



VICTORIAS MILLING COMPANY, INC.

12 July 2024

**HON. RACHEL ESTHER J. GUMTANG-REMALANTE**

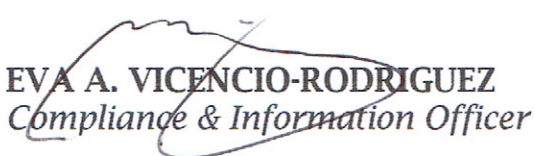
*Director*, Corporate Governance and  
Finance Department  
Securities and Exchange Commission  
The SEC Headquarters  
7907 Makati Avenue, Salcedo Village,  
Barangay Bel-Air, Makati City, 1209

Dear Hon. Remalante:

Victorias Milling Company, Inc. (VMC) is hereby filing the Company's  
Quarterly Report (SEC Form 17-Q) for quarter ending 31 May 2024.

Thank you.

Very truly yours,

  
**EVA A. VICENCIO-RODRIGUEZ**  
*Compliance & Information Officer*

# COVER SHEET

## COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

<b>SEC FORM 17-Q</b>
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S.E.C. Registration Number

P	W	0	0	0	0	0	3	6	4
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Company Name

V	I	C	T	O	R	I	A	S		M	I	L	L	I	N	G		C	O	M	P	A	N	Y	,	I	N	C	.

Principal Office (No./Street/Barangay/City/Town/Province)

V	M	C		C	O	M	P	O	U	N	D	,		J	J		O	S	S	O	R	I	O		S	T	.				
B	R	G	Y	.	X	V	I		V	I	C	T	O	R	I	A	S		C	I	T	Y		N	E	G	.	O	C	C	.

### COMPANY INFORMATION

Company's Email Address

<a href="mailto:emmanuel.ypil@victoriasmilling.com">emmanuel.ypil@victoriasmilling.com</a>
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Company's Telephone Number

09178128311
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Company's Facsimile Number

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### Contact Person Information

Name of Contact Person

EVA V. RODRIGUEZ
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Email Address

<a href="mailto:eva.rodriguez@victoriasmilling.com">eva.rodriguez@victoriasmilling.com</a>
--

Tel. Number/s

034-488-7900
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Facsimile Number/s

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### Contact Person's Address

J.J. Ossorio Street, Barangay XVI, Victorias City, Negros Occidental
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To be accomplished by CRMD Personnel

	Date	Signature
Assigned processor: _____	_____	_____
_____	_____	_____
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Document I.D. <span style="border: 1px solid black; display: inline-block; width: 150px; height: 20px; vertical-align: middle;"></span>		
Received by <b>Corporate Filing and Records Division (CFRD)</b>	_____	_____
Forwarded to:		
<input type="checkbox"/> Corporate and Partnership Registration Division	_____	_____
<input type="checkbox"/> Green Lane Unit	_____	_____
<input type="checkbox"/> Financial Analysis and Audit Division	_____	_____
<input type="checkbox"/> Licensing Unit	_____	_____

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q

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

- |   |                 |
|---|-----------------|
| 1. For the quarterly period ended                   | 31 May 2024     |
| 2. Commission identification number                 | PW-364          |
| 3. BIR Tax Identification No                        | 000-270-220-000 |
| 4. Exact name of issuer as specified in its charter |                 |

**VICTORIAS MILLING COMPANY, INC.**

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

**Plant site: Victorias City, Negros Occidental**

6. Industry Classification Code:  (SEC Use Only)

7. Address of registrant's office Postal Code

**VMC Compound, J.J. Ossorio St.,  
Brgy. XVI, Victorias City,  
Negros Occidental** 6119

8. Registrant's telephone number, including area code

**(034) 488-7900**

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

**Not Applicable**

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

<b>Common stock</b>	<b>Par value of 1.00 each</b>
<b>Authorized</b>	<b>3,042,061,094 shares</b>
<b>Subscribed and paid up</b>	<b>3,042,061,094 shares</b>

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

Yes  No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE, INC.**

**COMMON SHARES**

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes [ x ] No [ ]

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".

## PART II - OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

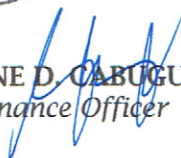
All corporate disclosures as of quarter ending 31 May 2024 have been previously reported through SEC Form 17-C.

## SIGNATURES

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

VICTORIAS MILLING COMPANY, INC.

  
EVA A. VICENCIO-RODRIGUEZ  
*Compliance and Information Officer*

  
KRISTINE D. CABUGASON  
*Chief Finance Officer*

Date: 12 July 2024

# **Victorias Milling Company, Inc. and Subsidiaries**

Unaudited Interim Condensed Consolidated Financial Statements

As at May 31, 2024

(with comparative Audited Figures as at August 31, 2023)

and for the nine months ended May 31, 2024 and May 31, 2023

**VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*Amounts in Thousands*

	Note	May 31, 2024 (Unaudited)	August 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	P2,096,527	P2,729,542
Investments in Unit Investment Trust Fund	3	106,807	6,598
Trade and other receivables	4	1,098,918	543,971
Inventories	5	1,912,369	1,624,445
Other current assets	6	695,154	485,682
Total Current Assets		5,909,775	5,390,238
<b>Noncurrent Assets</b>			
Property, plant and equipment	7	7,756,139	7,129,727
Investment properties	8	803,391	803,391
Other noncurrent assets		36,145	220,327
Total Noncurrent Assets		8,595,675	8,153,445
		<b>P14,505,450</b>	<b>P13,543,683</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and other current liabilities	9	P1,653,210	P1,489,292
Income tax payable		-	83,870
Total Current Liabilities		1,653,210	1,573,162
<b>Noncurrent Liabilities</b>			
Payable to claimants, net of current portion		95,238	117,476
Provisions for legal claims	10	537,950	513,065
Net deferred tax liabilities		135,253	153,672
Retirement liability		5,863	-
Other noncurrent liabilities		6,000	6,000
Total Noncurrent Liabilities		780,304	790,213
Total Liabilities		2,433,514	2,363,375
<b>Equity Attributable to Shareholders of Parent Company</b>			
Capital stock	11	3,042,061	3,042,061
Additional paid-in capital		840,720	840,720
Convertible notes awaiting conversion		5,450	5,450
Retained earnings		9,245,728	8,354,491
Other equity reserves		437,452	437,452
Treasury stock - at cost		(1,501,882)	(1,501,882)
Total Equity		12,069,529	11,178,292
<b>Noncontrolling Interests</b>			
Total Equity		2,407	2,016
		<b>12,071,936</b>	<b>11,180,308</b>
		<b>P14,505,450</b>	<b>P13,543,683</b>

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
*(Amounts in Thousands, except Basic/Diluted Earnings per Share)*

	Note	For the three months ended May 31		For the nine months ended May 31	
		<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
<b>REVENUE</b>	14				
Sale of goods		<b>₱2,608,341</b>	₱3,965,319	<b>₱7,474,263</b>	₱11,119,337
Service income		<b>656,484</b>	1,197,071	<b>2,574,531</b>	3,828,634
		<b>3,264,825</b>	5,162,390	<b>10,048,794</b>	14,947,971
<b>COST OF SALES AND SERVICES</b>	15	<b>(2,581,163)</b>	(4,212,307)	<b>(8,606,851)</b>	(12,421,251)
<b>GROSS PROFIT</b>		<b>683,662</b>	950,083	<b>1,441,943</b>	2,526,720
<b>OPERATING EXPENSES</b>	16	<b>(144,803)</b>	(258,202)	<b>(456,740)</b>	(668,713)
<b>FINANCE COST</b>		<b>(11,757)</b>	(12,828)	<b>(35,268)</b>	(35,135)
<b>OTHER INCOME (CHARGES)</b>					
Provisions for legal claims		–	90,340	–	(48,240)
Other income - net	17	<b>82,539</b>	43,204	<b>348,162</b>	190,792
		<b>82,539</b>	133,544	<b>348,162</b>	142,552
<b>INCOME BEFORE INCOME TAX</b>		<b>609,641</b>	812,597	<b>1,298,097</b>	1,965,424
<b>INCOME TAX EXPENSE</b>		<b>(35,779)</b>	(128,225)	<b>(77,722)</b>	(271,248)
<b>NET INCOME</b>		<b>₱573,862</b>	₱684,372	<b>₱1,220,375</b>	₱1,694,176
<b>Net Income (Loss) attributable to:</b>					
Shareholders of Parent Company		<b>₱571,964</b>	₱684,441	<b>₱1,219,984</b>	₱1,694,412
Non-controlling interests		<b>1,898</b>	(69)	<b>391</b>	(236)
		<b>₱573,862</b>	₱684,372	<b>₱1,220,375</b>	₱1,694,176
<b>Earnings per Share for Net Income attributable to Shareholders of Parent Company</b>					
Basic and Diluted	12	<b>₱0.21</b>	₱0.25	<b>₱0.45</b>	₱0.62

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*Amounts in Thousands*

	Note	For the three months ended May 31		For the nine months ended May 31	
		<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
<b>NET INCOME</b>		<b>₱573,862</b>	₱684,372	<b>₱1,220,375</b>	₱1,694,176
<b>OTHER COMPREHENSIVE INCOME</b>					
Item that may be subsequently reclassified to profit or loss:					
Remeasurement gain (loss) on retirement liability					
		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>₱573,862</b>	₱684,372	<b>₱1,220,375</b>	₱1,694,176
<b>Total Comprehensive Income (Loss) attributable to:</b>					
Shareholders of Parent Company		<b>₱571,964</b>	₱684,441	<b>₱1,219,984</b>	₱1,694,412
Noncontrolling interests		<b>1,898</b>	(69)	<b>391</b>	(236)
	12	<b>₱573,862</b>	₱0.25	<b>₱1,220,375</b>	₱0.62

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*Amounts in Thousands*

	Equity Attributable to Shareholders of Parent Company								Total	Noncontrolling Interests	Total Equity
	Capital Stock (Note 11)	Additional Paid-in Capital (Note 11)	Convertible Notes Awaiting Conversion (Note 11)	Appropriated Retained Earnings (Note 11)	Unappropriated Retained Earnings (Note 11)	Other Equity Reserves (Note 11)	Treasury Stock (Note 11)				
Balance at August 31, 2022, <i>Audited</i>	₱3,042,061	₱840,720	₱5,450	₱1,410,000	₱5,535,579	₱264,375	(₱1,501,882)	₱9,596,303	₱3,183	₱9,599,486	
Comprehensive (loss) income:											
Net income (loss) for the nine months ended	–	–	–	–	1,694,412	–	–	1,694,412	(236)	1,694,176	
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	
<b>Total comprehensive income (loss)</b>	–	–	–	–	1,694,412	–	–	1,694,412	(236)	1,694,176	
Cash dividends declared	–	–	–	–	(191,768)	–	–	(191,768)	–	(191,768)	
<b>Balance at May 31, 2023, Unaudited</b>	<b>₱3,042,061</b>	<b>₱840,720</b>	<b>₱5,450</b>	<b>₱1,410,000</b>	<b>₱7,038,223</b>	<b>₱264,375</b>	<b>(₱1,501,882)</b>	<b>₱11,098,947</b>	<b>₱2,947</b>	<b>₱11,101,894</b>	
Balance at August 31, 2023, <i>Audited</i>	₱3,042,061	₱840,720	₱5,450	₱1,410,000	₱6,944,491	₱437,452	(₱1,501,882)	₱11,178,292	₱2,016	₱11,180,308	
Comprehensive (loss) income:											
Net income (loss) for the nine months ended	–	–	–	–	1,219,984	–	–	1,219,984	391	1,220,375	
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	
<b>Total comprehensive income (loss)</b>	–	–	–	–	1,219,984	–	–	1,219,984	391	1,220,375	
Cash dividends declared	–	–	–	–	(328,747)	–	–	(328,747)	–	(328,747)	
<b>Balance at May 31, 2024, Unaudited</b>	<b>₱3,042,061</b>	<b>₱840,720</b>	<b>₱5,450</b>	<b>₱1,410,000</b>	<b>₱7,835,728</b>	<b>₱437,452</b>	<b>(₱1,501,882)</b>	<b>₱12,069,529</b>	<b>₱2,407</b>	<b>₱12,071,936</b>	

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
*Amounts in Thousands*

	Note	For the nine months ended May 31	
		2024 (Unaudited)	2023 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱1,298,097</b>	₱1,965,424
Adjustments for:			
Depreciation and amortization	6,15,16	<b>303,339</b>	317,417
Reversal of provision for inventory losses	17	<b>(117,788)</b>	–
Interest income	17	<b>(58,432)</b>	(56,476)
Finance cost		<b>35,268</b>	35,135
Retirement benefits	16	<b>7,959</b>	7,317
Unrealized gain on fair value changes of investments in Unit Investment Trust Fund (UITF)	17	<b>(209)</b>	–
Provision for inventory write-down and obsolescence	6,16	–	65,681
Provisions for legal claims		–	48,240
Provision for impairment losses on trade and other receivables	16	–	32,522
Gain on sale of investments in UITF	17	–	(2,351)
Operating income before working capital changes		<b>1,468,234</b>	2,412,909
Changes in operating assets and liabilities:			
Decrease (increase) in assets:			
Trade and other receivables		<b>(554,947)</b>	(219,737)
Inventories		<b>(531,541)</b>	(877,477)
Other current assets		<b>(210,859)</b>	(593,498)
Increase in trade payables and other current liabilities		<b>489,828</b>	941,230
Net cash generated from operations		<b>660,715</b>	1,663,427
Income tax paid		<b>(180,011)</b>	(290,451)
Interest received		<b>58,432</b>	56,476
Contributions to the retirement fund		–	(5,000)
Retirement benefits paid		–	(100)
Net cash provided by operating activities		<b>539,136</b>	1,424,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(928,364)</b>	(520,770)
Decrease (increase) in other noncurrent assets		<b>182,086</b>	92,063
Decrease (increase) in investments in UITF		<b>(100,000)</b>	150,762
Net cash used in investing activities		<b>(846,278)</b>	(277,945)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of:			
Cash dividends		<b>(293,252)</b>	(170,523)
Liabilities to claimants		<b>(30,492)</b>	(30,492)
Provisions for legal claims		<b>(2,129)</b>	–
Net cash used in financing activities		<b>(325,873)</b>	(201,015)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(633,015)</b>	945,392
CASH AND CASH EQUIVALENTS at beginning of period		<b>2,729,542</b>	2,472,802
		<b>₱2,096,527</b>	₱3,418,194

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

## VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*All Amounts are in Thousands unless otherwise Stated*

#### 1. Corporate Information and Status of Operations and Rehabilitation

Victorias Milling Company, Inc. (herein referred to as the "Parent Company" or "VMC") was originally organized and registered on May 7, 1919 with the Philippine Securities and Exchange Commission ("SEC") primarily to operate mill and refinery facilities for sugar and allied products, as well as to render engineering services.

On July 3, 2013, the SEC approved the Parent Company's amended articles of incorporation to include, as among its business purposes, ethanol and/or potable alcohol production, infrastructure development, transportation, telecommunication, mining, water, power generation, recreation, and financial or credit consultancy.

VMC's common shares are listed in the Philippine Stock Exchange ("PSE"). VMC undertook a public offering of its common shares in 1993. There has been no subsequent listing made after its initial offering.

The Parent Company has the following subsidiaries:

Subsidiaries	Nature of Business	Percentage of Effective Ownership
Victorias Foods Corporation (VFC)	Food Processing and Canning	100%
Victorias Agricultural Land Corporation (VALCO)	Agricultural Land Leasing and Cultivation	100
Victorias Green Energy Corporation (VGEC)	Co-generation of energy	100
Canetown Development Corporation (CDC)*	Real Estate Development and Selling	93
Victorias Golf and Country Club, Inc. (VGCCI)	Not-for-profit Golf Facilities	81
Victorias Quality Packaging Company, Inc. (VQPC)**	Manufacture of Bags and Packaging Materials	55

\*The effective ownership is inclusive of 5% indirect ownership.

\*\*Ceased operations since June 2012

The Parent Company and its subsidiaries (collectively herein referred to as the Group) were incorporated in the Philippines.

#### Status of VMC's Rehabilitation Plan

On July 4, 1997, VMC filed a petition for rehabilitation with the SEC because of financial difficulties. The trading of VMC shares in the PSE was temporarily suspended but on May 21, 2012, the SEC and the PSE lifted the suspension order.

Based on the SEC Orders dated June 2, 1999, August 17, 1999 and August 19, 1999, the SEC approved VMC's Updated Rehabilitation Plan dated September 25, 1998, subject to the First Addendum to the Rehabilitation Plan as at February 5, 1999 and the Second Amendment to the Rehabilitation Plan dated July 22, 1999 (collectively the "Original Rehabilitation Plan").

As part of the implementation of the Original Rehabilitation Plan, VMC and the Management Committee created by the SEC (the "VMC Mancom") conducted a public bidding of 53.35% of VMC's outstanding capital stock, which bidding was declared a failure by the VMC Mancom for the reason that the deadline for the submission of the bids had expired without any bid having been submitted.

In view of the failure of the bidding, the VMC Mancom, as mandated by the Original Rehabilitation Plan, submitted to the SEC on May 11, 2000 an Alternative Rehabilitation Plan (the Plan), which was duly approved on November 29, 2000. A key element of the Plan is the restructuring of VMC loans. VMC and its creditors executed a Debt Restructuring Agreement (DRA) dated April 29, 2002.

The main basic features of the Plan and the DRA are as follows:

1. Increase in authorized capital stock from ₱496.0 million, consisting of 496.0 million common shares at ₱1 par value a share, to ₱4.61 billion, consisting of 4.61 billion common shares at the same par value.
2. Conversion of a portion of the principal of the unsecured loans and all unpaid interest into equity amounting to ₱1.1 billion.
3. Conversion of a portion of unsecured loans into Convertible Notes (CN) amounting to ₱2.45 billion.
4. Restructuring of the secured and unsecured loans aggregating ₱4.4 billion over a period of 15 years, including a three-year grace period for the principal, at 10% annual interest for Philippine Peso-denominated loans and at 6% for U.S. Dollar-denominated loans.

Pursuant to the Plan, VMC has implemented the following:

1. VMC has increased its authorized capital stock to ₱3.04 billion at ₱1 par value a share.
2. ₱1.1 billion unsecured loans from creditors were converted into VMC common shares at ₱1 of debt to one common share at ₱1 par value a share.
3. Unsecured loans from creditors amounting to ₱2.4 billion were converted into CN at 8% interest, payable in 15 years. As at May 31, 2024 and August 31, 2023, CN awaiting conversion amounted to ₱5.45 million, which includes accrued interest amounting to ₱2.50 million.
4. The restructured loans from unsecured and secured creditors aggregating ₱4.4 billion with 10% interest for Philippine Peso-denominated loans and 6% interest for U.S. Dollar-denominated loans were fully paid as at May 31, 2013.

As part of VMC's debt restructuring, the restructured trade liabilities were also fully paid in 2013.

As at the report date, VMC is compliant with the provisions of the Plan. There were, however, claims against VMC for Refined Sugar Delivery Order (RSDO) and Refined Sugar Quedan (RSQ) purportedly issued by VMC, which were allegedly used by North Negros Marketing Company, Inc. (NONEMARCO) to avail of bank loans for NONEMARCO'S own use and benefit. These were subject to litigation before the SEC.

In the SEC's Order dated December 3, 2018, it approved the (i) alteration or amendment of the Plan and DRA dated April 29, 2002 of VMC; and (ii) final amount due to the RSDO and RSQ claimants as full settlement of their claims payable beginning December 2019 over a period of 10 years (Note 10).

Accordingly, VMC is still under rehabilitation as at May 31, 2024. A Rehabilitation Receiver continues to monitor, together with the elected Board of Directors (BOD) and committees, the successful completion of the rehabilitation of VMC.

In its efforts to achieve continuing successful operations, VMC has continuously focused its corporate objectives, goals, strategies, and measures to attain sustainable financial stability through, among others: (a) synchronization of refined sugar and raw sugar operations; (b) significant improvements in plant efficiency; (c) increase in profitability by addressing cost efficiency through trimming down of corporate expenses; (d) ongoing programs for the optimization of human resources and (e) effective cash flows management leading to early repayment of debts.

The Parent Company's registered principal place of business is located at VMC Compound, J.J. Ossorio Street, Barangay XVI, Victorias City, Negros Occidental.

On July 12, 2024, the Parent Company's Audit Committee approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

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## 2. Cash and Cash Equivalents

This account consists of:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
Cash on hand	<b>₱927</b>	₱17,232
Cash in banks	<b>360,492</b>	558,928
Cash equivalents	<b>1,735,108</b>	2,153,382
	<b>₱2,096,527</b>	₱2,729,542

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments with maturities of no longer than 90 days from date of acquisition, and earn interest at the respective short-term investment rates.

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## 3. Investments in Unit Investment Trust Fund (UITF)

This account pertains to underlying portfolio with short-term fixed income. The fair value of UITF is based on the published net asset value per unit (NAVPU). NAVPU is computed as total assets of the fund less total liabilities divided by the total units outstanding as of the end of the reporting period. The fair value of investments in UITF was determined using Level 1 valuation technique. There was no change in the valuation technique applied on investments in UITF.

#### 4. Trade and Other Receivables

This account consists of:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
Trade		
Third parties	<b>₱791,921</b>	₱552,886
Related parties	18 <b>326,588</b>	23,244
Advances to:		
Officers and employees	<b>9,165</b>	2,380
Planters' associations	<b>534</b>	506
Others	<b>30,961</b>	25,206
	<b>1,159,169</b>	604,222
Allowance for impairment losses	<b>(60,251)</b>	(60,251)
	<b>₱1,098,918</b>	₱543,971

#### 5. Inventories

This account consists of:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
At cost:		
Refined sugar	<b>₱869,686</b>	₱646,381
Molasses	<b>448,033</b>	-
Ethanol	<b>162,438</b>	297,237
Raw sugar	<b>20,711</b>	-
Real estate held-for-sale	<b>20,053</b>	20,089
Alcohol	<b>19,686</b>	5,496
Processed food	<b>12,526</b>	23,800
Others	<b>1,621</b>	274
	<b>1,554,754</b>	993,277
Work-in-process	<b>1,091</b>	6,710
	<b>1,555,845</b>	999,987
At net realizable value (NRV):		
Materials and supplies	<b>356,524</b>	323,235
Molasses	-	118,119
Raw sugar	-	183,104
	<b>356,524</b>	624,458
	<b>₱1,912,369</b>	₱1,624,445

In 2023, the Group recognized a provision for inventory losses resulting from incidents affecting its molasses and raw sugar inventories, net of salvage value. As of August 31, 2023, the initial estimated value of the salvaged raw sugar is ₱183.10 million and the related provision for third party liabilities is ₱468.85 million (Note 9). The salvaged raw sugar was reprocessed and was used to settle portion of the third-party liabilities as of May 31, 2024, which resulted to reversal of provision for inventory losses of ₱117.79 million (Notes 9 and 17).

As of May 31, 2024, the Group is still currently reviewing the claim with the insurance companies.

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## 6. Other Current Assets

This account consists of:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
Advances to suppliers	<b>₱201,721</b>	₱152,279
Short-term investments	<b>165,641</b>	–
Input and advance output value-added tax (VAT)	<b>155,654</b>	192,614
Prepaid expenses	<b>57,752</b>	37,396
Deferred tolling costs	<b>43,193</b>	–
Current portion of receivables from a government bank	<b>38,741</b>	42,216
Creditable withholding tax	<b>20,032</b>	–
Biological assets	<b>5,839</b>	18,291
Refundable deposits	<b>1,486</b>	1,486
Performance bond	–	37,500
Others	<b>5,095</b>	3,900
	<b>₱695,154</b>	₱485,682

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## 7. Property, Plant and Equipment

Movement in this account pertains to acquisitions mainly related to projects under construction and machinery and equipment for the nine months ended May 31, 2024 of ₱928.36 million less depreciation recognized during the period of ₱301.95 million.

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## 8. Investment Properties

The investment properties consist of land and buildings which are held for short-term leases and capital appreciation. The Group's investment properties were appraised by an independent appraiser last August 31, 2023.

## 9. Trade Payables and Other Current Liabilities

The account consists of:

	May 31, 2024 (Unaudited)	August 31, 2023 (Audited)
Accrued expenses	₱658,273	₱242,586
Trade		
Third parties	441,300	428,680
Related parties	9,356	2,065
Due to government agencies	147,008	112,011
Provision for third-party liabilities	107,446	468,851
Liens payable	55,945	35,169
Customers' deposits	36,752	66,936
Retention payable	36,084	64,957
Dividends payable	35,495	22,307
Current portion of payable to claimants	30,492	30,492
Others	95,059	15,238
	<b>₱1,653,210</b>	<b>₱1,489,292</b>

## 10. Provisions for Legal Claims

The Parent Company is currently involved in various legal proceedings which are still pending resolution or under suspension in view of the Parent Company's rehabilitation status.

As at May 31, 2024 and August 31, 2023, provision for legal claims amounted to ₱537.95 million and ₱513.07 million, respectively.

## 11. Equity

### Capital Stock / Treasury Stock

Details are as follows:

	May 31, 2024 (Unaudited)		August 31, 2023 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Common shares at ₱1 <sup>(a)</sup> par value per share				
Authorized –				
Balance at beginning and end of year	3,042,061,094	₱3,042,061	3,042,061,094	₱3,042,061
Issued and outstanding:				
Balance at beginning and end of year	3,042,061,094	3,042,061	3,042,061,094	3,042,061
Treasury shares	(300,010,530)	(1,501,882)	(300,010,530)	(1,501,882)
Balance at end of year	<b>2,742,050,564</b>	<b>₱1,540,179</b>	2,742,050,564	₱1,540,179

(a) At absolute amount

On December 5, 2022 the BOD approved the issuance of cash dividends from the Parent Company's unrestricted retained earnings as at August 31, 2022 as follows: (a) ₱0.05 per share as regular dividends and (b) ₱0.02 per share as special dividends payable on January 27, 2023 to all shareholders of record as at January 3, 2023.

On the same date, the BOD also approved the following subject to the approval of the shareholders in a meeting duly called for such purpose: (a) increase in the Parent Company's authorized capital stock from 3,042,061,094 shares to 10,000,000,000 shares, (b) the issuance of stock dividends from the Parent Company's unrestricted retained earnings as at August 31, 2022 consisting of 2,742,050,564 new shares by way and in support of the abovementioned increase in capital stock; (c) and the amendment of the Parent Company's Articles of Incorporation to reflect the proposed increase in authorized capital stock.

The Parent Company has already filed its application for the increase in authorized capital stock and the amendment in its Articles of Incorporation with the SEC. As at the report date, SEC approval of the application is still pending.

On March 4, 2024, the BOD approved the issuance of cash dividends from the Parent Company's unrestricted retained earnings as at August 31, 2023 as follows: (a) ₱0.05 per share as regular dividends and (b) ₱0.07 per share as special dividends payable on April 12, 2024 to all shareholders of record as at March 18, 2024.

## 12. Earnings per Share (EPS)

EPS is calculated as follows:

	For the three months ended May 31		For the nine months ended May 31	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
Net income attributable to the Parent Company	<b>₱571,964</b>	₱684,441	<b>₱1,219,984</b>	₱1,694,412
Weighted average number of common shares	<b>2,740,050</b>	2,740,050	<b>2,740,050</b>	2,740,050
Basic and Diluted EPS	<b>₱0.21</b>	₱0.25	<b>₱0.45</b>	₱0.62

The weighted average number of common shares includes the mandatory convertible shares arising from the Parent Company's DRA.

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### 13. Operating Segment Information

Business segment information is required on the basis that is used internally for evaluating segment performance and deciding how to allocate resources in operating segment. The segment information is provided to the Chief Operating Decision Maker (CODM), as represented by the President, in making operating decisions with regard to the business segments. Accordingly, the segment information is reported based on the nature of goods and services provided by the Group.

Segment performance is evaluated based on operating profit or loss. A detailed description of each segment is set below.

#### *Sugar Milling and Refinery Operations*

Revenue from sugar operations consists of the following:

- a. sale of raw sugar and molasses (mill share)
- b. sale of refined sugar
- c. tolling fees
- d. milling service

For its raw sugar and molasses operations, the Group operates a raw sugar mill with a daily capacity of 15,000 metric tons. Cane supply is sourced from both district and non-district planters with a sharing allocation of 70% for planters and 30% for VMC.

The Group also operates a refinery plant with a daily capacity of 25,000 Lkg. (1 Lkg = 50 kilograms). To ensure maximum utilization of the refinery, VMC also provides toll refinery services to traders and planters for their raw sugar milled by other sugar centrals.

#### *Distillery Operations*

The division produces alcohol and ethanol with an actual daily capacity of 50,000 liters with molasses as the primary raw material. Molasses is sourced from sugar operations which produces it as a by-product. In March 2022, an expansion was implemented that increased the daily production capacity to 120,000 liters.

#### *Power Generation*

The primary purpose of this segment is to carry on the business of power generation derived from renewable energy resources for wholesale of electricity to power companies, distribution utilities, electric cooperatives, retail electricity suppliers, aggregators and other customers. The Group has a registered powerplant capacity of 70 MW as at May 31, 2024.

#### *Other Operating Segments*

Common revenues and expenses are allocated to the various business segments. All other segment revenues and expenses are directly attributable to the segments.

Other operations of the Group include food processing, real estate sales, leasing and entertainment.

Food processing is involved primarily to sell processed, preserved and packaged food products such as frozen pork products, canned sardines, canned bangus and luncheon meat, among others.

Real estate is involved in the development and sale of subdivision and memorial lots. Among its projects are Phase I to III of Canetown Subdivision and the St. Joseph Memorial Garden which are both located in Victorias City. These projects were initially intended to provide for the housing and personal needs of the officers and employees of the Group. In recent years, however, certain lots had also been made available to the general public.

Leasing derives income from the lease of certain parcels of land to planters.

Entertainment derives income from membership fees when billed and when corresponding services are rendered.

### *Segment Assets and Liabilities*

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, prepaid expenses, and property, plant and equipment, net of related allowance for impairment loss and depreciation. The carrying amount of certain assets used jointly by the various segments is allocated to the segments on a systematic basis. Segment liabilities include all operating liabilities and consist principally of trade payables, accruals, VAT and other taxes, and customers' deposits. Segment assets and liabilities do not include deferred income taxes.

The following tables regarding operating segments present assets and liabilities as at May 31, 2024 and August 31, 2023 and revenue, income and expenses information for the nine months period ended May 31, 2024 and 2023:

May 31, 2024 (Unaudited)	Sugar Milling	Distillery Operations	Power Generation	Others	Elimination Items	Total
<b>Revenue</b>						
External sales	₱7,635,568	₱2,227,582	₱98,493	₱87,151	₱-	₱10,048,794
Inter-segment sales	29,234	-	1,960	28,034	(59,228)	-
	<b>₱7,664,802</b>	<b>₱2,227,582</b>	<b>₱100,453</b>	<b>₱115,185</b>	<b>(59,228)</b>	<b>₱10,048,794</b>
Segment results	₱861,575	₱591,127	₱27,859	(₱8,925)	(₱29,693)	₱1,441,943
Unallocated corporate expenses	(391,707)	(44,304)	(14,392)	(77,364)	71,027	(456,740)
Operating profit	469,868	546,823	13,467	(86,289)	41,334	985,203
Finance cost	(35,268)	-	-	-	-	(35,268)
Other income (charges) - net	379,918	-	-	3,520	(35,276)	348,162
Income tax expense	(97,919)	(34)	(133)	20,364	-	(77,722)
Net income	<b>₱716,599</b>	<b>₱546,789</b>	<b>₱13,334</b>	<b>(₱62,405)</b>	<b>₱6,058</b>	<b>₱1,220,375</b>
May 31, 2023 (Unaudited)	Sugar Milling	Distillery Operations	Power Generation	Others	Elimination Items	Total
<b>Revenue</b>						
External sales	₱12,756,238	₱1,797,960	₱317,658	₱76,115	₱-	₱14,947,971
Inter-segment sales	106,895	-	2,679	9,488	(119,062)	-
	<b>₱12,863,133</b>	<b>₱1,797,960</b>	<b>₱320,337</b>	<b>₱85,603</b>	<b>(119,062)</b>	<b>₱14,947,971</b>
Segment results	₱1,841,227	₱605,502	₱71,561	₱17,465	(₱9,035)	₱2,526,720
Unallocated corporate expenses	(559,749)	(48,145)	(48,145)	(23,169)	10,495	(668,713)
Operating profit	1,281,478	557,357	23,416	(5,704)	1,460	1,858,007
Finance cost	(35,135)	-	-	-	-	(35,135)
Provision for legal claims	(48,240)	-	-	-	-	(48,240)
Other income (charges) - net	190,733	-	-	1,685	(1,626)	190,792
Income tax expense	(227,656)	(35,691)	-	(7,901)	-	(271,248)
Net income	<b>₱1,161,180</b>	<b>₱521,666</b>	<b>₱23,416</b>	<b>(₱11,920)</b>	<b>(₱166)</b>	<b>₱1,694,176</b>

<i>Amounts in Millions</i>	Segment Assets		Segment Liabilities	
	May 31, 2024 (Unaudited)	August 31, 2023 (Audited)	May 31, 2024 (Unaudited)	August 31, 2023 (Audited)
Sugar milling	<b>₱11,271</b>	₱10,069	<b>₱2,304</b>	₱2,254
Power generation	<b>1,978</b>	2,031	–	–
Distillery operations	<b>868</b>	1,019	–	–
Others	<b>1,634</b>	1,667	<b>1,322</b>	1,291
Eliminations	<b>(1,246)</b>	(1,242)	<b>(1,192)</b>	(1,182)
	<b>₱14,505</b>	₱13,544	<b>₱2,434</b>	₱2,363

#### 14. Revenue

Revenue consists of:

	For the three months ended May 31		For the nine months ended May 31	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Sale of goods:				
Raw sugar	<b>₱773,688</b>	₱2,451,068	<b>₱3,495,028</b>	₱4,744,130
Ethanol	<b>1,285,554</b>	830,206	<b>2,227,250</b>	1,792,512
Refined sugar	<b>432,252</b>	662,962	<b>1,543,304</b>	3,967,042
Power	<b>97,027</b>	706	<b>98,493</b>	317,658
Molasses	–	5,996	<b>31,605</b>	221,679
Others	<b>19,820</b>	14,381	<b>78,583</b>	76,316
	<b>2,608,341</b>	3,965,319	<b>7,474,263</b>	11,119,337
Service Income:				
Milling service, net	<b>528,673</b>	1,027,510	<b>2,121,906</b>	3,281,709
Tolling fees	<b>119,761</b>	165,883	<b>443,725</b>	541,678
Others	<b>8,050</b>	3,678	<b>8,900</b>	5,247
	<b>656,484</b>	1,197,071	<b>2,574,531</b>	3,828,634
	<b>₱3,264,825</b>	₱5,162,390	<b>₱10,048,794</b>	₱14,947,971

Other revenue arises from sale of goods and services in the Group's food processing, real estate, leasing and entertainment operations.

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**15. Cost of Sales and Services**

The account consists of:

	For the three months ended May 31		For the nine months ended May 31	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
Inventories used	<b>₱2,158,801</b>	₱3,712,294	<b>₱6,896,627</b>	₱10,562,734
Repairs and maintenance	<b>74,250</b>	1,792	<b>665,175</b>	651,600
Depreciation and amortization	<b>93,012</b>	100,559	<b>286,955</b>	295,082
Materials and supplies	<b>53,900</b>	65,554	<b>206,894</b>	212,685
Direct labor	<b>60,387</b>	47,590	<b>175,205</b>	148,152
Professional fees and contracted services	<b>39,872</b>	45,020	<b>134,726</b>	146,379
Fuel	<b>32,495</b>	59,864	<b>100,629</b>	140,468
Taxes and licenses	<b>11,111</b>	10,499	<b>35,200</b>	29,514
Others	<b>57,335</b>	169,135	<b>105,440</b>	234,637
	<b>₱2,581,163</b>	₱4,212,307	<b>₱8,606,851</b>	₱12,421,251

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**16. Operating Expenses**

This account consists of:

	For the three months ended May 31		For the nine months ended May 31	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
General and administrative expenses	<b>₱97,233</b>	₱249,814	<b>₱329,440</b>	₱549,432
Selling expenses	<b>47,570</b>	8,388	<b>127,300</b>	119,281
	<b>₱144,803</b>	₱258,202	<b>₱456,740</b>	₱668,713

General and administrative expenses consist of:

	For the three months ended May 31		For the nine months ended May 31	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Taxes and licenses	<b>₱23,617</b>	₱38,176	<b>₱97,299</b>	₱106,161
Professional fees and contracted services	<b>26,056</b>	20,008	<b>76,473</b>	73,889
Salaries and employee benefits	<b>19,102</b>	33,531	<b>62,504</b>	77,844
Representation and entertainment	<b>6,831</b>	11,851	<b>22,481</b>	61,905
Travel and transportation	<b>6,243</b>	5,336	<b>13,043</b>	10,224
Depreciation and amortization	<b>3,812</b>	6,068	<b>10,915</b>	21,336
Net retirement benefits	<b>2,653</b>	2,439	<b>7,959</b>	7,317
Supplies	<b>1,290</b>	3,358	<b>7,128</b>	5,641
Provision for inventory write-down and obsolescence	–	65,681	–	65,681
Nonrefundable upfront fee	–	62,500	–	62,500
Provision for impairment losses on trade and other receivables	–	188	–	32,522
Others	<b>7,629</b>	678	<b>31,638</b>	24,412
	<b>₱97,233</b>	₱249,814	<b>₱329,440</b>	₱549,432

Selling expenses amounting to ₱127.30 million and ₱119.28 million for the nine months ended May 31, 2024 and May 31, 2023, respectively, consist mainly of freight and handling expense, hauling expense, depreciation, insurance and warehouse rentals.

#### 17. Other Income – net

This account consists of:

	For the three months ended May 31		For the nine months ended May 31	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Storage, handling and insurance fees	<b>₱45,159</b>	₱9,477	<b>₱139,821</b>	₱130,615
Reversal of provision for inventory losses	<b>2,210</b>	–	<b>117,788</b>	–
Interest income	<b>18,752</b>	29,448	<b>58,432</b>	56,476
Net foreign exchange gain (loss)	<b>8,919</b>	2,889	<b>13,226</b>	(7,201)
Scrap sales	<b>3,916</b>	2,531	<b>10,108</b>	8,811
Insurance claims	<b>3,225</b>	2,356	<b>4,656</b>	2,356
Rental income	<b>1,240</b>	1,197	<b>3,473</b>	3,589
Gain on sale of investments in UITF	–	1,325	–	2,351
Net other income (expense) <sup>1</sup>	<b>(882)</b>	(6,019)	<b>658</b>	(6,205)
	<b>₱82,539</b>	₱43,204	<b>₱348,162</b>	₱190,792

<sup>1</sup>inclusive of unrealized gain on fair value changes of investments in UITF

## 18. Related Party Transactions and Balances

May 31, 2024 (Unaudited)	Transactions for the Year	Outstanding Balance	Terms and Conditions
<b>Shareholder with significant influence</b>			
Sale of goods and services (Note 4)	<b>₱452,293</b>	<b>₱326,588</b>	Unguaranteed and unsecured; noninterest-bearing average credit period of 15 to 30 days
Purchase of goods, rental and other services (Note 9)	<b>450,791</b>	<b>(9,356)</b>	Unguaranteed and unsecured; noninterest-bearing normally settled on a 30 to 90-days term.
Cash in bank, money market placements and UITF investments		<b>850,293</b>	
Retirement fund held-in-trust		<b>56,422</b>	
		<b>₱1,223,947</b>	
<hr/>			
May 31, 2023 (Unaudited)	Transactions for the Year	Outstanding Balance	Terms and Conditions
<b>Shareholder with significant influence</b>			
Sale of goods and services (Note 4)	₱614,074	₱6,064	Unguaranteed and unsecured; noninterest-bearing average credit period of 15 to 30 days
Purchase of goods, rental and other services (Note 9)	38,929	(1,683)	Unguaranteed and unsecured; noninterest-bearing normally settled on a 30 to 90-days term.
Cash in bank, money market placements and UITF investments		202,849	
Retirement fund held-in-trust		4,688	
		₱211,918	

## 19. Risk Management, Objectives and Policies

### Regulatory Risk

The Group is subject to laws and regulations in the Philippines in which it operates.

The Group has established policies and procedures in compliance with local and other laws. Management performs regular reviews to identify compliance risks and to ensure that the systems in place are adequate to manage those risks.

### Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including price risk and cash flow and fair value interest rate risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The BOD of the Parent Company has overall responsibility for the establishment and oversight of the Group's risk management framework. Moreover, market and credit risk management is carried out by the Group's Treasury department. The objective is to minimize potential adverse effects on its financial performance due to unpredictability of financial markets.

*Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group trades only with recognized and creditworthy third parties. All customers who wish to transact on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The amounts presented in the consolidated statement of financial position are net of allowances for impairment losses on receivables, estimated by the Group's management based on prior experience and their assessment of the prevailing economic environment at any given time.

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for each type of customers. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each year. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash.

For the Group's other financial instruments measured at amortized cost, it is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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.

As at May 31, 2024 and August 31, 2023, the Group's maximum credit exposure is equal to the carrying values of the following financial assets:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
Cash and cash equivalents <sup>(1)</sup>	<b>₱2,095,600</b>	₱2,712,310
Investments in UITF	<b>106,807</b>	6,598
Trade and other receivables <sup>(2)</sup>	<b>1,089,753</b>	541,591
Receivable from a government bank	<b>38,996</b>	45,643
Short-term investments	<b>165,641</b>	–
Cash surety bonds <sup>(3)</sup>	<b>23,573</b>	22,964
Refundable deposits <sup>(4)</sup>	<b>3,503</b>	3,503
Performance bond	–	37,500
	<b>₱3,523,873</b>	<b>₱3,370,109</b>

*(1) excluding cash on hand*

*(2) net of allowance for impairment losses*

*(3) pertains to cash surety bonds under Other Noncurrent Assets*

*(4) including refundable deposits presented under Other Noncurrent Assets*

At the reporting date, there were no significant concentrations of credit risk as the Group's financial assets are actively monitored.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL as at May 31, 2024 and August 31, 2023:

	May 31, 2024 (Unaudited)				Total
	12-month ECL – Not Impaired	12-month ECL – Credit Impaired	Lifetime ECL – Not Impaired	Lifetime ECL – Credit Impaired	
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	₱2,096,527	₱–	₱–	₱–	₱2,096,527
Trade receivables:					
Third parties	725,433	–	13,825	52,663	791,921
Related parties	326,588	–	–	–	326,588
Advances to planters' associations	534	–	–	–	534
Other receivables	14,342	–	1,599	7,588	23,529
Refundable deposits <sup>(1)</sup>	3,503	–	–	–	3,503
Receivable from a government					
bank	38,996	–	–	–	38,996
Cash surety bonds <sup>(2)</sup>	23,573	–	–	–	23,573
<b>Financial assets at FVPL</b>					
Short-term investments	165,641	–	–	–	165,641
Investments in UITF	106,807	–	–	–	106,807
	<b>₱3,501,944</b>	<b>₱–</b>	<b>₱15,424</b>	<b>₱60,251</b>	<b>₱3,568,199</b>

(1) Including refundable deposits presented under "Others" in Other Current Assets amounting to ₱1,486

(2) Pertains to cash surety bonds under Other Noncurrent Assets

	August 31, 2023 (Audited)				Total
	12-month ECL – Not Impaired	12-month ECL – Credit Impaired	Lifetime ECL – Not Impaired	Lifetime ECL – Credit Impaired	
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	₱2,712,310	₱–	₱–	₱–	₱2,712,310
Trade receivables:					
Third parties	482,634	–	20,194	50,058	552,886
Related parties	23,244	–	–	–	23,244
Advances to planters' associations	506	–	–	–	506
Other receivables	6,598	–	8,415	10,193	25,206
Receivable from a government					
bank	45,643	–	–	–	45,643
Performance bond	37,500	–	–	–	37,500
Cash surety bonds	22,964	–	–	–	22,964
Refundable deposits <sup>(1)</sup>	3,503	–	–	–	3,503
<b>Financial assets at FVPL</b>					
Investments in UITF	6,598	–	–	–	6,598
	<b>₱3,341,500</b>	<b>₱–</b>	<b>₱28,609</b>	<b>₱60,251</b>	<b>₱3,430,360</b>

(1) Including refundable deposits presented under "Others" in Other Current Assets amounting to ₱1,486

(2) Pertains to cash surety bonds under Other Noncurrent Assets

Information on the Group's other current receivables and other noncurrent assets that are impaired as at May 31, 2024 and August 31, 2023 and the movements of the allowance used to record the impairment losses are disclosed in Note 4 to the interim condensed consolidated financial statements.

### Liquidity Risk

Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain adequate funding. The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables summarize the maturity profile of the Group's financial assets and financial liabilities as at May 31, 2024 and August 31, 2023 based on contractual undiscounted payments:

	May 31, 2024 (Unaudited)			Total
	On Demand	Within One Year	More than One Year	
<b>Financial Assets</b>				
Cash and cash equivalents	₱2,096,527	₱-	₱-	₱2,096,527
Trade receivables:				
Third parties <sup>(1)</sup>	183,798	555,460	-	739,258
Related parties	-	326,588	-	326,588
Other receivables <sup>(1)</sup>	-	23,373	-	23,373
Investments in UITF	106,807	-	-	106,807
Advances to planters' association	534	-	-	534
Receivable from a government bank	-	38,741	255	38,996
Short-term investments	-	165,641	-	165,641
Cash surety bonds	-	-	23,573	23,573
Refundable deposits	-	1,486	2,017	3,503
	<b>2,387,666</b>	<b>1,111,289</b>	<b>25,845</b>	<b>3,524,800</b>
<b>Financial Liabilities</b>				
Other financial liabilities:				
Trade and other current liabilities				
Third parties <sup>(2)</sup>	1,373,657	-	-	1,373,657
Related parties	9,356	-	-	9,356
Payable to claimants	-	30,492	121,968	152,460
	<b>1,383,013</b>	<b>30,492</b>	<b>121,968</b>	<b>1,535,473</b>
	<b>₱1,004,653</b>	<b>₱1,080,797</b>	<b>(₱96,123)</b>	<b>₱1,989,327</b>

(1) net of allowance for impairment losses

(2) excluding customers' deposits, liens payable and due to government agencies

	August 31, 2023 (Audited)			Total
	On Demand	Within One Year	More than One Year	
<b>Financial Assets</b>				
Cash and cash equivalents	₱2,729,542	₱-	₱-	₱2,729,542
Investments in UITF	6,598	-	-	6,598
Trade receivables:				
Third parties <sup>(1)</sup>	19,906	482,922	-	502,828
Related parties	-	23,244	-	23,244
Others <sup>(1)</sup>	506	15,013	-	15,519
Receivable from a government bank	-	42,216	3,427	45,643
Performance bond	-	37,500	-	37,500
Refundable deposits	-	1,486	2,017	3,503
Cash surety bonds	-	-	22,964	22,964
	<b>2,756,552</b>	<b>602,381</b>	<b>28,408</b>	<b>3,387,341</b>
<b>Financial Liabilities</b>				
Trade and other current liabilities:				
Third parties <sup>(2)</sup>	1,242,619	-	-	1,242,619
Related parties	2,065	-	-	2,065
Payable to claimants	-	30,492	152,463	182,955
	<b>1,244,684</b>	<b>30,492</b>	<b>152,463</b>	<b>1,427,639</b>
	<b>₱1,511,868</b>	<b>₱571,889</b>	<b>(₱124,055)</b>	<b>₱1,959,702</b>

(1) net of allowance for impairment losses

(2) excluding customers' deposits, liens payable and due to government agencies

### *Market Risk*

Market risk is the risk that the fair value of financial instruments of the Group from fluctuation in market interest rates (interest rate risk), price with respect to sugar (price risk), foreign exchange rates (foreign currency risk) and equity price (equity price risk), whether such change in prices is caused by factors specific to the individual instruments or its issuer, or factors affecting all instruments traded in the market.

#### *a. Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Parent Company's borrowings are not sensitive to movements in interest rates as they carry fixed interest rates. The Group's exposure to interest rate risk is limited only to holdings of investments in UITF classified as financial assets at FVPL. The underlying pool of assets for these UITFs consist however, of short-term money market instruments which are not exposed to significant interest rate risks.

#### *b. Foreign Currency Risk*

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency.

The Group's exposure to foreign currency risk is very minimal and is limited only to its bank deposits (included in cash and cash equivalents):

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
US Dollar	<b>\$990</b>	\$219
Japanese Yen	<b>¥232</b>	¥119

Short-term currency forward contracts are entered into by the Group to manage foreign currency risks arising from importations, revenue and expense transactions, and other foreign currency-denominated obligations. Currency swaps are entered into to manage foreign currency risks relating to short-term foreign currency-denominated purchases.

### Fair Value of Financial Assets and Liabilities

The carrying values of cash and cash equivalents, trade and other current receivables and trade and other current payables approximate their fair values due to the short-term maturity of these instruments.

The carrying value of long-term debt approximates its fair value and is calculated by discounting the expected future cash outflows at prevailing effective interest rate. The carrying values of advances to and from subsidiaries approximate their fair values because these represent the expected cash flow should they be settled or realized at reporting date.

### Capital Management

Capital is managed to ensure that the Group will continue as a going concern while maximizing the return on the investments of shareholders. For this purpose, capital is defined as total equity attributable to the shareholders of Parent Company as presented in the consolidated statement of financial position.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE has required a minimum of 10% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, to be held by the public. The Group is compliant with respect to this requirement.

The Group is governed by the Plan as submitted and approved by the SEC. The details of these plans or programs are disclosed in Note 1.

The debt to asset ratio of the Group as at May 31, 2024 and August 31, 2023, which has been within the Group's acceptable range as set by the BOD, is calculated as follows:

	<b>May 31, 2024 (Unaudited)</b>	August 31, 2023 (Audited)
Total liabilities	<b>₱2,433,514</b>	₱2,363,375
Total assets	<b>14,505,450</b>	13,543,683
	<b>0.17:1</b>	0.17:1

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **I. Results of Operations**

The Group recognized consolidated revenue of ₱10.05 billion and realized net profits of ₱1.22 billion during the third quarter of CY 2023-2024, which is 28% lower than last year. The decline in results is mainly due to the plummeting sugar price, which is about a 20% drop compared to the same period last year, the slower movement of refined sugar and the decline in power export. While the sugar price is trending downwards, the production costs continue to rise due to increased costs of labor and materials.

### **II. Financial Condition**

Despite the industry and operational challenges, the Group remains resilient and maintains a strong balance sheet, with an 8% growth in stockholder's equity during the period. The group remains highly liquid and has no outstanding loans as of May 31, 2024. The Group's current ratio continues to be strong at 3.6 while the debt to equity ratio remains low at 0.20.

The Group's total assets of ₱14.5 billion mainly comprise fixed assets, cash and cash equivalents, receivables and inventories. The Group's core segments are its sugar milling, refinery, power generation and distillery operations which are heavily invested in property, plant and equipment that represent 53% of total assets. The Group continues to invest on capital expenditure aimed to upgrade the plant and improve operational efficiencies, where some are expected to be implemented within the crop year.

### **III. Financial Key Performance Indicators**

	<b>For the nine months ended</b>	
	<b>May 31, 2024</b>	<b>May 31, 2023</b>
Net income margin	12%	11%
Return on assets	8%	13%
Return on total equity	10%	15%
Debt to equity ratio	20%	21%
Earnings per share	₱0.45	0.62

## CERTIFICATION

I, **EVA A. VICENCIO-RODRIGUEZ**, the Compliance and Information Officer of Victorias Milling Company, Inc. (VMC), a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC Registration No. PW-364 and with principal office at VMC Compound, J.J. Ossorio St., Brgy. XVI, Victorias City, Negros Occidental, on oath state:

1. That I have caused this SEC Form 17-Q as of 31 May 2024 to be prepared on behalf of VMC;
2. That I have read and understood its contents which are true and correct based on my own personal knowledge and/or authentic records;
3. That VMC will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
5. That the email account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hands this 12 JUL 2024 in Victorias City, Negros Occidental.

**EVA A. VICENCIO-RODRIGUEZ**  
*Affiant*

SUBSCRIBED AND SWORN TO before me this 12 JUL 2024, in Victorias City, Negros Occidental, Philippines. Affiant exhibited to me her LTO Driver's License bearing no. FO1-03-216141 (valid until January 4, 2034).

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Page No.: 105 ;  
Book No.: II ;  
Series of 2024.

**ATTY. RANDOLPH ANGEL D. TACUYAN**  
NOTARY PUBLIC  
For the Cities of Silay & Victorias and  
Municipalities of E.B. Magalona & Manapla  
Notarial Commission No. 2023-05-NP, valid until 12/31/2024  
Attorney's Roll No. 83098  
IBP No. 407528, 01/08/2024, Guimaras Chapter  
PTR No. 0627917, 01/03/2024, Victorias City  
MCLE Compliance (Admitted to the Bar 2022)  
2/F VMC Administrative Bldg., J.J. Ossorio St., VMC Compound  
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