



VICTORIAS MILLING COMPANY, INC.

11 April 2025

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 28 February 2025.

Thank you.

Very truly yours,


EVA A. VICENCIO-RODRIGUEZ
Compliance & Information Officer

COVER SHEET

COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

S.E.C. Registration Number

SEC FORM 17-Q

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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

Company's Telephone Number

Company's Facsimile Number

emmanuel.vpil@victoriasmilling.com

09178128311

Contact Person Information

Name of Contact Person

Email Address

Tel. Number/s

Facsimile Number/s

EVA V. RODRIGUEZ

eva.rodriguez@victoriasmilling.com

034-488-7900

Contact Person's Address

J.J. Ossorio Street, Barangay XVI, Victorias City, Negros Occidental

To be accomplished by CRMD Personnel

	Date	Signature
Assigned processor: _____	_____	_____
_____	_____	_____
_____	_____	_____
Document I.D. 		
Received by Corporate Filing and Records Division (CFRD)	_____	_____
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 | 28 February 2025 |
| 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

Common stock	Par value of 1.00 each
Authorized	10,000,000,000 shares
Subscribed and paid up	5,784,111,658 shares

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 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.

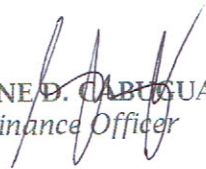
All corporate disclosures as of quarter ending 28 February 2025 have been previously reported through SEC Form 17-C.

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. CABUQUASON
Chief Finance Officer

Date: 11 April 2025

Victorias Milling Company, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As at February 28, 2025

(with comparative Audited Figures as at August 31, 2024)

and for the six months ended February 28, 2025 and February 29, 2024

VICTORIAS MILLING COMPANY, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts in Thousands

	Note	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	2	₱1,314,427	₱2,742,477
Short-term investments	3	965,985	554,014
Trade and other receivables	4	997,871	521,185
Inventories	5	2,654,299	1,044,837
Other current assets	6	809,550	527,362
Total Current Assets		6,742,132	5,389,875
Noncurrent Assets			
Property, plant and equipment	7	7,941,175	7,570,424
Investment properties	8	856,628	856,628
Other noncurrent assets		402,479	587,606
Total Noncurrent Assets		9,200,282	9,014,658
		₱15,942,414	₱14,404,533
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and other current liabilities	9	₱2,285,058	₱1,227,708
Noncurrent Liabilities			
Payable to claimants, net of current portion		72,090	97,991
Provisions for legal claims	10	389,644	382,748
Net deferred tax liabilities		232,745	274,789
Retirement liability		48,540	44,517
Other noncurrent liabilities		6,000	6,000
Total Noncurrent Liabilities		749,019	806,045
Total Liabilities		3,034,077	2,033,753
Equity Attributable to Shareholders of Parent Company			
Capital stock	11	5,784,112	3,042,061
Stock dividend distributable upon increase in capital		—	2,742,051
Additional paid-in capital		840,720	840,720
Convertible notes awaiting conversion		5,450	5,450
Retained earnings		7,381,708	6,840,472
Other equity reserves		401,890	401,890
Treasury stock - at cost		(1,501,882)	(1,501,882)
Total Equity		12,911,998	12,370,762
Noncontrolling Interests			
		(3,661)	18
Total Equity		12,908,337	12,370,780
		₱15,942,414	₱14,404,533

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		For the six months ended	
		February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
REVENUE	14				
Sale of goods		₱3,479,927	₱2,875,976	₱5,398,625	₱4,865,922
Service income		748,069	1,017,256	1,340,810	1,918,047
		4,227,996	3,893,232	6,739,435	6,783,969
COST OF SALES AND SERVICES	15	(3,626,657)	(3,564,026)	(5,721,411)	(6,025,688)
GROSS PROFIT		601,339	329,206	1,018,024	758,281
OPERATING EXPENSES	16	(180,384)	(146,954)	(367,404)	(311,937)
FINANCE COST		(9,163)	(11,754)	(18,324)	(23,511)
OTHER INCOME – NET	17	70,534	198,189	205,218	265,623
INCOME BEFORE INCOME TAX		482,326	368,687	837,514	688,456
INCOME TAX BENEFIT (EXPENSE)		16,645	(45,974)	29,373	(41,943)
NET INCOME		₱498,971	₱322,713	₱866,887	₱646,513
Net Income (Loss) attributable to:					
Shareholders of Parent Company		₱499,819	₱323,613	₱870,566	₱648,020
Non-controlling interests		(848)	(900)	(3,679)	(1,507)
		₱498,971	₱322,713	₱866,887	₱646,513
Earnings per Share for Net Income attributable to Shareholders of Parent Company					
Basic and Diluted	12	₱0.09	₱0.12	₱0.16	₱0.24

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

	For the three months ended		For the six months ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
NET INCOME	₱498,971	₱322,713	₱866,887	₱646,513
OTHER COMPREHENSIVE INCOME				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Remeasurement gain (loss) on retirement liability	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	₱498,971	₱322,713	₱866,887	₱646,513
Total Comprehensive Income (Loss) attributable to:				
Shareholders of Parent Company	₱499,819	₱323,613	₱870,566	₱648,020
Noncontrolling interests	(848)	(900)	(3,679)	(1,507)
	₱498,971	₱322,713	₱866,887	₱646,513

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										Noncontrolling Interests	Total Equity
	Capital Stock (Note 11)	Stock Dividend Distributable upon Increase in Capital (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)	Total			
Balances as at August 31, 2023	₱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 income (loss):												
Net income (loss) for the six months ended	–	–	–	–	–	648,020	–	–	648,020	(1,507)	646,513	
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	
Total comprehensive income (loss)	–	–	–	–	–	648,020	–	–	648,020	(1,507)	646,513	
Balances as at February 29, 2024, Unaudited	₱3,042,061	₱–	₱840,720	₱5,450	₱1,410,000	₱7,592,511	₱437,452	(₱1,501,882)	₱11,826,312	₱509	₱11,826,821	
Balances as at August 31, 2024	₱3,042,061	₱2,742,051	₱840,720	₱5,450	₱1,410,000	₱5,430,472	₱401,890	(₱1,501,882)	₱12,370,762	₱18	₱12,370,780	
Comprehensive income (loss):												
Net income (loss) for the six months ended	–	–	–	–	–	870,566	–	–	870,566	(3,679)	866,887	
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	
Total comprehensive income (loss)	–	–	–	–	–	870,566	–	–	870,566	(3,679)	866,887	
Issuance of stock dividends	2,742,051	(2,742,051)	–	–	–	–	–	–	–	–	–	
Reversal of retained earnings appropriations	–	–	–	–	(1,410,000)	1,410,000	–	–	–	–	–	
Cash dividends declared	–	–	–	–	–	(329,330)	–	–	(329,330)	–	(329,330)	
Balances as at February 28, 2025, Unaudited	₱5,784,112	₱–	₱840,720	₱5,450	₱–	₱7,381,708	₱401,890	(₱1,501,882)	₱12,911,998	(₱3,661)	₱12,908,337	

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

	For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		₱837,514
Adjustments for:		₱688,456
Depreciation and amortization	7,15,16	192,359
Interest income	17	(37,582)
Finance cost		18,324
Unrealized gain on fair value changes of short-term investments	17	(6,079)
Retirement benefits	16	4,023
Provision for impairment losses on trade and other receivables	16	723
Realized gain on short-term investments	17	(272)
Reversal of provision for third-party liabilities	17	–
Operating income before working capital changes		1,009,010
Changes in operating assets and liabilities:		767,666
Decrease (increase) in assets:		
Trade and other receivables		(477,409)
Inventories		(1,609,462)
Other current assets		(282,188)
Increase in trade payables and other current liabilities		728,020
Net cash generated used in operations		(632,029)
Income tax paid		(12,671)
Interest received		37,582
Net cash used in operating activities		(607,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net additions to property, plant and equipment		(563,110)
Decrease in other noncurrent assets		185,127
Increase in short-term investments		(405,620)
Net cash used in investing activities		(783,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Liabilities to claimants		(30,492)
Provisions for legal claims		(6,837)
Net cash used in financing activities		(37,329)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,428,050)
CASH AND CASH EQUIVALENTS at beginning of period		2,742,477
		₱1,314,427
		₱2,116,552

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.*

Victorias Power Development Corp (VPDC), a wholly owned subsidiary through VGEC, was organized and registered on September 18, 2024 with the SEC to carry on the general business of generation of power from renewable sources with particular focus on solar energy generation and services for lighting and power purposes.

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 August 31, 2023 and 2022, 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 February 28, 2025. 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 April 14, 2025, the Parent Company's Audit Committee approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

2. Cash and Cash Equivalents

This account consists of:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Cash on hand	₱39,918	₱699
Cash in banks	627,511	302,921
Cash equivalents	646,998	2,438,857
	₱1,314,427	₱2,742,477

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.

3. Short-term Investments

This account is composed of:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Time deposits	₱651,278	₱295,376
Investments in Unit Investment Trust Fund (UITF)	314,707	258,638
	₱965,985	₱554,014

Time Deposits

Time deposits are foreign denominated and have maturities of over 90 days but less than one year with 0.4% interest. The time deposits are covered by foreign currency swap contract with an effective rate of ranging from 4.9% to 5.1% and foreign currency forward contracts with a forward rate ranging from ₱56.46 to ₱59.31.

Investments in Unit Investment Trust Funds (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:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Trade		
Third parties	₱885,570	₱545,928
Related parties	18 143,122	7,477
Advances to:		
Planters' associations	5,810	534
Officers and employees	6,576	5,045
Others	33,171	37,856
	1,074,249	596,840
Allowance for impairment losses	(76,378)	(75,655)
	₱997,871	₱521,185

5. Inventories

This account consists of:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
At cost:		
Refined sugar	₱1,561,738	₱512,478
Molasses	552,288	67,163
Ethanol	66,236	99,326
Real estate held-for-sale	19,855	19,935
Alcohol	13,063	11,098
Raw sugar	10,157	692
Processed food	9,831	11,270
Others	552	355
	2,233,720	722,317

(Forward)

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Work-in-process	₱9,294	₱7,659
	2,243,014	729,976
At net realizable value (NRV):		
Materials and supplies	400,573	304,149
Recovered raw sugar	10,712	10,712
	411,285	314,861
	₱2,654,299	₱1,044,837

The cost of materials and supplies carried at NRV amounted to ₱443.59 million and ₱381.28 million as at February 28, 2025 and August 31, 2024, respectively.

In 2023, the Group recognized provision for inventory losses amounting to ₱314.35 million, net of estimated value of recovered sugar of ₱183.10 million, resulting from the molasses tank incident and sugar warehouse fire incident, affecting molasses and raw sugar during the fiscal year. The remaining recovered sugar as at August 31, 2024 amounted to ₱10.71 million. The Group is insured for fire incidents including its property, plant and equipment, and inventories, and is currently reviewing the claims with the insurance companies.

6. Other Current Assets

This account consists of:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Advances to suppliers, current portion	₱272,660	₱97,679
Input and advance output value-added tax (VAT)	239,586	200,414
Creditable withholding tax	131,460	63,905
Prepaid expenses	74,967	41,849
Current portion of receivables from a government bank	39,659	38,823
Refundable deposits	7,604	5,029
Biological assets	6,676	6,190
Performance bond	-	30,000
Others	36,938	43,473
	₱809,550	₱527,362

7. Property, Plant and Equipment

Movement in this account pertains to acquisitions mainly related to projects under construction and machinery and equipment for the six months ended February 28, 2025 of ₱563.11 million less depreciation recognized during the period of ₱192.36 million.

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, 2024.

9. Trade Payables and Other Current Liabilities

The account consists of:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Trade		
Third parties	₱703,233	₱527,386
Related parties (Note 18)	4,827	3,752
Accrued expenses	602,863	266,748
Dividend payable (Note 11)	364,256	35,494
Customers' deposits	188,262	36,518
Provision for contractual commitments	125,272	125,272
Provision for third-party liabilities	92,563	92,563
Liens payable	41,855	34,076
Current portion of payable to claimants	30,492	30,492
Due to government agencies	22,155	10,446
Retention payable	13,254	41,787
Others	96,026	23,174
	₱2,285,058	₱1,227,708

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 February 28, 2025 and August 31, 2024, provision for legal claims amounted to ₱389.64 million and ₱382.75 million, respectively.

11. Equity

Capital Stock / Treasury Stock

Details are as follows:

	February 28, 2025 (Unaudited)		August 31, 2024 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Common shares at ₱1 ^(a) par value per share				
Authorized –				
Balance at beginning and end of year	10,000,000,000	₱10,000,000	10,000,000,000	₱10,000,000
Issued and outstanding:				
Balance at beginning of year	3,042,061,094	3,042,061	3,042,061,094	3,042,061
Issuance of stock dividends	2,742,050,564	2,742,051	–	–
Treasury shares	(300,010,530)	(1,501,882)	(300,010,530)	(1,501,882)
Balance at end of year	5,484,101,128	₱4,282,230	2,742,050,564	₱1,540,179

(a) At absolute amount

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.

On August 21, 2024, the Parent Company received the Certificate of Filing of amended Articles of Incorporation and Certificate of Approval of increase in capital stock from SEC.

On September 2, 2024, the BOD approved the reversal of retained earnings appropriations aggregating ₱1,410 million for the acquisition of a medium pressure boiler and for the acquisition of 30MW steam turbine generator as these have been substantially completed and the appropriation for construction of warehouse facilities as the project has been deferred.

On September 9, 2024, the Parent Company received the SEC order in the matter of fixing the record date of stock dividend which is payment for the increase in capital stock. Accordingly, the record date and payment date of stock dividends declared last December 5, 2022, are September 17, 2024 and October 11, 2024, respectively.

On February 4, 2025, the BOD approved the issuance of cash dividends from the Parent Company's unrestricted retained earnings as at August 31, 2024 as follows: (a) ₱0.05 per share as regular dividends and (b) ₱0.01 per share as special dividends payable on March 12, 2025 to all shareholders of record as at February 19, 2025.

12. Earnings per Share (EPS)

EPS is calculated as follows:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Net income attributable to the Parent Company	₱499,819	₱323,613	₱870,566	₱648,020
Weighted average number of common shares	5,484,101	2,740,050	5,484,101	2,740,050
Basic and Diluted EPS	₱0.09	₱0.12	₱0.16	₱0.24

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

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:

- sale of raw sugar and molasses (mill share)
- sale of refined sugar
- tolling fees
- 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 milling companies.

For the six months ended February 28, 2025, revenue and net income from sugar milling and refinery operations, net of elimination items, amounted to ₱ 4,791.43 million and ₱ 151.93 million, respectively.

For the six months ended February 29, 2024, revenue and net income from sugar milling and refinery operations, net of elimination items, amounted to ₱ 5,781.19 million and ₱ 454.72 million, respectively.

Distillery Operation

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. In May 2024, the production of liquified carbon dioxide commenced with annual capacity of 21,450 metric tons.

For the six months ended February 28, 2025, revenue and net income from distillery operations, net of elimination items, amounted to ₱1,427.26 million and ₱406.40 million, respectively.

For the six months ended February 29, 2024, revenue and net income from distillery operations, net of elimination items, amounted to ₱941.99 million and ₱236.06 million, respectively.

Power Export Operation

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 February 28, 2025.

For the six months ended February 28, 2025, revenue and net income from power export operation, net of elimination items, amounted to ₱463.28 million and ₱320.05 million, respectively.

For the six months ended February 29, 2024, revenue and net loss from power export operation, net of elimination items, amounted to ₱1.47 million and ₱0.60 million, respectively.

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.

For the six months ended February 28, 2025, revenue and net loss from other operations, net of elimination items, amounted to ₱57.47 million and ₱11.50 million, respectively.

For the six months ended February 29, 2024, revenue and net loss from other operations, net of elimination items, amounted to ₱59.32 million and ₱43.65 million, respectively.

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

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 February 28, 2025 and August 31, 2024:

	Segment Assets		Segment Liabilities	
	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
<i>Amounts in Millions</i>				
Sugar milling	₱10,809	₱11,189	₱2,907	₱1,875
Power generation	3,272	1,938	–	–
Distillery operations	1,574	935	–	–
Others	1,130	1,559	855	1,354
Eliminations	(843)	(1,216)	(728)	(1,195)
	₱15,942	₱14,405	₱3,034	₱2,034

14. Revenue

Revenue consists of:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Sale of goods:				
Raw sugar	₱1,578,156	₱1,514,748	₱2,752,418	₱2,721,340
Ethanol	910,882	502,137	1,409,224	941,696
Refined sugar	647,788	784,751	697,049	1,111,052
Power	292,341	1,385	463,278	1,466
Molasses	–	31,605	2,647	31,605
Others	50,760	41,350	74,009	58,763
	3,479,927	2,875,976	5,398,625	4,865,922
Service Income:				
Milling service, net	653,136	828,262	1,189,147	1,593,233
Tolling fees	93,610	188,804	150,170	323,964
Others	1,323	190	1,493	850
	748,069	1,017,256	1,340,810	1,918,047
	₱4,227,996	₱3,893,232	₱6,739,435	₱6,783,969

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

15. Cost of Sales and Services

The account consists of:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Inventories used	₱3,004,506	₱3,018,923	₱4,673,868	₱4,737,826
Repairs and maintenance	262,340	221,264	413,001	590,925
Depreciation and amortization	85,298	96,145	190,332	193,943
Direct labor	68,560	63,443	118,657	114,818
Professional fees and contracted services	68,567	30,549	101,737	94,854
Materials and supplies	72,829	76,879	100,541	152,994
Fuel	31,499	24,697	55,504	68,134
Taxes and licenses	11,350	4,439	22,209	24,089
Others	21,708	27,687	45,562	48,105
	₱3,626,657	₱3,564,026	₱5,721,411	₱6,025,688

16. Operating Expenses

This account consists of:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
General and administrative expenses	₱133,861	₱108,818	₱290,945	₱232,207
Selling expenses	46,523	38,136	76,459	79,730
	₱180,384	₱146,954	₱367,404	₱311,937

General and administrative expenses consist of:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Taxes and licenses	₱36,932	₱31,584	₱105,906	₱73,682
Professional fees and contracted services	32,461	28,297	54,512	50,417
Salaries and employee benefits	29,030	18,488	46,693	43,402
Representation and entertainment	16,459	7,200	37,109	15,650
Travel and transportation	4,382	3,574	8,241	6,800
Repairs and maintenance	4,386	1,570	7,245	6,863
Depreciation and amortization	3,468	1,985	6,840	7,103
Net retirement benefits	2,011	2,653	4,023	5,306
Supplies	2,239	2,619	216	5,838
Provision for impairment losses on trade and other receivables	–	–	723	–
Others	2,493	10,848	19,437	17,146
	₱133,861	₱108,818	₱290,945	₱232,207

Selling expenses amounting to ₱76.46 million and ₱79.73 million for the six months ended February 28, 2025 and February 29, 2024, respectively, consist mainly of freight and handling expense, depreciation, insurance and warehouse rentals.

17. Other Income – net

This account consists of:

	For the three months ended		For the six months ended	
	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)	February 28, 2025 (Unaudited)	February 29, 2024 (Unaudited)
Storage, handling and insurance fees	₱35,979	₱56,639	₱99,815	₱94,662
Interest income	13,355	16,235	37,582	39,680
Feed-in-tariff (FIT) rate differential	22,976	–	35,980	–
Net foreign exchange gain (loss)	(5,551)	3,091	10,444	4,307
Scrap sales	6,793	2,436	7,121	6,192
Rental income	2,097	1,247	3,668	2,233
Realized gain (loss) on short-term investments	(3,582)	–	272	–
Reversal of provision for third-party liabilities	–	115,578	–	115,578
Net other income (expense) ¹	(1,533)	2,963	10,336	2,971
	₱70,534	₱198,189	₱205,218	₱265,623

¹inclusive of unrealized gain on fair value changes in short-term investments

18. Related Party Transactions and Balances

February 28, 2025 (Unaudited)	Transactions for the Year	Outstanding Balance	Terms and Conditions
Shareholder with significant influence			
Sale of goods and services (Note 4)	₱373,790	₱143,122	Unguaranteed and unsecured; noninterest-bearing average credit period of 15 to 30 days
Purchase of goods, rental and other services (Note 9)	53,539	(4,827)	Unguaranteed and unsecured; noninterest-bearing normally settled on a 30 to 90-days term.
Cash in bank, money market placements and UITF investments		198,942	
Retirement fund held-in-trust		47,687	
		₱384,924	
<hr/>			
February 29, 2024 (Unaudited)	Transactions for the Year	Outstanding Balance	Terms and Conditions
Shareholder with significant influence			
Sale of goods and services (Note 4)	₱119,891	₱3,064	Unguaranteed and unsecured; noninterest-bearing average credit period of 15 to 30 days
Purchase of goods, rental and other services (Note 9)	375,344	(3,303)	Unguaranteed and unsecured; noninterest-bearing normally settled on a 30 to 90-days term.
Cash in bank, money market placements and UITF investments		1,325,159	
Retirement fund held-in-trust		59,012	
		₱1,383,932	

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 February 28, 2025 and August 31, 2024, the Group's maximum credit exposure is equal to the carrying values of the following financial assets:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Cash and cash equivalents ⁽¹⁾	₱1,274,509	₱2,741,778
Trade and other receivables ⁽²⁾	991,295	516,140
Short-term investments	965,985	554,014
Receivable from a government bank	41,496	42,250
Cash surety bonds ⁽³⁾	24,263	23,813
Performance bond	–	30,000
Refundable deposits ⁽⁴⁾	8,667	6,080
	₱3,306,215	₱3,914,075

(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 February 28, 2025 and August 31, 2024:

	February 28, 2025 (Unaudited)				Total
	12-month ECL – Not Impaired	12-month ECL – Credit Impaired	Lifetime ECL – Not Impaired	Lifetime ECL – Credit Impaired	
Financial assets at amortized cost					
Cash and cash equivalents ⁽¹⁾	₱1,274,509	₱–	₱–	₱–	₱1,274,509
Trade receivables:					
Third parties	819,385	–	–	66,185	885,570
Related parties	143,122	–	–	–	143,122
Other receivables	27,189	–	1,599	10,193	38,981
Refundable deposits ⁽²⁾	8,667	–	–	–	8,667
Receivable from a government					
bank	41,496	–	–	–	41,496
Cash surety bonds ⁽³⁾	24,263	–	–	–	24,263
Financial assets at FVPL					
Short-term investments	965,985	–	–	–	965,985
	₱3,304,616	₱–	₱1,599	₱76,378	₱3,382,593

(1) Excluding cash on hand

(2) Including refundable deposits presented under Other Noncurrent Assets amounting to ₱1,063

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

	August 31, 2024 (Audited)				Total
	12-month ECL – Not Impaired	12-month ECL – Credit Impaired	Lifetime ECL – Not Impaired	Lifetime ECL – Credit Impaired	
Financial assets at amortized cost					
Cash and cash equivalents ⁽¹⁾	₱2,741,778	₱–	₱–	₱–	₱2,741,778
Trade receivables:					
Third parties	180,291	–	300,175	65,462	545,928
Related parties	7,477	–	–	–	7,477
Other receivables	21,943	–	6,254	10,193	38,390
Receivable from a government					
bank	42,250	–	–	–	42,250
Performance bond	30,000	–	–	–	30,000
Cash surety bonds ⁽²⁾	23,813	–	–	–	23,813
Refundable deposits ⁽³⁾	6,080	–	–	–	6,080
Financial assets at FVPL					
Short-term investments	554,014	–	–	–	554,014
	₱3,607,646	₱–	₱306,429	₱75,655	₱3,989,730

(1) Excluding cash on hand

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

(3) Including refundable deposits presented under Other Noncurrent Assets

Information on the Group's other current receivables and other noncurrent assets that are impaired as at February 28, 2025 and August 31, 2024 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 February 28, 2025 and August 31, 2024 based on contractual undiscounted payments:

	February 28, 2025 (Unaudited)			Total
	On Demand	Within One Year	More than One Year	
Financial Assets				
Cash and cash equivalents	₱1,314,427	₱-	₱-	₱1,314,427
Trade receivables:				
Third parties ⁽¹⁾	547,111	272,274	-	819,385
Related parties	-	143,122	-	143,122
Other receivables ⁽¹⁾	5,810	22,978	-	28,788
Receivable from a government bank	-	39,659	1,837	41,496
Short-term investments	314,707	651,278	-	965,985
Cash surety bonds	-	-	24,263	24,263
Refundable deposits	-	7,604	1,063	8,667
	2,182,055	1,136,915	27,163	3,346,133
Financial Liabilities				
Other financial liabilities:				
Trade and other current liabilities				
Third parties ⁽²⁾	1,997,467	-	-	1,997,467
Related parties	4,827	-	-	4,827
Payable to claimants	-	30,492	121,968	152,460
	2,002,294	30,492	121,968	2,154,754
	₱179,761	₱1,106,423	(₱94,805)	₱1,191,379

(1) net of allowance for impairment losses

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

	August 31, 2024 (Audited)			Total
	On Demand	Within One Year	More than One Year	
Financial Assets				
Cash and cash equivalents	₱2,742,477	₱-	₱-	₱2,742,477
Short-term investments	258,638	295,376	-	554,014
Trade receivables:				
Third parties ⁽¹⁾	278,031	202,435	-	480,466
Related parties	-	7,477	-	7,477
Others ⁽¹⁾	534	27,663	-	28,197
Receivable from a government bank	-	38,823	3,427	42,250
Performance bond	-	30,000	-	30,000
Refundable deposits	-	5,029	1,051	6,080
Cash surety bonds	-	23,813	-	23,813
	3,279,680	630,616	4,478	3,914,774
Financial Liabilities				
Trade and other current liabilities:				
Third parties ⁽²⁾	1,146,296	-	-	1,146,296
Related parties	3,752	-	-	3,752
Payable to claimants	-	30,492	121,971	152,463
	1,150,048	30,492	121,971	1,302,511
	₱2,129,632	₱600,124	(₱117,493)	₱2,612,263

(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):

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
US Dollar	\$2,912	\$479
Japanese Yen	¥212	¥231

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 February 28, 2025 and August 31, 2024, which has been within the Group's acceptable range as set by the BOD, is calculated as follows:

	February 28, 2025 (Unaudited)	August 31, 2024 (Audited)
Total liabilities	₱3,034,077	₱2,033,753
Total assets	15,942,414	14,404,533
	0.19:1	0.14:1

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. Results of Operations

The Group recognized consolidated revenue of ₱6.7 billion and realized net profit of ₱867 million during the second quarter of CY 2024-2025, which is 34% higher than the same period last year. The Group's revenue mix has shifted due to the increase in revenue contribution by ethanol from 19% to 26% and power export from the Group's 40MW biomass cogeneration plant from almost nil to 9%. The increase in net profit is largely driven by higher ethanol sales volume and price as well as higher power export volume, which is partially offset by the lower milling revenue and lower sugar sales volume during the period.

II. Financial Condition

Despite the industry and operational challenges, the Group remains resilient and maintains a strong balance sheet, with a 4% growth in stockholder's equity by the end of the second quarter. The group remains highly liquid and has no outstanding loans as of February 28, 2025. The Group's current ratio continues to be strong at 3.0 while debt to equity ratio slightly increased to 0.24 brought about by the cash dividends declaration in February 2025.

The Group's total assets of ₱15.9 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 50% of total assets. The Group continues to invest in capital expenditure aimed to expand and upgrade the plant and improve operational efficiencies.

III. Financial Key Performance Indicators

	For the six months ended	
	February 28, 2025	February 29, 2024
Net income margin	13%	10%
Return on assets	5%	4%
Return on total equity	7%	5%
Debt to equity ratio	24%	22%
Earnings per share	₱0.16	₱0.24

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 ending February 28, 2025 dated April 11, 2025 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 March 9, 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 11 April 2025.

EVA A. VICENCIO-RODRIGUEZ
Affiant

SUBSCRIBED AND SWORN TO before me this 11 APR 2025, 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. : 16 ;
Book No. : IV ;
Series of 2025.

ATTY. RANDOLPH ANGEL B. TACUYAN
NOTARY PUBLIC
For the Cities of Silay & Victorias and
Municipalities of E.B. Magalona & Manapla
Notarial Commission No. 2025-02-NP, valid until 12/31/2026
Attorney's Roll No. 83098
IBP No. 481221, 12/05/2024, Guimaras Chapter
PTR No. 1015609, 12/03/2024, Victorias City
MCLE Compliance No. VIII-0016614, valid until 04/14/2028
ULAS Compliance No. (for compliance within a year)
2/F VMC Administrative Bldg., J.J. Ossorio St., VMC Compound
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