Group identifies subsequent events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

**Operating Segments**
For management purposes, the Group is divided into operating segments per product/service (tuna, salmon, and rental) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker. Financial information on operating segments is presented in Note 27 to the consolidated financial statements.

## 3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The judgments, accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

*Determining the Functional Currency.* Based on management's assessment, the functional currency of the entities in the Group has been determined to be the U.S. Dollar. The functional currency of certain subsidiaries is Philippine Peso. The U.S. Dollar is the currency that mainly influences the operations of most of the entities within the Group.

*Determining Control Over Subsidiaries.* Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Management has determined that by virtue of its majority ownership of voting rights or by the power to cast the majority of votes through its representatives in the BOD of its subsidiaries as at December 31, 2022 and 2021, the Parent Company has the ability to exercise control over these investees.

*Determining the Reportable Operating Segments.* The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable and separately disclosed if management believes that information about the segment would be useful to users of the consolidated financial statements.

*Classifying the Financial Assets and Liabilities.* The Group has determined that it shall classify its financial assets at amortized cost on the basis of the following conditions met:

- The asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

Moreover, the Group has determined that it shall classify its financial liabilities at amortized cost using the effective interest method.

*Assessing the ECL.* The Group's trade receivables are subject to the ECL model. While cash are also subject to the impairment requirements of PFRS 9, the assessed impairment loss is not material.

The Group applies the simplified approach in measuring ECL on trade receivables, which use a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Group's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified macroeconomic factors (i.e., gross domestic product growth rates, foreign exchange rates, inflation rate, etc.) that are relevant and accordingly adjust the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group also applies the general approach in measuring ECL, which uses a 12-month or lifetime ECL. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates financial health of the counterparty and the capacity and willingness to pay, among others.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and,
- actual or expected significant adverse changes in the operating results of the counterparty.

The carrying amounts of the Group's cash, trade and other receivables, and other noncurrent receivables are disclosed in Notes 5, 6 and 10 to the consolidated financial statements.

*Classifying the Lease Commitments - Group as a Lessee.* The Group has entered into lease agreements for its office space and manufacturing area. For the Group's non-cancellable lease, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed exemption for the short-term leases with terms of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22 to the consolidated financial statements.

*Assessing the Extension Options of Lease Commitments.* The Group's property leases on office and plant contain extension options exercisable by the Group prior to the end of the contract period to maximize operational flexibility in terms of managing contracts. Extension options are not reflected in measuring lease liabilities in cases when these options are not reasonably certain to be exercised or when the terms and conditions of the renewed contract are uncertain and subject to change considering the economic circumstances under which the Group operates. A reassessment will be made when there is a significant event or significant change in circumstances within its control. There were no reassessments made in 2022 and 2021.

*Estimating the ROU Assets and Lease Liabilities.* The Group's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings, and the term of each lease commitment. The Group determined that the implicit rate in the lease agreement is not readily available and that the interest rate on its borrowings presents the appropriate financing cost in leasing the underlying assets. The incremental borrowing rate used in the lease is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22 to the consolidated financial statements.

*Estimating the NRV of Inventories.* The NRV of inventories represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale. The Group determines the estimated selling price based on the recent sale transaction of similar goods with adjustments to reflect any changes in economic conditions since the date when the transactions occurred. The Group records provisions for the excess of cost over the net realizable value of inventories. While the Group believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

The carrying amount of inventories carried at lower of cost and NRV is disclosed in Note 7 to the consolidated financial statements.

*Estimating the Useful Lives of Property, Plant and Equipment.* The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of these assets are reviewed at each reporting date and are 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 assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Group's property, plant and equipment in 2022, 2021 and 2020.

The carrying amounts of property, plant and equipment (except land), net of accumulated depreciation, amortization and impairment losses are disclosed in Note 9 to the consolidated financial statements.

*Assessing the Impairment of Nonfinancial Assets*. The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and,
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets. The discount rates were derived from the weighted average cost of capital, which takes into account both debt and equity.

Management has assessed that the amount of allowance for impairment losses of the Group's nonfinancial assets as at December 31, 2022 and 2021 is sufficient. The carrying amounts of these nonfinancial assets are disclosed in Notes 8, 9 and 10 to the consolidated financial statements.

*Estimating the Retirement Benefits Cost.* The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

Information in retirement benefits obligation are disclosed in Note 14 to the consolidated financial statements.

*Recognizing the Deferred Tax Assets.* The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group did not recognize deferred tax assets amounting to \$194,742 and \$2.24 million as at December 31, 2022 and 2021, respectively, since the Group's management believes that there may be no sufficient future taxable income against which the benefits of these deferred tax assets can be utilized.

The information on deferred tax assets is disclosed in Note 24 to the consolidated financial statements.

*Evaluating the 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.

Pursuant to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, certain information expected to seriously prejudice the position of an entity, subject of the provision need not be disclosed.

Contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

4. **Liquidation and Disposal of Subsidiaries**

**Liquidation**

On August 11, 2022, the Board of Directors of the Group approved the liquidation of PT VDZ. However, as at April 13, 2023, the approval of liquidation is still pending with the local authority of Indonesia. The Parent Company's non-controlling interest in PT VDZ amounted to $2.4 million as at December 31, 2022.

**Disposal**

In November 2021, the Parent Company disposed its interest in Akaroa to a third party for a total consideration of NZD 7.50 million ($5.06 million), inclusive of payments for dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $389,437 (see Note 19).

As a result of the disposal, the Group derecognized the assets and liabilities of Akaroa amounting to $8.7 million and $7.4 million, respectively.

The revenue and net income of Akaroa included in the consolidated statements of comprehensive income amounted to $7.89 million and $1.15 million, respectively, for the period ended November 30, 2021, and revenue and net income of $6.58 million and $165,004, respectively, in 2020.

5. **Cash**

This account consists of cash on hand and in banks.

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

Interest income from cash in banks amounted to $243, $4,003 and $950 in 2022, 2021 and 2020, respectively (see Note 19).

6. **Trade and Other Receivables**

This account consists of:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Trade receivable from: | | | |
| Third parties | | **$6,031,633** | $4,262,092 |
| Related parties | 13 | **234,185** | 234,185 |
| Receivable from Prime Foods NZ Limited (PFNZ) | | **1,063,665** | 1,063,665 |
| Claims receivables | | **960,732** | 960,732 |
| Advances to officers and employees | | **4,920** | 10,533 |
| Others | | **1,023,874** | 761,530 |
| | | **9,319,009** | 7,292,737 |
| Allowance for ECL | | **(2,869,361)** | (2,884,517) |
| | | **$6,449,648** | $4,408,220 |

Trade receivables from third parties are noninterest-bearing and are generally collectible within 30 to 90 days.

Trade receivables amounting to $2.60 million and $1.90 million are used to secure short-term loans from local banks as at December 31, 2022 and 2021, respectively (see Note 12).

Receivable from PFNZ pertains to a restructured debt, secured by PFNZ's tangible and intellectual properties. In 2020, the Group ceased to pursue its claims against PFNZ after a careful study and advice from their legal counsel, considering certain developments and comparing the potential award as against the cost, management opted against further pursuing the case. For the Group, the significant costs and the low probability of obtaining commensurate return on the claim made would not justify the pursuit of the claim. Accordingly, the Group recognized a provision for ECL on trade receivable from PFNZ amounting to $1.13 million in 2020.

Claims receivable pertains to receivable from third party in foreign operations. This was fully provided with allowance for ECL.

Movements in the allowance for ECL are as follows:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Balance at beginning of year | | **$2,884,517** | $3,085,358 |
| Write-off/reversals | | **(15,156)** | (210,136) |
| Provisions | 18 | **–** | 9,295 |
| Balance at end of year | | **$2,869,361** | $2,884,517 |

7. **Inventories**

This account consists of:

| | **2022** | 2021 |
|---|---|---|
| At cost - | | |
| Packaging supplies | **$218,811** | $209,165 |
| At NRV: | | |
| Finished goods | **2,644,745** | 3,254,692 |
| Raw materials and packaging supplies | **2,681,661** | 1,871,424 |
| | **5,326,406** | 5,126,116 |
| At lower of cost and NRV | **$5,545,217** | $5,335,281 |

The costs of inventories measured at NRV are as follows:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Finished goods | 17 | **$2,782,162** | $4,573,938 |
| Raw materials and packaging supplies | | **2,888,684** | 2,078,990 |
| | | **$5,670,846** | $6,652,928 |

Movements in the inventory write-down are as follows:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Balance at beginning of year | | **$1,526,812** | $2,114,941 |
| Reversal | | **(1,189,400)** | (825,536) |
| Provision | 18 | **7,028** | 237,407 |
| Balance at end of year | | **$344,440** | $1,526,812 |

Reversal of inventory write-down mainly pertains to inventories condemned and subsequently sold with selling price lower than the cost. These were recognized as part of cost of goods sold.

Raw materials charged to cost of goods sold amounted to $23.14 million, $25.19 million and $40.74 million in 2022, 2021 and 2020, respectively (see Note 17).

## 8. Other Current Assets

This account consists of:

| | **2022** | 2021 |
|---|---|---|
| Advances to suppliers | **$1,923,276** | $1,759,779 |
| Input VAT | **1,204,546** | 1,073,189 |
| Prepayments: | | |
| Taxes | **257,042** | 250,308 |
| Insurance | **35,287** | 73,977 |
| Rent | **24,807** | 39,060 |
| Others | **157,923** | 48,594 |
| | **3,662,881** | 3,244,907 |
| Allowance for impairment losses | **(304,968)** | (304,968) |
| | **$3,357,913** | $2,939,939 |

Advances to suppliers pertain to advance payments for the purchase of raw materials.

Others prepayments pertain to payment for subscription and other fees.

Movements of allowance for impairment losses are as follows:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Balance at beginning of year | | **$304,968** | $91,636 |
| Provision | 18 | **–** | 213,332 |
| Balance at end of year | | **$304,968** | $304,968 |

9. **Property, Plant and Equipment**

Movements in this account are as follows:

| | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Building and Leasehold Improvements | Machinery and Equipment | Transportation Equipment | Office Furniture, Fixtures and Equipment | Plant Furniture, Fixtures and Equipment | Total |
| **Cost** | | | | | | | |
| Balance at beginning of year | $8,824,358 | $4,888,798 | $6,230,566 | $369,855 | $108,050 | $40,032 | $20,461,659 |
| Additions | – | 114,732 | 755,216 | 12,369 | 13,265 | 18,047 | 913,629 |
| Disposal/retirement | – | – | (31,112) | (111,006) | (1,928) | – | (144,046) |
| Balance at end of year | 8,824,358 | 5,003,530 | 6,954,670 | 271,218 | 119,387 | 58,079 | 21,231,242 |
| **Accumulated Depreciation and Amortization** | | | | | | | |
| Balance at beginning of year | – | 2,079,079 | 3,419,940 | 130,303 | 85,536 | 19,921 | 5,734,779 |
| Depreciation and amortization | – | 210,694 | 569,279 | 32,456 | 5,791 | 7,208 | 825,428 |
| Disposal/retirement | – | – | (25,535) | (97,803) | (1,928) | – | (125,266) |
| Balance at end of year | – | 2,289,773 | 3,963,684 | 64,956 | 89,399 | 27,129 | 6,434,941 |
| **Allowance for Impairment Losses** | | | | | | | |
| Balance at beginning and end of year | – | – | 107,625 | – | – | – | 107,625 |
| **Carrying Amount** | $8,824,358 | $2,713,757 | $2,883,361 | $206,262 | $29,988 | $30,950 | $14,688,676 |

| | December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Building and Leasehold Improvements | Machinery and Equipment | Transportation Equipment | Office Furniture, Fixtures and Equipment | Plant Furniture, Fixtures and Equipment | Total |
| **Cost** | | | | | | | |
| Balance at beginning of year | $8,723,817 | $4,872,611 | $9,337,158 | $506,122 | $381,678 | $62,434 | $23,883,820 |
| Additions | – | 389,984 | 527,641 | 98,739 | 1,669 | 3,208 | 1,021,241 |
| Disposal/retirement | – | (7,741) | (295,385) | (110,239) | (203,990) | (25,610) | (642,965) |
| Effect of deconsolidation | – | (366,056) | (3,338,848) | (124,767) | (71,307) | – | (3,900,978) |
| Translation adjustment | 100,541 | – | – | – | – | – | 100,541 |
| Balance at end of year | 8,824,358 | 4,888,798 | 6,230,566 | 369,855 | 108,050 | 40,032 | 20,461,659 |
| **Accumulated Depreciation and Amortization** | | | | | | | |
| Balance at beginning of year | – | 1,645,894 | 4,772,550 | 302,810 | 299,303 | 32,926 | 7,053,483 |
| Depreciation and amortization | – | 472,911 | 559,462 | 30,469 | 15,626 | 11,773 | 1,090,241 |
| Disposal/retirement | – | (7,687) | (245,014) | (110,239) | (184,136) | (24,778) | (571,854) |
| Effect of deconsolidation | – | (32,039) | (1,667,058) | (92,737) | (45,257) | – | (1,837,091) |
| Balance at end of year | – | 2,079,079 | 3,419,940 | 130,303 | 85,536 | 19,921 | 5,734,779 |
| **Allowance for Impairment Losses** | | | | | | | |
| Balance at beginning and end of year | – | – | 107,625 | – | – | – | 107,625 |
| **Carrying Amount** | $8,824,358 | $2,809,719 | $2,703,001 | $239,552 | $22,514 | $20,111 | $14,619,255 |

In March 2022, the Group entered into a 20-year agreement with a third party for the purchase of solar power equipment on installment basis. The agreement requires the Group to pay fixed monthly fee with agreed interest (see Note 12).

The cost of the solar power equipment amounted to $549,318 which is presented as part of "Machinery and equipment" account. As at December 31, 2022, the current and noncurrent portions of the related liability amounted to $14,307 and $470,267, respectively.

The depreciation and amortization charged to operations are as follows:

| | Note | **2022** | 2021 | 2020 |
|---|---|---|---|---|
| Property, plant and equipment | | **$825,428** | $1,090,241 | $1,090,764 |
| ROU assets | 22 | **41,637** | 217,859 | 233,880 |
| Other intangible assets | | **–** | 4,474 | 4,594 |
| | | **$867,065** | $1,312,574 | $1,329,238 |
| Charged to: | | | | |
| Cost of goods sold | 17 | **$669,295** | $1,109,988 | $1,021,465 |
| Selling and administrative expenses | 18 | **197,770** | 202,586 | 307,773 |
| | | **$867,065** | $1,312,574 | $1,329,238 |

The Group recognized a loss on disposal/retirement of property, plant and equipment amounting to $71,111 in 2021 and gain on disposal/retirement of property, plant and equipment amounting to $7,867 and $234,664 in 2022 and 2020, respectively (see Note 19).

The cost of fully depreciated property, plant and equipment still used in Group's operations amounted to $1.99 million and $1.10 million as at December 31, 2022 and 2021, respectively.

The Group assesses impairment on its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The relevant factors that the Group considers in their impairment assessment when there is significant underperformance of a business in relation to expectations, decline in economic trends or changes in the use of the assets.

Management has assessed that the amount of allowance for impairment losses of the Group's property, plant and equipment as at December 31, 2022 and 2021 is sufficient.

## 10. **Other Noncurrent Assets**

This account consists of:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Idle assets | | **$13,928,472** | $13,928,472 |
| Receivable from Wild Catch Fisheries, Inc. (WCFI) | 13 | **2,183,281** | $2,183,281 |
| Investments in joint ventures | | **553,480** | 553,480 |
| | | **16,665,233** | 16,665,233 |
| Allowance for impairment losses | | **(16,665,233)** | (16,665,233) |
| | | **$–** | $– |

Idle assets pertain to fishing vessels that were no longer used in the Group's operations. Idle assets were fully provided with an allowance as at December 31, 2022 and 2021.

Receivable from WCFI pertains to the proceeds from the sale of a fishing vessel and advances for fish deposit. WCFI ceased its commercial fishing operations since 2014. This was fully provided with allowance for impairment loss.

Investments in joint ventures pertain to 39% ownership interest in FDCP, Inc. (FDCP) and 40% ownership interest in WCFI. FDCP has ceased its manufacturing and wholesale of tin cans operations in 2015. The Group's investments in joint ventures are fully provided with allowance for impairment losses.

## 11. Trade and Other Payables

This account consists of:

| | Note | 2022 | 2021 |
|---|---|---|---|
| Trade payables: | | | |
| Third parties | | **$2,846,025** | $1,997,656 |
| Related parties | 13 | **260,957** | 260,957 |
| Accruals for: | | | |
| Professional fees | | **192,484** | 336,389 |
| Salaries, wages and other benefits | | **46,111** | 46,499 |
| Interest | | **43,323** | 44,662 |
| Others | | **335,261** | 412,701 |
| Statutory payable | | **364,670** | 170,247 |
| Customers' deposits | | **1,849** | 143,003 |
| Others | | **–** | 21,544 |
| | | **$4,090,680** | $3,433,658 |

Trade payables from third parties are noninterest-bearing and are generally settled within 30 days. Trade payables includes the current portion of a liability related to the acquisition of solar power equipment (see Note 9).

Accrued expenses are generally settled in the following month. Other accrued expenses include accruals for business development expenses, security services, commission, and customers' claims.

Statutory payable includes amounts payable to government agencies and are normally settled in the following month.

Customers' deposits pertain to advances from customers for the purchase of goods. These are recognized as revenue upon delivery of goods to customers.

## 12. **Loans Payable**

Details of the Group's loans payable are as follows:

| | **2022** | 2021 |
|---|---|---|
| Short-term loans from local banks | **$12,034,524** | $10,795,942 |
| Current portion of long-term loans | **500,000** | 501,098 |
| | **$12,534,524** | $11,297,040 |

The loans from local banks, with terms ranging from three to six months, pertain to working capital loans and availments of revolving facilities in the form of export packing credit, export bills purchase, import letters of credit and trust receipts. Short-term loans from local banks bear interest rates ranging from 3.00 % to 5.75% per annum in 2022 and 2.25% to 9.59% per annum in 2021.

| | **2022** | 2021 |
|---|---|---|
| Long-term loans from local banks | **$916,667** | $1,417,765 |
| Current portion of long-term loans | **(500,000)** | (501,098) |
| Noncurrent portion | **$416,667** | $916,667 |

Long-term loans from local banks bear interest rates from 3.55% to 8.00% per annum in 2022 and 6.50% to 9.25% per annum in 2021.

Short-term and long-term loans are secured by the Company's trade receivables amounting to $2.6 million and $1.9 million as at December 31, 2022 and 2021, respectively (see Note 6).

Interest expense is recognized from the following:

| | Note | **2022** | 2021 | 2020 |
|---|---|---|---|---|
| Short-term loans | | **$333,439** | $435,535 | $720,290 |
| Due to a related party | 13 | **64,174** | 96,117 | 88,294 |
| Long-term loans | | **50,159** | 54,355 | 165,187 |
| Lease liabilities | 22 | **3,533** | 254,861 | 279,410 |
| | | **451,305** | 840,868 | 1,253,181 |
| Other liability* | 9 | **21,627** | – | – |
| | | **$472,932** | $840,868 | $1,253,181 |

**presented under "Cost of goods sold" account*

## 13. **Related Party Transactions**

The Group, in the normal course of business, has regular transactions with its related parties as summarized below:

| | | Amount of Transactions | | Outstanding Balances | |
|---|---|---|---|---|---|
| Related Party | Note | **2022** | 2021 | **2022** | 2021 |
| **Trade and other receivables** | 6 | | | | |
| Joint Venture | | **$–** | $– | **$234,185** | $234,185 |

*(Forward)*

| | | Amount of Transactions | | Outstanding Balances | |
|---|---|---|---|---|---|
| Related Party | Note | **2022** | 2021 | **2022** | 2021 |
| **Other noncurrent assets** | 10 | | | | |
| Receivable from WCFI | | **$–** | $– | **$2,183,281** | $2,183,281 |
| Allowance for impairment | | **–** | – | **(2,183,281)** | (2,183,281) |
| | | | | **$–** | $– |
| **Trade and other payables** | 11 | | | | |
| Joint Venture | | **$–** | $– | **$260,957** | $260,957 |
| **Due to a related party** | | | | | |
| Immediate Parent | | **($193,228)** | ($108,916) | **$1,876,604** | $2,069,832 |

*Trade and Other Receivables.* Receivable from joint venture pertains to working capital advances that are due on demand. These are settled in cash.

*Trade and Other Payables.* Payable to Joint Venture (FDCP) pertains to unpaid tin can requirements. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash.

*Due to a Related Party.* Payable to Immediate Parent pertains to borrowed funds amounting to $2.0 million, which bears 6.31% annual interest and payable in lump sum. In 2022, the Immediate Parent extended the payment term for another two years from 2022 to 2024 with a callable option after the first year at 3% annual interest. Movements in 2022 and 2021 pertain to the foreign currency adjustment.

Related party transactions eliminated in the consolidation pertain to due to/from related parties and rental receivable/payable. Total due to/from related parties eliminated as at December 31, 2022 and 2021 amounted to $5.6 million and $5.8 million, respectively. Total rental receivable and payable eliminated as at December 31, 2022 and 2021 amounted to $108,626.

Related interest expense aggregated $64,174, $96,117 and $88,294 in 2022, 2021 and 2020, respectively.

The remuneration of the key management personnel of the Group is composed of short-term and retirement benefits. Short-term employee benefits amounted to $569,962, $486,863 and $477,162 in 2022, 2021 and 2020, respectively. Retirement benefits amounted to $53,946, $277,790 and $33,446 in 2022, 2021 and 2020, respectively.

## 14. Retirement Benefits Obligation

The Group values its defined benefit obligation using the projected unit credit method. The benefit shall be payable to retirees who are at least 60 years old and with at least five years of credited service to the Group.

The most recent actuarial valuation was made as at December 31, 2022 by an independent actuary.

Retirement benefits costs are as follows (see Note 20):

| | **2022** | 2021 | 2020 |
|---|---|---|---|
| Current service cost | **$39,456** | $73,295 | $44,389 |
| Net interest expense | **14,490** | 11,970 | 22,093 |
| | **$53,946** | $85,265 | $66,482 |

The amounts included in the consolidated statements of financial position arising from the Group's obligations in respect of its retirement benefits obligation are as follows:

| | **2022** | 2021 |
|---|---|---|
| Present value of defined benefit obligation | **$182,179** | $453,958 |
| Fair value of plan assets | **(15,207)** | (36,696) |
| | **$166,972** | $417,262 |

Movements in the present value of defined benefit obligation are as follows:

| | **2022** | 2021 |
|---|---|---|
| Balance at beginning of year | **$453,958** | $394,900 |
| Current service cost | **39,456** | 73,295 |
| Unrealized foreign exchange gain | **(41,259)** | (21,893) |
| Interest cost | **15,823** | 11,970 |
| Retirement benefits paid | **(23,373)** | (4,314) |
| Remeasurement gains: | | |
| Changes in financial assumptions | **(135,494)** | – |
| Experience adjustments | **(126,932)** | – |
| | **$182,179** | $453,958 |

Movements in the fair value of plan assets are as follows:

| | **2022** | 2021 |
|---|---|---|
| Balance at beginning of year | **$36,696** | $43,612 |
| Retirement benefits paid | **(23,373)** | (4,314) |
| Contribution to the fund | **5,381** | – |
| Translation adjustment | **(3,335)** | (2,468) |
| Remeasurement loss | **(1,495)** | (1,522) |
| Interest income | **1,333** | 1,388 |
| | **$15,207** | $36,696 |

The details of the fair value of plan assets are as follows:

| | **2022** | 2021 |
|---|---|---|
| Debt instruments | **$11,247** | $33,674 |
| Cash | **3,995** | 3,128 |
| Fees payables | **(33)** | (76) |
| Withholding taxes payable | **(9)** | (35) |
| Other assets | **7** | 5 |
| | **$15,207** | $36,696 |

The cumulative remeasurement gains on retirement benefit obligation recognized in other comprehensive income are as follows:

| | Cumulative Remeasurement Gains | Deferred Tax | Net |
|---|---|---|---|
| Balance as at January 1, 2022 | **$164,740** | **($41,185)** | **$123,555** |
| Remeasurement gain | **260,931** | **(65,233)** | **195,698** |
| Balance as at December 31, 2022 | **$425,671** | **($106,418)** | **$319,253** |
| Balance as at January 1, 2021 | $164,740 | ($49,422) | $115,318 |
| Effect of change in tax rate | – | 8,237 | 8,237 |
| Balance as at December 31, 2021 | $164,740 | ($41,185) | $123,555 |
| Balance as at January 1, 2020 | $148,153 | ($44,446) | $103,707 |
| Remeasurement gain | 16,587 | (4,976) | 11,611 |
| Balance as at December 31, 2020 | $164,740 | ($49,422) | $115,318 |

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | **2022** | 2021 | 2020 |
|---|---|---|---|
| Discount rate | **7.06%** | 3.82% | 3.82% |
| Salary increase rate | **3.00%** | 5.00% | 5.00% |

The sensitivity analyses on the retirement benefits obligation as at December 31, 2022 and 2021 below have been determined based on possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| | Basis Points | **2022** | 2021 |
|---|---|---|---|
| Discount rate | +1.00% | **($14,712)** | ($53,921) |
| | -1.00% | **16,896** | 65,570 |
| Salary increase rate | +1.00% | **17,548** | 63,653 |
| | -1.00% | **(15,598)** | (53,800) |

The Group does not have expected contributions to the plan for the next annual reporting period.

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2022:

| | Amount |
|---|---|
| Less than one year | $6,029 |
| One year to less than five years | 71,659 |
| Five years to less than ten years | 199,207 |
| Ten years to less than fifteen years | 196,756 |
| Fifteen years to less than twenty years | 774,375 |
| Twenty years and above | 1,739,402 |

The average duration of the benefit obligation is 13 years as at December 31, 2022 and 2021.

The plan exposes the Group to the following risks:

- Salary risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability
- Longevity risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability
- Investment risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise. However, the compositions of plan assets are balanced enough not to expose the Company to significant concentrations of investment risk
- Interest rate risk - a decrease in bond interest rate will increase the present value of retirement liability. However, this is partially counterbalanced by an increase in the return on the plan assets

## 15. Equity

**Capital Stock**

Details of the Parent Company's capital stock as at December 31, 2022 and 2021 are as follows:

| | Shares | Amount in Peso |
|---|---|---|
| **Authorized** | | |
| Ordinary shares at ₱0.50 par value a share | 3,000,000,000 | ₱1,500,000,000 |

| | Shares | Amount in Peso | Equivalent Amount in USD |
|---|---|---|---|
| **Issued** | 2,500,000,000 | ₱1,385,698,647 | $26,823,389 |
| Treasury shares at cost | (287,537) | (143,769) | (5,774) |
| **Outstanding** | 2,499,712,463 | ₱1,385,554,878 | $26,817,615 |

The Parent Company's track record of registration of securities is as follows:

| | Issue/Offer Price | Registration/Issue Date | Number of Shares Issued |
|---|---|---|---|
| Initial public offering | ₱1.35 | November 8, 2006 | 535,099,610 |
| Stock dividends | – | December 17, 2007 | 64,177,449 |
| Stock rights offer (SRO) | 1.00 | July 25, 2011 | 272,267,965 |
| Stock dividends | – | January 25, 2012 | 137,500,000 |
| Private placement | 1.60 | December 14, 2012 | 60,668,750 |
| Private placement | 1.31 | May 5, 2014 | 430,286,226 |
| SRO | 1.00 | October 28, 2015 | 1,000,000,000 |
| | | | 2,500,000,000 |

As at December 31, 2022 and 2021, APIC amounted to $1.49 million.

The total number of shareholders of the Parent Company as at December 31, 2022 and 2021 is 237.

The Group's non-controlling interests represent the minority shareholders with 1.11% and 51.00% ownership in AMHI and PT VDZ as at December 31, 2022 and 2021, respectively.

Non-controlling interests amounted to $2.4 million as at December 31, 2022 and 2021.

Below are the summarized financial information of PT VDZ, a subsidiary with material NCI, as at and for the years ended December 31, 2022 and 2021. The information presented is before intercompany eliminations and other consolidation adjustments.

| | **2022** | 2021 |
|---|---|---|
| Total assets | **$5,131** | $5,131 |
| Total liabilities | **5,851** | 5,851 |
| Revenue | **–** | – |
| Net loss | **–** | (1,129) |

**Capital Management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as follows:

| | **2022** | 2021 |
|---|---|---|
| Debt | **$19,675,596** | $18,243,936 |
| Equity | **16,752,116** | 19,835,703 |
| Debt-to-Equity Ratio | **$1.17:1** | $0.92:1 |

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 32% as at December 31, 2022 and 2021.

The Group reviews its capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with it.

## 16. Net Sales

Net sales are disaggregated to the following major product lines:

| | **2022** | 2021 | 2020 |
|---|---|---|---|
| Canned tuna | **$32,053,117** | $29,201,148 | $49,713,813 |
| Fishmeal | **2,216,269** | 2,254,147 | 2,042,190 |
| Salmon | **214,774** | 8,451,595 | 8,676,394 |
| Others | **95,744** | 871,486 | 2,273,734 |
| | **$34,579,904** | $40,778,376 | $62,706,131 |

Others pertain mainly to sale of whole fish and by-products.

Net sales generated by the foreign subsidiaries comprise 19% and 10% of the total revenue of the Group in 2021 and 2020, respectively. No sales were generated by the foreign subsidiaries in 2022.

## 17. Cost of Goods Sold

This account consists of:

| | Note | **2022** | 2021 | 2020 |
|---|---|---|---|---|
| Raw materials used | | **$23,142,644** | $25,191,370 | $40,739,002 |
| Direct labor | 20 | **2,063,940** | 4,019,662 | 6,176,152 |
| Manufacturing overhead: | | | | |
| Warehousing | | **1,075,602** | 1,538,469 | 2,029,501 |
| Depreciation and amortization | 9 | **669,295** | 1,109,988 | 1,021,465 |
| Fuel, light and water | | **954,120** | 840,699 | 1,518,523 |
| Labor | 20 | **632,631** | 743,413 | 1,077,822 |
| Rent | 22 | **64,270** | 9,930 | 80,721 |
| Others | | **1,007,126** | 1,469,137 | 2,953,152 |
| Total manufacturing costs | | **29,609,628** | 34,922,668 | 55,596,338 |
| Finished goods at beginning of year | | **4,573,938** | 5,514,629 | 9,696,307 |
| Total cost of goods manufactured | | **34,183,566** | 40,437,297 | 65,292,645 |
| Finished goods at end of year | 7 | **(2,782,162)** | (4,573,938) | (5,514,629) |
| | | **$31,401,404** | $35,863,359 | $59,778,016 |

Other manufacturing overhead consists of repairs and maintenance, outside services and insurance, among others.

## 18. Selling and Administrative Expenses

This account consists of:

| | Note | **2022** | 2021 | 2020 |
|---|---|---|---|---|
| Salaries, wages and other benefits | 20 | **$1,195,815** | $1,612,485 | $1,686,419 |
| Outside services | | **771,569** | 1,207,405 | 1,412,765 |
| Communication and utilities | | **271,973** | 322,291 | 53,505 |
| Depreciation and amortization | 9 | **197,770** | 202,586 | 307,773 |
| Taxes and licenses | | **196,801** | 274,685 | 436,188 |
| Insurance | | **149,611** | 212,336 | 180,512 |
| Customs, brokerage and demurrage | | **111,704** | 83,237 | 1,201,786 |
| Rent | 22 | **97,167** | 115,124 | 209,168 |
| Freight and transportation | | **85,030** | 60,274 | 784,645 |
| Advertising, marketing and commissions | | **65,639** | 120,006 | 566,299 |
| Materials and supplies | | **29,498** | 36,894 | 43,318 |
| Inventory write-down | 7 | **7,028** | 237,407 | 1,385,778 |
| Provisions for impairment losses | 6, 8 | **–** | 222,627 | 1,112,998 |
| Others | | **192,578** | 839,805 | 741,581 |
| | | **$3,372,183** | $5,547,162 | $10,122,735 |

## 19. Other Income (Charges)

This account consists of:

| | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Bank charges | | **($64,814)** | ($111,462) | ($190,516) |
| Foreign exchange gain (loss) | | **59,782** | 110,700 | (172,555) |
| Gain (loss) on disposal/retirement of property, plant and equipment - net | 9 | **7,867** | (71,111) | 234,664 |
| Interest income | 5 | **243** | 4,003 | 950 |
| Gain on disposal of a subsidiary | | **–** | 389,437 | – |
| Others - net | | **127,861** | 565,566 | (83,367) |
| | | **$130,939** | $887,133 | ($210,824) |

Others pertain to shutdown costs, sale of scrap materials and duty rebates.

## 20. Salaries, Wages and Other Benefits

This account consists of:

| | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Short-term employee benefits | | **$1,274,037** | $1,392,666 | $1,445,042 |
| Retirement benefits | 14 | **53,946** | 85,265 | 66,482 |
| | | **$1,327,983** | $1,477,931 | $1,511,524 |
| Charged to: | | | | |
| Cost of goods sold | | **$207,126** | $289,651 | $297,517 |
| Selling and administrative expenses | | **1,120,857** | 1,188,281 | 1,210,392 |
| | | **$1,327,983** | $1,477,931 | $1,511,524 |

## 21. Loss Per Share

The calculation of the basic loss per share is based on the following data:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Net loss attributable to Parent Company | **($3,491,530)** | ($1,271,377) | ($10,235,521) |
| Weighted average number of ordinary shares outstanding | **2,499,712,463** | 2,499,712,463 | 2,499,712,463 |
| | **($0.0014)** | ($0.0005) | ($0.0041) |

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury shares (see Note 15).

As at December 31, 2022, 2021 and 2020, the Parent Company has no dilutive potential shares.

22. **Significant Agreements**

Short-term Leases

The Group entered into operating leases with third parties for its forklifts, container van, warehouse and vehicles. The contracts have a term ranging from six months to one year with varying monthly rent. The leases are renewable upon mutual agreement between parties.

Rent expense is allocated as follows:

| | Note | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Cost of goods sold | 17 | **$64,270** | $9,930 | $80,721 |
| Selling and administrative expenses | 18 | **97,167** | 115,124 | 209,168 |
| | | **$161,437** | $125,054 | $289,889 |

Long-term Leases

ASFII entered into a lease agreement for its head office space with a new third party lessor on July 16, 2018, effective until July 15, 2023 and renewable upon mutual agreement of the parties. The monthly rental for the first two years of $4,171 is subject to an annual escalation of 5%.

Movements in ROU assets are as follows:

| | Note | 2022 | 2021 |
|---|---|---|---|
| **Cost** | | | |
| Balance at beginning of year | | **$187,359** | $4,157,391 |
| Effect of deconsolidation | | **–** | (3,970,032) |
| Balance at end of year | | **187,359** | 187,359 |
| **Accumulated Amortization** | | | |
| Balance at beginning of year | | **124,906** | 367,273 |
| Amortization | 9 | **41,637** | 217,859 |
| Effect of deconsolidation | | **–** | (460,226) |
| Balance at end of year | | **166,543** | 124,906 |
| **Carrying Amount** | | **$20,816** | $62,453 |

The balance of and movements in lease liabilities are as follows:

| | Note | 2022 | 2021 |
|---|---|---|---|
| Balance at beginning of year | | **$66,728** | $3,926,517 |
| Rental payments | | **(53,656)** | (333,448) |
| Effect of foreign exchange loss | | **(3,552)** | 1,505 |
| Interest expense | 12 | **3,533** | 254,861 |
| Effect of deconsolidation | | **–** | (3,782,707) |
| Balance at end of year | | **13,053** | 66,728 |
| Less current portion | | **13,053** | 52,460 |
| Noncurrent portion | | **$–** | $14,268 |

The incremental borrowing rate applied to the lease liabilities ranges from 3.00% to 9.54% per annum. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The difference between the lease liabilities and ROU assets at initial recognition was adjusted to the opening retained earnings.

The amounts recognized in profit or loss are as follows:

| | Note | **2022** | 2021 |
|---|---|---|---|
| Interest | 12 | **$3,533** | $254,861 |
| Amortization | 9 | **41,637** | 217,859 |
| Rental | | **161,438** | 125,054 |
| | | **$206,608** | $597,774 |

## 23. Corporate Social Responsibility (CSR)

The Parent Company has implemented a corporate social responsibility program to focus on the local workers' community welfare, as well as to promote a clean and healthy environment together with energy conservation. The Parent Company started a partnering arrangement with the Mindanao State University (General Santos City campus) for a Bay of Gold scholarship, which aims to provide financial assistance to Marine Biology students of this campus.

In 2020, the Parent Company provided relief to the pupils and families in Changco Elementary School, General Santos City and donated tuna products to local government units in Region XII in the light of the pandemic. In 2021, the Company continued to support the school by donating materials for their water connection system. In 2022, the Company supported the school's *brigada eskwela* by donating painting materials in preparation for the school opening and held another *MakiPASKO sa CHANGCO* Year 3, a Christmas CSR activity last December 2022.

## 24. Income Taxes

Components of provision for income tax charged to profit or loss are as follows:

| | **2022** | 2021 | 2020 |
|---|---|---|---|
| Current | **$22,739** | $242,616 | $34,387 |
| Deferred | **2,956,064** | 229,046 | 1,407,108 |
| | **$2,978,803** | $471,662 | $1,441,495 |

The components of the Group's deferred tax assets are as follows:

| | **2022** | 2021 |
|---|---|---|
| NOLCO | **$2,240,680** | $– |
| Allowance for impairment losses on: | | |
| Trade and other receivables and other noncurrent assets | **809,297** | 5,787,546 |
| Property, plant and equipment | **25,352** | 25,352 |
| Retirement benefits obligation | **102,747** | 99,691 |
| Inventory write-down | **68,896** | 359,803 |
| MCIT | **65,625** | – |
| Others | **2,624** | – |
| | **$3,315,221** | $6,272,392 |

The components of the Group's deferred tax liabilities are as follows:

| | 2022 | 2021 |
|---|---|---|
| Cumulative remeasurement gain on retirement benefits obligation | **$80,485** | $14,918 |
| Unrealized foreign exchange gain | **24,403** | 24,351 |
| Others | **1,941** | 3,480 |
| | **$106,829** | $42,749 |

Details of unrecognized deferred tax assets are as follows:

| | 2022 | 2021 |
|---|---|---|
| Trade and other receivables and other noncurrent assets | **$5,209,517** | $240,076 |
| NOLCO | **123,985** | 2,007,160 |
| Excess MCIT over RCIT | **16,821** | 204,725 |
| Inventory write-down | **13,772** | 17,520 |
| Retirement benefits obligation | **3,006** | 3,700 |
| Others | **678** | 119 |
| | **$5,367,779** | $2,473,300 |

Management has assessed that there will be no sufficient future taxable income against which the benefits of the above deferred tax assets can be utilized.

The details of the Group's NOLCO, which can be claimed as deduction from taxable income, are as follows:

| Inception Year | Amount | Applied | Expired | Balance | Expiry Year |
|---|---|---|---|---|---|
| 2022 | $1,681,201 | $– | $– | $1,681,201 | 2025 |
| 2021 | 1,729,397 | – | – | 1,729,397 | 2026 |
| 2020 | 6,166,022 | – | – | 6,166,022 | 2025 |
| 2019 | 304,015 | (13,625) | (290,390) | – | 2022 |
| | $9,880,635 | ($13,625) | ($290,390) | $9,576,620 | |

Under the Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

The details of the Group's MCIT, which can be claimed as deduction from income tax payable, are as follows:

| Inception Year | Amount | Expired | Balance | Expiry Year |
|---|---|---|---|---|
| 2022 | $22,670 | $– | $22,670 | 2025 |
| 2021 | 34,297 | – | 34,297 | 2024 |
| 2020 | 27,228 | – | 27,228 | 2023 |
| 2019 | 145,368 | (145,368) | – | 2022 |
| | $229,563 | ($145,368) | $84,195 | |

On March 26, 2021, RA No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act" (the "Act") was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets and total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

For financial reporting purposes, the changes in income tax rates were not used in preparing the financial statements as at and for the year ended December 31, 2020. The effects of the reduction in tax rates in 2020 were applied in the 2021 tax expense, as required by PAS 12, *Income Tax*es. Details of adjustments are as follows:

| ` | Current | Deferred | Total |
|---|---|---|---|
| Income tax expense | $251,196 | ($1,610,763) | ($1,359,567) |
| Effect of change in tax rates | (8,580) | 1,839,809 | 1,831,229 |
| Adjusted income tax expense | $242,616 | $229,046 | $471,662 |

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate and at effective income tax rates follows:

| | **2022** | 2021 | 2020 |
|---|---|---|---|
| Benefit from income tax computed at statutory tax rate | **($121,115)** | ($146,470) | ($2,597,588) |
| Changes in unrecognized deferred tax assets | **2,894,479** | (1,884,468) | 3,594,605 |
| Tax effects of: | | | |
| Expired MCIT | **145,043** | 166,110 | 100,687 |
| Expired NOLCO | **58,207** | 121,349 | 91,014 |
| Nondeductible expenses | **2,249** | 384,913 | 253,271 |
| Income exempt from taxation | **(60)** | (1,001) | (494) |
| Effect of change in tax rates | **–** | 1,831,229 | – |
| Provision for income tax computed at effective tax rate | **$2,978,803** | $471,662 | $1,441,495 |

The provision for income tax of Parent Company, BGB and AMHI represents MCIT aggregating $22,715, $34,297 and $34,385 in 2022, 2021 and 2020, respectively.

25. **Fair Value of Financial Assets and Liabilities**

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities as at December 31, 2022 and 2021.

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| **Financial Assets at Amortized Cost** | | | | |
| Cash in banks | **$3,039,349** | **$3,039,349** | $4,431,078 | $4,431,078 |
| Trade and other receivables | **6,449,648** | **6,449,648** | 4,408,220 | 4,408,220 |
| | **$9,488,997** | **$9,488,997** | $8,839,298 | $8,839,298 |
| **Financial Liabilities at Amortized Cost** | | | | |
| Trade and other payables* | **$3,724,161** | **$3,724,161** | $3,120,408 | $3,120,408 |
| Loans payable | **12,951,191** | **12,951,191** | 12,213,707 | 12,213,707 |
| Lease liabilities | **13,053** | **13,053** | 66,728 | 66,728 |
| Due to a related party | **1,876,604** | **1,876,604** | 2,069,832 | 2,069,832 |
| Other noncurrent liability | **470,267** | **470,267** | – | – |
| | **$19,035,276** | **$19,035,276** | $17,470,675 | $17,470,675 |

**Excluding customers' deposits and statutory payable*

The following methods and assumptions are used to estimate the fair value of the Group's financial assets and liabilities:

*Cash in Banks, Trade and Other Receivables, Trade and Other Payables (excluding Statutory Payable and Customers' Deposits) and Due to a Related Party*. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the consolidated financial statements.

*Lease Liabilities, Loans Payable and Other Noncurrent Liability.* The fair values of these financial instruments are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. The fair values of these financial instruments are estimated using significant and unobservable inputs (Level 3 hierarchy). The effect of the discounting in determining the fair value is not material.

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial asset and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2022 and 2021.

26. **Financial Risk Management Objectives and Policies**

The Group's financial instruments consist of cash, trade and other receivables, receivable from WCFI, trade and other payables (excluding statutory payable and customers' deposit), loans payable, lease liabilities and due to a related party. The main purpose of these financial instruments is to finance the Group's operations.

The Group is exposed to credit risk, market risk and liquidity risk. Group's BOD and management review and approve the policies for managing each of the risks summarized below.

**Credit Risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The table below shows the gross maximum exposure of the Group to credit risk before taking into consideration collateral and other credit enhancements:

| | **2022** | 2021 |
|---|---|---|
| Cash in banks | **$3,039,349** | $4,431,078 |
| Trade and other receivables | **9,319,009** | 7,292,737 |
| Receivable from WCFI | **2,183,281** | 2,183,281 |
| | **$14,541,639** | $13,907,096 |

*Risk Management.* Credit risk is managed on a group basis. The Group deals only with reputable banks and customers to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

As at December 31, 2022 and 2021, the amount of cash in bank is neither past due nor impaired and has classified as *"High Grade*", while trade and other receivables were classified as *"Standard Grade"*. The credit quality of the financial assets is managed by the Group using the internal credit quality ratings as follows:

*High Grade.* Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

*Standard Grade.* Other financial assets not belonging to high grade financial assets are included in this category.

*Substandard Grade.* Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trend.

*Impairment.* For trade and other receivables (excluding receivable from PFNZ), an impairment analysis is performed at each reporting date using a lifetime expected loss allowance to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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.

For other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

As at December 31, 2022 and 2021, the aging analysis of the Group's financial assets is as follows:

| | **2022** | | | | | |
|---|---|---|---|---|---|---|
| | | **Past Due Accounts but not Impaired** | | | | |
| | **Neither Past Due nor Impaired** | **1 - 30 Days Past Due** | **31 - 60 Days Past Due** | **Over 60 Days** | **Impaired Financial Assets** | **Total** |
| Cash in banks | **$3,039,349** | **$–** | **$–** | **$–** | **$–** | **$3,039,349** |
| Trade and other receivables | **5,558,286** | **778,392** | **13,674** | **99,296** | **2,869,361** | **9,319,009** |
| Receivable from WCFI | **–** | **–** | **–** | **–** | **2,183,281** | **2,183,281** |
| | **$8,597,635** | **$778,392** | **$13,674** | **$99,296** | **$5,052,642** | **$14,541,639** |

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Past Due Accounts but not Impaired | | | | |
| | Neither Past Due nor Impaired | 1 - 30 Days Past Due | 31 - 60 Days Past Due | Over 60 Days | Impaired Financial Assets | Total |
| Cash in banks | $4,431,078 | $– | $– | $– | $– | $4,431,078 |
| Trade and other receivables | 3,686,409 | 200,129 | 51,147 | 470,535 | 2,884,517 | 7,292,737 |
| Receivable from WCFI | – | – | – | – | 2,183,281 | 2,183,281 |
| | $8,117,487 | $200,129 | $51,147 | $470,535 | $5,067,798 | $13,907,096 |

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and debt and equity investments.

*Foreign Currency Risk.* Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group has transactional currency exposures arising from purchase and sale transactions denominated in currencies other than the reporting currency. The Group does not enter into forward contracts to hedge currency exposures.

As part of the Group's risk management policy, the Group maintains monitoring of the fluctuations in the foreign exchange rates, thus managing its foreign currency risk.

The carrying amounts of the Group's Philippine Peso and New Zealand Dollar denominated monetary assets and monetary liabilities at the reporting dates are as follows:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Philippine Peso** | **U.S. Dollar Equivalent** | Philippine Peso | U.S. Dollar Equivalent |
| Cash | **₱16,331,546** | **$292,890** | ₱17,345,211 | $341,616 |
| Trade and other receivables | **258,726** | **4,640** | 15,734,964 | 309,902 |
| Trade and other payables | **6,783,483** | **121,655** | 19,202,524 | 378,196 |
| Lease liabilities | **727,835** | **13,053** | 3,365,199 | 66,728 |
| Loans payable | **–** | **–** | 55,750 | 1,098 |

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **New Zealand Dollar** | **U.S. Dollar Equivalent** | New Zealand Dollar | U.S. Dollar Equivalent |
| Cash | **$36,890** | **$23,241** | $33,216 | $23,303 |
| Trade and other payables | **55,048** | **34,680** | 75,294 | 52,824 |

*Management's Assessment of the Reasonableness of Possible Change in Foreign Exchange Rates.* The sensitivity analysis includes outstanding foreign currency denominated monetary items adjusted and translated at period end for a 9% change in 2022 and 2% change in 2021, in foreign currency rates.

*Foreign Currency Sensitivity Analysis*. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in loss before income tax when the U.S. Dollar strengthens against the relevant currency. For the weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on the loss before income tax.

The following table demonstrates the sensitivity to a 9% in 2022 and 2% in 2021 change in USD exchange rates, with all other variables held constant:

| | Effect on Loss Before Income Tax for the Year | |
|---|---|---|
| | **2022** | 2021 |
| Cash | **($28,457)** | ($14,597) |
| Trade and other receivables | **(418)** | (12,396) |
| Trade and other payables | **15,703** | 17,241 |
| Loans payable | **1,175** | 44 |
| Lease liabilities | **–** | 2,669 |

*Interest Rate Risk.* Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to debt instruments such as bank and mortgage loans. The interest rates on these liabilities are disclosed in Note 12.

Management believes that any variation in the interest will not have a material impact on the net loss of the Group. Bank loans amounting to $12.95 million and $12.21 million as at December 31, 2022 and 2021, respectively, agreed at interest rates ranging from approximately 2.25% to 5.40% per annum for bank loans and 6.50% to 9.59% per annum for long-term loans; expose the Group to fair value interest rate risk.

The Group has no floating interest rate. The Group is not exposed to cash flow interest rate risk.

**Liquidity Risk**

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;

b. To meet commitments as they arise without recurring unnecessary costs; and

c. To be able to assess funding when needed at the least possible cost.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal.

| | **2022** | | | |
|---|---|---|---|---|
| | **Weighted Average Effective Interest Rate** | **Within One Year** | **More than One Year** | **Total** |
| Trade and other payables* | **–** | **$3,724,161** | **$–** | **$3,724,161** |
| Loans payable | **3.00% - 9.59%** | **12,534,524** | **416,667** | **12,951,191** |
| Lease liabilities | **9.54%** | **13,053** | **–** | **13,053** |
| Due to a related party | **4.57% - 6.31%** | **1,876,604** | **–** | **1,876,604** |
| Other noncurrent liability | **5.70%** | **–** | **470,267** | **470,267** |
| Future interest | **3.00% - 9.59%** | **304,343** | **758,798** | **1,063,141** |
| | | **$18,452,685** | **$1,645,732** | **$20,098,417** |

**Excluding statutory payable and customers' deposits*

| | 2021 | | | |
|---|---|---|---|---|
| | Weighted Average Effective Interest Rate | Within One Year | More than One Year | Total |
| Trade and other payables* | – | $3,120,408 | $– | $3,120,408 |
| Loans payable | 3.00% - 9.59% | 11,297,040 | 916,667 | 12,213,707 |
| Lease liabilities | 9.54% | 52,460 | 14,268 | 66,728 |
| Due to a related party | 4.57% - 6.31% | 2,069,832 | – | 2,069,832 |
| Future interest | 3.00% - 9.59% | 125,289 | 78,034 | 203,323 |
| | | $16,665,029 | $1,008,969 | $17,673,998 |

**Excluding statutory payable and customers' deposits*

27. **Operating Segment Information**

The primary segment reporting format is presented based on the business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group is organized into three major operating business segments (tuna, salmon and rental) in 2022, 2021 and 2020 which is consistent with how the Group's management internally monitors and analyzes financial information.

Revenue from by-products and other products is attributable to tuna and salmon operating segments.

Financial information about reportable segments are as follows:

| | **December 31, 2022** | | | |
|---|---|---|---|---|
| | **Tuna** | **Salmon** | **Rental** | **Total** |
| Segment revenue | **$34,365,130** | **$214,774** | **$128,122** | **$34,708,026** |
| Inter-segment revenue | **–** | **–** | **(128,122)** | **(128,122)** |
| Net revenue | **$34,365,130** | **$214,774** | **$–** | **$34,579,904** |
| Segment results | | | | |
| Gain (loss) before income tax | **$54,409** | **($449,534)** | **($118,924)** | **($514,049)** |
| Provision for income tax | **2,973,883** | **4,702** | **218** | **2,978,803** |
| Net loss | **($2,919,474)** | **($454,236)** | **($119,142)** | **($3,492,852)** |
| Total assets | **$26,672,255** | **$1,022,108** | **$8,733,349** | **$36,427,712** |
| Total liabilities | **$19,527,289** | **$65,983** | **$82,324** | **$19,675,596** |
| Net cash flows from: | | | | |
| Operating activities | **($1,016,110)** | **($278,704)** | **$26,171** | **($1,268,643)** |
| Investing activities | **(288,007)** | **(49,657)** | **–** | **(337,664)** |
| Financing activities | **(47,254)** | **288,182** | **(26,499)** | **214,429** |
| Other information: | | | | |
| Depreciation and amortization | **$748,594** | **$118,471** | **$–** | **$867,065** |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Tuna | Salmon | Rental | Total |
| Segment revenue | $32,326,781 | $8,451,595 | $140,685 | $40,919,061 |
| Inter-segment revenue | – | – | (140,685) | (140,685) |
| Net revenue | $32,326,781 | $8,451,595 | $– | $40,778,376 |
| Segment results | | | | |
| Gain (loss) before income tax | ($833,216) | $419,201 | ($171,865) | ($585,880) |
| Provision for income tax | 262,535 | 221,641 | (1,018) | 483,158 |
| Net income (loss) | ($1,095,751) | $197,560 | ($170,847) | ($1,069,038) |
| Total assets | $28,192,247 | $1,154,124 | $8,733,268 | $38,079,639 |
| Total liabilities | $18,066,076 | $55,991 | $121,869 | $18,243,936 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Tuna | Salmon | Rental | Total |
| Net cash flows from: | | | | |
| Operating activities | $2,572,205 | $210,790 | ($323,888) | $2,459,107 |
| Investing activities | 1,675,656 | (84,414) | – | 1,591,242 |
| Financing activities | (2,361,402) | (165,578) | 319,788 | (2,207,192) |
| Other information: | | | | |
| Depreciation and amortization | $749,634 | $562,940 | $– | $1,312,574 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Tuna | Salmon | Rental | Total |
| Segment revenue | $54,029,737 | $8,676,394 | $140,685 | $62,846,816 |
| Inter-segment revenue | – | – | (140,685) | (140,685) |
| Net revenue | $54,029,737 | $8,676,394 | $– | $62,706,131 |
| Segment results | | | | |
| Loss before income tax | ($7,416,896) | ($1,196,655) | ($45,074) | ($8,658,625) |
| Provision for income tax | 1,345,478 | 94,705 | 1,312 | 1,441,495 |
| Net loss | ($8,762,374) | ($1,291,360) | ($46,386) | ($10,100,120) |
| Total assets | $40,009,880 | $5,970,781 | $3,204,576 | $49,185,237 |
| Total liabilities | $18,848,842 | $6,339,829 | $2,641,112 | $27,829,783 |
| Net cash flows from: | | | | |
| Operating activities | $12,788,617 | $568,102 | ($180,729) | $13,175,990 |
| Investing activities | (1,253,441) | – | – | (1,253,441) |
| Financing activities | (12,192,525) | 731,158 | 178,031 | (11,283,336) |
| Other information: | | | | |
| Depreciation and amortization | $629,344 | $699,894 | $– | $1,329,238 |

Geographical information about reportable segments is as follows:

| | **December 31, 2022** | | | | |
|---|---|---|---|---|---|
| | **Philippines** | **Indonesia** | **USA** | **New Zealand** | **Total** |
| Segment sales | **$34,708,026** | **$–** | **$–** | **$–** | **$34,708,026** |
| Inter-segment revenue | **(128,122)** | **–** | **–** | **–** | **(128,122)** |
| Total net sales | **$34,579,904** | **$–** | **$–** | **$–** | **$34,579,904** |
| Segment noncurrent assets* | **$12,623,473** | **$–** | **$–** | **$–** | **$12,623,473** |
| Inter-segment noncurrent assets | **2,065,203** | **–** | **–** | **–** | **2,065,203** |
| Total noncurrent assets | **$14,688,676** | **$–** | **$–** | **$–** | **$14,688,676** |

**Includes property, plant and equipment and other noncurrent assets.*

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Philippines | Indonesia | USA | New Zealand | Total |
| Segment sales | $33,030,886 | $– | $– | $7,888,175 | $40,919,061 |
| Inter-segment revenue | (140,685) | – | – | – | (140,685) |
| Total net sales | $32,890,201 | $– | $– | $7,888,175 | $40,778,376 |
| | | | | | |
| Segment noncurrent assets* | $11,075,569 | $– | $– | $– | $11,075,569 |
| Inter-segment noncurrent assets | 3,543,686 | – | – | – | 3,543,686 |
| Total noncurrent assets | $14,619,255 | $– | $– | $– | $14,619,255 |

**Includes property, plant and equipment and other noncurrent assets.*

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Philippines | Indonesia | USA | New Zealand | Total |
| Segment sales | $56,262,917 | $– | $– | $6,583,899 | $62,846,816 |
| Inter-segment revenue | (140,685) | – | – | – | (140,685) |
| Total net sales | $56,122,232 | $– | $– | $6,583,899 | $62,706,131 |
| | | | | | |
| Segment noncurrent assets* | $10,994,194 | $– | $– | $2,608,994 | $13,603,188 |
| Inter-segment noncurrent assets | 3,799,938 | – | – | 175,566 | 3,975,504 |
| Total noncurrent assets | $14,794,132 | $– | – | $2,784,560 | $17,578,692 |

**Includes property, plant and equipment and other noncurrent assets.*

The Group has no revenue from transactions with a single external customer accounting for 10% or more of its revenues from external customers.

## 28. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

| | | | **Financing Cash Flows** | | | | **Non-cash** | |
|---|---|---|---|---|---|---|---|---|
| | Note | **2021** | **Availments** | **Expense** | **Payments** | **Foreign Exchange Gain** | **Recognition** | **2022** |
| Loans payable | 12 | **$12,213,707** | **$22,655,596** | **$–** | **($21,918,112)** | **$–** | **–** | **$12,951,191** |
| Due to a related party | 13 | **2,069,832** | **–** | **–** | **–** | **(193,228)** | **–** | **1,876,604** |
| Lease liabilities | 22 | **66,728** | **–** | **3,533** | **(53,656)** | **(3,552)** | **–** | **13,053** |
| Interest payable | | **44,662** | **–** | **447,772** | **(447,772)** | **–** | **–** | **44,662** |
| Other liability | 9 | **–** | | **21,627** | **(32,293)** | **(54,078)** | **549,318** | **484,574** |
| | | **$14,394,929** | **$22,655,596** | **$472,932** | **($22,451,833)** | **($250,858)** | **$549,318** | **$15,370,084** |

| | | | | Financing Cash Flows | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | 2020 | Effect of deconsolidation | Availments | Expense | Payments | Foreign Exchange Gain | 2021 |
| Loans payable | 12 | $14,129,081 | ($611,835) | $32,142,216 | $– | ($33,445,755) | $– | $12,213,707 |
| Due to a related party | 13 | 2,178,748 | – | – | – | – | (108,916) | 2,069,832 |
| Lease liabilities | 22 | 3,926,517 | (3,782,707) | – | 254,861 | (333,448) | 1,505 | 66,728 |
| Interest payable | | 28,860 | – | – | 586,007 | (570,205) | – | 44,662 |
| | | $20,263,206 | ($4,394,542) | $32,142,216 | $840,868 | ($34,349,408) | ($107,411) | $14,394,929 |

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc., and Subsidiaries, (a subsidiary of Strongoak Inc.) (the "Group") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated April 13, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on 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 purposes 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 December 31, 2022 and 2021 and for the years then ended and no material exceptions were noted.

**REYES TACANDONG & CO.**

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

## FINANCIAL SOUNDNESS INDICATORS

**DECEMBER 31, 2022 AND 2021**

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2022 and 2021.

| Ratio | Formula | 2022 | 2021 |
|---|---|---|---|
| Current ratio | | | |
| | Current assets | **$18,402,999** | $17,125,539 |
| | Divide by: Current liabilities | **16,638,257** | 16,852,990 |
| | Current Ratio | **1.11** | 1.02 |
| Acid test ratio | | | |
| | Current assets | **$18,402,999** | $17,125,539 |
| | Less: Inventories | **5,545,217** | 5,335,281 |
| | Other current assets | **3,357,913** | 2,939,939 |
| | Quick assets | **9,499,869** | 8,850,319 |
| | Divide by: Current liabilities | **16,638,257** | 16,852,990 |
| | Acid Test Ratio | **0.57** | 0.53 |
| Solvency ratio | | | |
| | Loss before tax | **($514,049)** | ($585,880) |
| | Add: Depreciation and amortization | **867,065** | 1,312,574 |
| | Net income before depreciation and amortization | **353,016** | 726,694 |
| | Divide by: Total liabilities | **19,675,596** | 18,243,936 |
| | Solvency Ratio | **0.02** | 0.04 |
| Debt-to-equity ratio | | | |
| | Total liabilities | **$19,675,596** | $18,243,936 |
| | Divide by: Total equity | **16,752,116** | 19,835,703 |
| | Debt-to-Equity Ratio | **1.17** | 0.92 |
| Asset-to-equity ratio | | | |
| | Total assets | **$36,427,712** | $38,079,639 |
| | Divide by: Total equity | **16,752,116** | 19,835,703 |
| | Asset-to-Equity Ratio | **2.17** | 1.92 |
| Interest rate coverage ratio | | | |
| | Loss before tax | **($514,049)** | ($585,880) |
| | Add: interest expense | **472,932** | 840,868 |
| | Pretax income (loss) before interest | **(41,117)** | 254,988 |
| | Divide by: Interest expense | **472,932** | 840,868 |
| | Interest Rate Coverage Ratio | **(0.09)** | 0.30 |

| **Ratio** | **Formula** | **2022** | 2021 |
|---|---|---|---|
| Return on equity | | | |
| | Net loss attributable to equity holders of the Parent Company | **($3,491,530)** | ($1,271,377) |
| | Equity: | | |
| | Beginning of year | **19,835,703** | 21,355,454 |
| | End of year | **16,752,116** | 19,835,703 |
| | Divide by: Average equity | **18,293,910** | 20,595,579 |
| | Return on Equity | **(0.19)** | (0.06) |
| Return on assets | | | |
| | Net loss | **($3,492,852)** | ($1,057,542) |
| | Total assets: | | |
| | Beginning of year | **38,079,639** | 49,185,237 |
| | End of year | **36,427,712** | 38,079,639 |
| | Divide by: Average assets | **37,253,676** | 43,632,438 |
| | Return on Assets | **(0.09)** | (0.02) |
| Net profit margin | | | |
| | Net loss | **($3,492,852)** | ($1,057,542) |
| | Sales | **34,579,904** | 40,778,376 |
| | Net Profit Margin | **(0.10)** | (0.03) |

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS'
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc., a subsidiary of Strongoak Inc., and Subsidiaries (the "Group") as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated April 13, 2023.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2022
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2022
- Conglomerate Map as at December 31, 2022

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in our audits of the consolidated basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

**REYES TACANDONG & CO.**

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 87322-SEC Group A
Issued April 20, 2022
Valid for Financial Periods 2021 to 2025
BIR Accreditation No. 19-005765-001-2022
Valid until December 13, 2025
PTR No. 9564563
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

**ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES**
**(A Subsidiary of Strongoak Inc.)**
**Suite 3104A, West Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City**

## SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

**DECEMBER 31, 2022**

| | |
|---|---|
| Deficit at beginning of year, as adjusted | ($12,345,113) |
| Less net loss actually realized during the year: | |
| Net loss during the year closed to retained earnings | (3,465,701) |
| Movement in deferred tax assets | 2,957,171 |
| Deficit at end of year | ($12,853,643) |

| | |
|---|---|
| Reconciliation: | |
| Deficit at end of year | ($9,532,648) |
| Deferred tax assets at end of year | (3,315,221) |
| Treasury stock | (5,774) |
| Deficit at end of year | ($12,853,643) |

**ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES**
**(A Subsidiary of Strongoak Inc.)**

**SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68**
**DECEMBER 31, 2022**

**Table of Contents**



*A - The Group does not have financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.*

*F - No guarantees of securities of other issuer.*

*N/A - Not applicable*

**SCHEDULE B**

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**
**DECEMBER 31, 2022**

| Name and Designation of Debtor | Balance at Beginnning of Year | Additions | Amounts Collected | Amounts Written off | Current | Not Current | Balance at End of Year |
|---|---|---|---|---|---|---|---|
| Advances to officers | $10,533 | $– | $5,613 | $– | $4,920 | $– | $4,920 |

**SCHEDULE C**

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

**AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS**
**DECEMBER 31, 2022**

| Name and Designation of Debtor | Balance at Beginnning of Year | Additions | Amounts Collected | Amounts Written off | Other changes Additions (Deductions) | Current | Not Current | Balance at End of Year |
|---|---|---|---|---|---|---|---|---|
| Due from related parties: | | | | | | | | |
| Parent | $11,446,461 | $– | $– | $– | $– | $11,446,461 | $– | $11,446,461 |
| Subsidiaries | 4,020,171 | 175,391 | – | – | – | 4,195,562 | – | 4,195,562 |
| | $15,466,632 | $175,391 | $– | $– | $– | $15,642,023 | $– | $15,642,023 |

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

## LONG-TERM DEBT

**DECEMBER 31, 2022**

| Title of Issue and Type of Obligation | Amount Shown as Current | Amount Shown as Long-Term | Total |
|---|---|---|---|
| Bank loans – secured | $12,534,524 | $416,667 | $12,951,191 |

Note: The terms, interest rate, collaterals and other relevant information are shown in Note 12 to the Consolidated Financial Statements.

**SCHEDULE E**

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

## INDEBTEDNESS TO RELATED PARTY (LONG-TERM LOANS FROM RELATED COMPANIES)

**DECEMBER 31, 2022**

| Name of Related Party | Balance at Beginning of Year | Balance at End of Year |
|---|---:|---:|
| Parent | $– | $1,876,604 |

Note: The terms, interest rate, and other relevant information are shown in Note 13 to the Consolidated Financial Statements.

**SCHEDULE G**

## ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

**(A Subsidiary of Strongoak Inc.)**

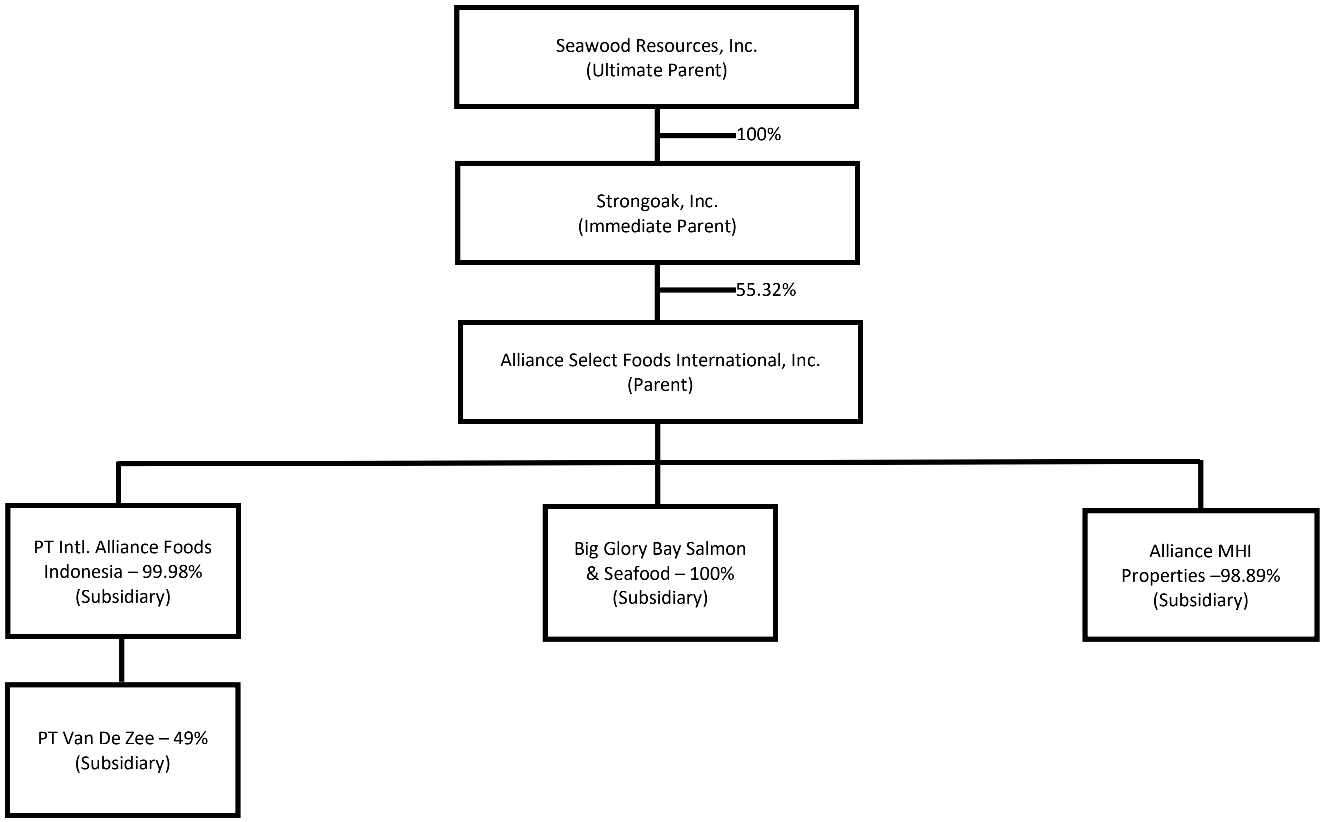
## CAPITAL STOCK

**DECEMBER 31, 2022**

| | | | | Number of shares held by | | |
|---|---|---|---|---|---|---|
| ***Title of Issue*** | ***Number of Shares Authorized*** | ***Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption*** | ***Number of Shares Reserved for Options,warrants, Conversion and Other Rights*** | ***Related Parties*** | ***Directors, Officers and employees*** | ***Others*** |
| Common stock – ₽0.50 par value | 3,000,000,000 | 2,499,712,463 | – | 1,700,741,296 | 2,568,531 | 796,402,636 |

# ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
## (A Subsidiary of Strongoak Inc.)

## CORPORATE STRUCTURE
## DECEMBER 31, 2022



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**

# FILING REFERENCE NO.

| | |
|---|---|
| **TIN** | : 227-409-243-000 |
| **Name** | : ALLIANCE SELECT FOODS INTERNATIONAL, INC. |
| **RDO** | : 127 |
| **Form Type** | : 1702 |
| **Reference No.** | : 462300053406870 |
| **Amount Payable (Over Remittance)** | : -1,537,952.00 |
| **Accounting Type** | : C - Calendar |
| **For Tax Period** | : 12/31/2022 |
| **Date Filed** | : 04/17/2023 |
| **Tax Type** | : IT |

# ANNEX “C”

MINUTES OF THE MEETING and

ATTENDANCE REPORT

**MINUTES OF THE**
**2022 ANNUAL GENERAL STOCKHOLDERS' MEETING OF**
**ALLIANCE SELECT FOODS INTERNATIONAL, INC.**
Held via remote communication via Zoom webinar platform
on 15 June 2022, Wednesday, at 2:00 p.m.

**Shareholders present:**

Registered online or represented by proxy: shareholders holding 82.39% of the Company's outstanding capital stock.

**Directors Present:**

1. Atty. Gabriel A. Dee, Vice-Chairman
2. Mr. Raymond K.H. See, Director

**Directors Present via Remote Communication:**

3. Atty. Antonio C. Pacis, Chairman
4. Atty. Rena M. Rico-Pamfilo, Director
5. Mr. Joseph Peter Y. Roxas, Director
6. Mr. Domingo C. Go, Independent Director
7. Mr. Dobbin A. Tan, Independent Director

**Also Present:**

1. Atty. Barbara Anne C. Migallos, Corporate Secretary
2. Ms. Lisa Angela Y. Dejadina, Senior Vice President – Business Development and Operational Excellence; Chief Risk Officer
3. Ms. Maria Carolyn Angeles, Treasurer; Group Head of Finance
4. Atty. Phoebe Ann S. Bayona, Assistant Corporate Secretary; Compliance Officer

## I. CALL TO ORDER

Atty. Gabriel A. Dee, the Vice Chairman of the Board of Directors of Alliance Select Foods International, Inc., acted as Chairman and called the meeting to order at 2:00 p.m. The Chairman greeted the stockholders present and welcomed them to the 2022 Annual Stockholders' Meeting of the Company.

The Chairman introduced the Directors and Senior Officers present at the meeting. The shareholders were also informed of the presence of representatives of Reyes Tacandong & Co., the Company's independent external auditors for 2021, and Stock Transfer Services, Inc. (STSI), the Company's stock transfer agent.

## II. PROOF OF NOTICE OF MEETING

The Chairman asked the Corporate Secretary if notices of the meeting were properly sent. The Corporate Secretary, Atty. Barbara Anne C. Migallos, certified that the Notice with Agenda of the Annual Stockholders' Meeting was posted on the Company's website and was published in print and online in Manila Times and Daily Tribune, all for two (2) consecutive days, on 25 and 26 May 2022, and was disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The Preliminary Information Statement and the Definitive Information Statement were posted on the Company's website and PSE Edge.

## III. CERTIFICATION OF QUORUM

The Chairman then asked the Corporate Secretary if there was a quorum for the transaction of business for which the meeting was called. The Corporate Secretary informed the body that there were present, online or represented by proxy, shareholders holding 2,059,637,275 common shares, or representing 82.39% of the Company's outstanding capital stock. Accordingly, there was a quorum for the purposes of the meeting.

The Chairman then requested the Corporate Secretary to explain the voting procedure for the meeting.

## VOTING PROCEDURE AND GENERAL PROTOCOL

The Corporate Secretary announced the meeting's voting procedure and general protocol, all of which were shown on the screen, as follows:

1. To approve an agenda item, the YES vote of at least a majority of those present is required. Only the items in the Agenda and the Definitive Information Statement will be voted upon.

2. Proxy forms were made available as part of the Definitive Information Statement and in the Company website. The proxy form contains each item on the Agenda that requires stockholders' vote. There are spaces in the proxy for YES, NO or ABSTAIN, for each agenda item. The deadline for submission of proxies was 6 June 2022.

3. Stockholders who registered attendance via email may cast their votes through online ballots provided after successful registration or by submitting a proxy on or before June 6, 2022

4. The Company's stock transfer agent, Stock Transfer Services, Inc., is responsible for the tabulation of the votes. Said tabulation is further verified by the Office of the Corporate Secretary.

5. The results of the voting on each item will be announced when the particular item is taken up by the body. The tabulation of results will likewise be posted on the Company's website.

6. Stockholders were requested to submit their questions on or before 12 noon on June 13, 2022, through the Dedicated Email Address provided to stockholders.

Management will endeavor to answer all the questions. If, due to time constraints, we are not able to answer all the questions, responses to remaining questions will be sent via email.

## IV. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

The Chairman proceeded to the first business item on the agenda, the reading and approval of the Minutes of the 2021 Annual General Meeting of Stockholders held on June 15, 2021. Copies of the said Minutes were posted for viewing on the Company's website five business days after the meeting.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval by the stockholders:

> *"RESOLVED, that the reading of the Minutes of the Annual Meeting of Stockholders held on June 15, 2021 be as it is hereby dispensed with, and that said Minutes are hereby approved."*

The Corporate Secretary said that based on the tabulation of votes, stockholders representing a total of 1,728,272,924 shares, or more than a majority of the shares present or represented at the meeting, and constituting 69.14% of the Company's total outstanding capital stock, voted in favor of the proposed resolution. 331,364,351 shares or 13.26% abstained. There were no votes against the said resolution.

The Chairman declared the motion carried. The Minutes of the Annual Stockholders Meeting held on June 15, 2021 were approved.

## V. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The next item on the agenda was the approval of the Annual Report and the Company's Audited Financial Statements and the notes thereto for the year ended December 31, 2021. Copies of the Annual Report, the 2021 Audited Financial Statements, and the Information Statement were made available to the shareholders before the meeting. Ms. Maria Carolyn Angeles, the Group Head of Finance and Treasurer, presented the highlights of the Annual Report.

A slide on Group financials for the year ended December 31, 2021 was presented. The Group recorded net revenue of $40.778 million, a gross profit of $4.915 million, and a net loss of $1.058 million. From the 2020 financials, the 35% drop in the Group's net revenue was driven by the lower sales volume, deferment of shipments to 2022, and lower demand brought about by pandemic-related constraints. The 68% improvement in the Group's gross profit was attributable to the Parent Company's improvement in production efficiency and further cost reduction. The Group's 2021 net loss was 90% lower than the $10.100 million net loss in 2020 because of the reduced sizeable one-offs, lower selling and administrative expenses, decrease in interest expense, and the net gain from the divestment of the Akaroa subsidiary.

For the 2022 first-quarter (Q1) performance, the Group registered net revenue of $6.420 million, a gross profit of $0.508 million, and a net loss of $0.394 million. Q1 net revenue was 25% lower than last year's $8.575 million, including the Akaroa subsidiary's performance. Excluding the $1.860 million revenue from Akaroa, this year's Q1 net revenue would have been 4% lower than last year. The decline in net revenue resulted from the continued deferral of shipments due to the temporary port closures and the lack of shipping containers. Q1 gross profit was 38% lower than last year's $0.816 million and would have been 1% lower than 2020 if Akaroa's performance had been excluded. Q1 net loss was 22% lower than last year's net loss of $0.506 million. Without Akaroa's $0.083 million net income, last year's Q1 net loss would have been $0.590 million, and this year's Q1 net loss would have been 33% lower. This year's Q1 bottom line improved due to the Parent Company's reduction in manpower costs, repairs and maintenance costs, software maintenance costs, and savings on interest expenses from lower interest rates and loan repayments.

Mr. Raymond K.H. See, the President and CEO, presented the Company's operational highlights. During the year, the Company implemented the following sales initiatives: (1) increasing focus on sales in Asia to temper the impact of higher freight rates in Europe and America; (2) increasing the volume of pouched tuna exported to Europe and Japan; (3) expanding customer base for frozen loins, fishmeal, and fish oil products; and (4) exporting fishmeal products for higher margins.

In terms of operational excellence, the Company undertook the following: (1) improving fish yield brought about by process improvement initiatives; (2) reducing workforce in critical areas by ~60% through CAPEX automation projects and streamlining of processes; (3) automating inventory process for better accounting and reconciliation.

Concerning its people, the Company reinforced the *"Ako Mismo"* mindset across the organization to encourage all employees to contribute and initiate changes that would drive company performance. Management also updated the company procedures to streamline processes and supplemented them with functional training to upskill and develop employees.

At this point, Mr. See informed the body that the Company received questions from a shareholder group that would be answered at the meeting.

For the first question, the shareholder group noted that the Company's First Quarter 2022 Report stated, "In 2021, the Company sold its shares in Akaroa for a total consideration of NZD 7.5 million (US$ 5.1 million). Part of the consideration are payments for dividends. Gain on sale amounted of $1.31 million." The shareholder group inquired what "Part of the consideration are payments for dividends" and "Gain on sale amounted of $1.31 million" mean. The President said that part of the transaction's proceeds received by ASFII, the Parent Company, were payments for dividends in the amount of $1.200 million, which Akaroa declared in March 2021. He further said that the gain on sale of $1.31 million was the gain recognized in the books of the ASFII, the Parent Company, from the proceeds less the provision for Akaroa taxes, dividends, and investment in Akaroa.

Further to the first query, the shareholder group also asked how much was received from the Akaroa investment and how the Company utilized the proceeds. The President said that the actual proceeds from the Akaroa divestment amounted to $3.600 million, which were used to pay down the higher interest-bearing loan of Security Bank.

For their second question, the shareholder group noted that the Company's 2021 Annual Report referred to the total consideration of the Akaroa divestment as "inclusive of payments for dividends and other related costs." The report likewise stated that the "disposal of Akaroa resulted in a gain on sale of $.0.4 million." In answer to the shareholder group's query regarding these "other related costs," the President said that this pertained to provision for taxes that may be payable by Akaroa before December 13, 2021, the completion date of the sale. This was related to the Company's indemnity commitments to the buyer of Akaroa under the Agreement for the Sale and Purchase of Shares.

As a follow-up question, the shareholder group inquired why the 2022 First Quarter report stated that the "gain on sale" was $1.31 million, but the 2021 Annual Report indicated $0.4 million. The President explained that the $0.4 million gain in this section pertained to the consolidated gain from the sale of the Akaroa subsidiary reported as part of the Other Income and in Note 19 of the audited consolidated financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES as at and for the years ended December 31, 2021 and 2020. This was computed as proceeds from sale less the book value of Akaroa at the time of sale. The $1.31 million gain as disclosed in the 2022 First Quarter report referred to the ASFII-Parent Company's gain from the Akaroa divestment. This was reported as Other Income and in Note 19 of the audited separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. as at and for the years ended December 31, 2021 and 2020.

For the third question, the shareholder group noted that the Company's 2021 Annual Report stated that the proceeds from the Akaroa sale were used to pay loans. They then inquired what loans were paid using the proceeds from the Akaroa divestment and how much was paid. The President said that the actual proceeds from the Akaroa divestment, which amounted to $3.6 million, were used to pay down the higher interest-bearing loan of Security Bank to maximize savings on interest expenses. It was further noted that the Company was able to negotiate a lower interest rate for its loans from Landbank during the second half of 2021.

The President then informed the body that these were all the questions received for the meeting. The Corporate Secretary noted that questions arising from the presentations and other general queries might nevertheless be sent to the Dedicated Email Address provided in the Information Statement. The Company will respond to these additional questions via email.

The Chairman requested the Corporate Secretary to inform the body of the resolution for approval, and the votes cast in favor thereon. The Corporate Secretary presented the Resolution for which stockholders' approval is being sought and the voting results, slides of which were shown on the screen.

> *"RESOLVED, that the Annual Report, together with the Audited Financial Statements and the notes thereto of the Corporation for the year ended December 31, 2021, be as they are hereby approved."*

Based on the tabulation of votes, stockholders representing 1,728,272,924 shares, or more than a majority of the shares present or represented at this meeting, constituting 69.14% of the Company's total outstanding capital stock, voted in favor of the proposed resolution. 331,364,351 shares or 13.26% voted against the resolution. There were no abstentions.

The Chairman declared the motion carried. The Annual Report, the Audited Financial Statements and the notes thereto for the year ended December 31, 2021 were hereby approved.

## VI. RATIFICATION AND APPROVAL OF ACTS OF BOARD OF DIRECTORS AND EXECUTIVE OFFICERS FOR THE CORPORATE YEAR 2021-2022

The next item on the agenda was the ratification and approval of the acts of the Board of Directors and the Company's executive officers for the corporate year 2021-2022. The major actions of the Board and the executive officers for the past year were summarized in the Information Statement, which was distributed to the shareholders before the meeting. Board actions were reflected in the Minutes of Meetings of the Board, which were available for inspection.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval by the stockholders. Slides of the resolution and the voting results were shown on the screen.

> *"RESOLVED, that all acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors, and/or executive officers and management of the Corporation during the past year and up to today's meeting, as set forth in the Minutes of the Meetings of the Board of Directors and the Committees, and/or all acts and proceedings performed or taken pursuant thereto, be as they are hereby, approved, ratified and confirmed."*

Based on the tabulation of votes, stockholders representing 1,728,272,924 shares, or more than a majority of the shares present or represented at this meeting, constituting 69.14% of the Company's total outstanding capital stock, voted in favor of the proposed resolution. 331,364,351 shares or 13.26% voted against the resolution. There were no abstentions.

The Chairman declared the motion carried. The resolution to ratify and approve all of the acts of the Board of Directors and Officers of the Corporation during the past year was declared as carried and approved.

## VII. APPOINTMENT OF INDEPENDENT AUDITORS

The Chairman took up the next item on the Agenda, which was the appointment of the Company's independent auditors. The Audit Committee and the Board of Directors recommended the appointment of Reyes Tacandong & Co. as independent auditors of the Company for 2022.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval. Slides of the resolution and the voting results were shown on the screen.

> *"RESOLVED, that accounting firm of Reyes Tacandong & Company, as recommended by the Audit Committee and the Board of Directors, be appointed as the external auditor of the Corporation for the year 2022 and until its successor is duly appointed."*

Based on the tabulation of votes, stockholders representing 1,728,272,924 shares, or more than a majority of the shares present or represented at this meeting, constituting 69.14% of the Company's total outstanding capital stock, voted in favor of the proposed resolution. 331,364,351 shares or 13.26% voted against the resolution. There were no abstentions.

The Chairman thus declared the motion carried and Reyes Tacandong & Co. as independent auditors of the Company for 2022.

## VIII. ELECTION OF DIRECTORS

The next item on the agenda was the election of directors for the ensuing year. Seven (7) seats were to be filled, and two (2) directors to be elected must be independent. The Corporate Secretary was then requested to read the names of the nominees.

The Corporate Secretary noted that there were seven (7) nominees for the seven (7) seats on the Company's Board of Directors for election at the Annual Stockholders' Meeting. Two (2) of the nominees were nominees for independent directors. The Nominations Committee screened the nominees and prepared a final list of candidates, which was incorporated in the Information Statement for the Meeting. The following were the nominees:

For regular directors:

1. Mr. Gabriel A. Dee;
2. Ms. Rena M. Rico-Pamfilo;
3. Mr. Joseph Peter Y. Roxas;
4. Mr. Lorenzo Sixto T. Lichauco;
5. Mr. Jeoffrey P. Yulo;

;

For independent directors:

1. Mr. Dobbin A. Tan; and
2. Mr. Domingo C. Go.

The Chairman asked the Corporate Secretary to advise the body of the votes cast for each of the seven nominees to the Company's Board of Directors. The Corporate Secretary said that each of the seven (7) nominees for the Board's seven (7) seats received sufficient votes to elect each of them as Director of the Company. A breakdown of the votes received by each director was presented as follows:

| | IN FAVOR | | AGAINST | | ABSTAIN | |
|---|---|---|---|---|---|---|
| Gabriel A. Dee | 1,728,290,365 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Rena M. Rico-Pamfilo | 1,728,262,227 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Joseph Peter Y. Roxas | 1,728,290,365 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Lorenzo Sixto T. Lichauco | 1,728,251,787 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Jeoffrey P. Yulo | 1,728,283,557 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Dobbin A. Tan (Independent) | 1,728,269,034 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |
| Domingo Cu Go (Independent) | 1,728,263,134 | 69.14% | 331,364,351 | 13.26% | 0 | 0.00% |

The Chairman thus declared all of the seven (7) nominees as duly elected members of the Company's Board of Directors. The Chairman thanked Atty. Antonio C. Pacis and Mr. Raymond K.H. See, who stepped down as Directors, for their years of service and invaluable contribution to the Company. He then welcomed Mr. Lorenzo Sixto T. Lichauco and Mr. Jeoffrey P. Yulo as the new members of the Board.

## IX. ADJOURNMENT

There being no other matters to discuss, the meeting was adjourned at 2:40 p.m.

Prepared by:

**BARBARA ANNE C. MIGALLOS**
*Corporate Secretary*

Attest:

**GABRIEL A. DEE**
*Chairman of the Meeting*

ASFII Minutes ASM on 15 June 2022 /rmg29

**Board Attendance**

The Company's Board has a pre-determined schedule of meetings at the beginning of each calendar year. As necessary, attendance at the Board meetings may be through electronic medium or telecommunications. Details on the Directors' attendance at Board meetings and Committee meetings are as follows:

2022 Board Meetings:

| Name | 04/13 | 05/12 | 05/26 | 06/15 | 08/11 | 10/05 | 11/11 | 12/16 |
|---|---|---|---|---|---|---|---|---|
| **Antonio C. Pacis**<br>*Chairman* | ✓ | | ✓ | | N/A | N/A | N/A | N/A |
| **Gabriel A. Dee**<br>*Vice Chairman* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Raymond K.H. See**,<br>*Director, President and CEO* | ✓ | ✓ | ✓ | | N/A | N/A | N/A | N/A |
| **Rena M. Rico-Pamfilo**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Domingo C. Go**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Joseph Peter Y. Roxas**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| **Lorenzo Sixto T. Lichauco** | N/A | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Jeoffrey P. Yulo**<br>*Director, President and CEO* | N/A | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |

Audit Committee:

| Name | 02/8 | 02/24 | 03/01 | 03/09 | 04/06 | 04/13 | 05/06 | 08/04 | 9/05 | 09/19 | 11/10 | 12/15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rena M. Rico-Pamfilo**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| **Domingo C. Go**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Corporate Governance Committee:

| Name | 02/18 | 03/11 | 04/06 | 05/11 | 06/02 | 08/04 |
|---|---|---|---|---|---|---|
| **Rena M. Rico-Pamfilo**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Domingo C. Go**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Joseph Peter Y. Roxas**<br>*Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Related Party Transactions Committee:

| Name | 05/24 |
|---|---|
| **Antonio C. Pacis**<br>*Director* | ✓ |
| **Domingo C. Go**<br>*Independent Director* | ✓ |
| **Dobbin A. Tan**<br>*Independent Director* | ✓ |

Executive Committee:

| Name | 07/12 | 08/30 | 12/13 |
|---|---|---|---|
| **Lorenzo Sixto T. Lichauco**<br>*Director* | ✓ | ✓ | ✓ |
| **Jeoffrey P. Yulo**<br>*Independent Director* | ✓ | ✓ | ✓ |
| **Domingo C. Go**<br>*Director* | ✓ | ✓ | |