

**VITARICH CORPORATION**  
**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**

held on Friday, 28 June 2024, 2:00 PM  
at the 2<sup>nd</sup> Floor, Grand Centro Events Place, Centro Marilao, Duhat Street  
cor. Patubig Road, Brgy. Patubig, Marilao, Bulacan

**PRESENT:**

*STOCKHOLDERS:*

	Number of Shares	Percentage
Total Shares Present in Person or by Proxy	2,269,139,622	74.29%
Total Outstanding Shares	3,054,334,014	100.00%

*DIRECTORS/OFFICERS:*

MR. JOSE VINCENTE C BENGZON, III	- Director/Chairman of the Board
MR. ROGELIO M. SARMIENTO	- Director/Chairman Emeritus
MR. RICARDO MANUEL M. SARMIENTO	- Director/President/CEO
MS. STEPHANIE NICOLE S. GARCIA	- Director/Treasurer/EVP/Corporate Management Services Director/Chief Sustainability Officer
MR. LORENZO VITO M. SARMIENTO, III	- Director
ATTY. JUAN ARTURO ILUMINADO C. DE CASTRO	- Director
MR. PIERRE CARLO C. CURAY	- Independent Director
MR. VICENTE J. A. SARZA	- Independent Director

*OTHER OFFICERS:*

ATTY. AISON BENEDICT C. VELASCO	- Corporate Secretary
ATTY. MARY CHRISTINE DABU-PEPITO	- Assistant Corporate Secretary Compliance Officer, and Corporate Information Officer
MR. REYNALDO D. ORTEGA	- Senior Vice President, Poultry and Food General Manager
MS. ALICIA G. DANQUE	- Senior Vice President and Chief Supply Chain Officer/Alternate Corporate Information Officer
MS. MA. DIANA M. CUNA	- Senior Vice President and Chief Human Resource Officer
MR. EMMANUEL S. MANALANG	- Vice President and Nutrition, Research & Development Director
MS. CARMENCITA S. POLICARPIO	- Vice President for Corporate Technical Services (Facilities & Project Management)
MS. ELAINE C. NANTES	- Vice President for Corporate and Technical Services Director
MR. DILBERT D. TAN	- Vice President and Finance Operations Director
MS. CARINA LOURDES M. FABIAN	- Vice President and Corporate Special Projects Director

OTHER OFFICERS OF THE CORPORATION  
REPRESENTATIVES FROM REYES TACANDONG AND CO.  
REPRESENTATIVES FROM STOCK TRANSFER SERVICES, INC.

## **I. CALL TO ORDER**

The Chairman of the Board, Mr. Jose Vicente C. Bengzon III, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Aison Benedict C. Velasco, recorded the minutes of the proceedings.

Before proceeding to the agenda for the annual stockholders' meeting for 2024, Chairman Bengzon introduced the members of the Board of Directors, the Corporate Secretary and Assistant Corporate Secretary. He also informed the stockholders that the profiles of the incumbent directors and their attendance and compensation reports are contained in the Annual Report, Definitive Information Statement and Integrated Annual Corporate Governance Report submitted to the Securities Exchange Commission ("SEC") and posted on the Corporation's website and on the Philippine Stock Exchange ("PSE") Edge.

## **II. CERTIFICATION OF NOTICE TO STOCKHOLDERS AND EXISTENCE OF A QUORUM**

Upon the request of Chairman Bengzon, Atty. Velasco certified that the stockholders of record as of 28 May 2024 were duly notified of the annual stockholders' meeting in accordance with law and the By-laws of the Corporation. The notice of this meeting was submitted to the SEC and was published in the newspapers and posted on the PSE's EDGE system as well as on the Corporation's website.

He further certified that based on the certification of the stock transfer agent which is attached as Annex "A" hereof, a quorum existed for the transaction of business considering that out of a total of 3,054,334,014 issued and outstanding shares, the stockholders holding 2,269,139,622 shares or 74.29% of the total number of outstanding shares were present in person or by proxy.

## **III. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING OF THE STOCKHOLDERS HELD ON 30 JUNE 2023**

Chairman Bengzon informed the stockholders that copies of the minutes of the annual general meeting of the stockholders held on 30 June 2023 were made available to the stockholders in the Information Statement filed with the SEC and PSE, and posted online on the Corporation's website.

One of the stockholders moved to dispense with the reading of the minutes and to approve the same as presented considering that copies thereof had been made available to the stockholders. The said motion was duly seconded.

### *Opportunity to Object/Raise Questions*

Chairman Bengzon asked the stockholders if they have questions or objections to the motion. None of the stockholders present asked questions nor objected to the motion as duly seconded.

### *Approval of the 30 June 2023 Minutes*

Upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, the reading of the minutes of the annual general meeting of the stockholders of the Corporation held on 30 June 2023 was dispensed with and the said minutes were approved as presented.

## **IV. REPORT BY THE PRESIDENT/CEO AND APPROVAL OF THE 2023 AUDITED FINANCIAL STATEMENTS**

Moving to the next item on the agenda, Chairman Bengzon informed the stockholders that copies of the annual report and the audited financial statements for the year ending 2023 have been submitted to the SEC and were also posted on the PSE's website and the Corporation's website.

Thereafter, Mr. Ricardo Manuel M. Sarmiento, President and Chief Executive Officer, reported on the results of the operations of the Corporation for the year 2023, including the audited financial statements for the year ending 31 December 2023.

Mr. Sarmiento welcomed the stockholders present in the meeting and expressed his gratitude towards them as well as the Corporation's employees across the country. Thereafter, he reported on the Corporation's performance in 2023.

### **Revenue Summary**

Mr. Sarmiento disclosed that the Corporation reported modest financial results and significant progress in key areas of the business despite the various challenges faced in 2023. The Corporation remains guardedly hopeful and committed to navigating these uncertainties with strategic foresight and resilience.

Mr. Sarmiento discussed that 2023 revenues surpassed the P12 billion mark, allowing a 4% growth from 2022.

Foods revenues amounted to P6.9 billion, marking 11% growth over 2022. This was propelled by a 14% expansion in volume led by demand in Luzon and Visayas. Pricing, however, was under pressure amid the oversupply of chicken in the market.

Feeds revenues slightly decreased by 1% to P5.1 billion. Pricing rose by 16% while sales volume decreased by 15%. He discussed that the following factors affected the segment's overall performance: (a) continued gradual increase in selling prices in response to higher input cost inflation; (b) lower demand for hog feeds due to continued spread of African swine fever; and (c) depressed selling prices of chicken, which dampened the demand for broiler feeds among the commercial farms.

Lastly, farms segment reflected a 20% decline to P424.4 million as a result of the overall market conditions. Fair value changes on biological assets amounting to a loss of P47.8 million were recognized as part of revenues based on lower estimated selling prices of chicken in the market.

### **Financial Highlights**

Gross profit was P904 million, a 15% decline from 2022, as cost of goods rose 6% to P11 billion due to higher sales volume and heightened input and production costs. Key raw materials, including wheat, soybean and corn, which comprise about 70% of feed cost, remained high with an average increase of 5% over 2022. As a result, net income reached P13 million. Higher operating expenses due to increased labor cost significantly contributed to this outcome.

The Corporation also allocated a total of P113 million towards capital expenditures, including expansion cost of P63 million.

### **2023 Strategies**

Continuing his report, Mr. Sarmiento disclosed that the Corporation implemented efforts to strengthen a more resilient business model to deliver its long-term business and financial goals. These initiatives include stronger marketing and brand support, capability investment, and increased visibility in modern trade channels which are expected to drive top-line growth and gross margin expansion. He discussed some key milestones as follows:

In the feeds segment, the Corporation continued to expand and opened new distributors, megadealers, and retail feed outlets in Bataan, Negros Occidental, and South Cotabato. It likewise maintained its campaign as “The Specialist in Animal Nutrition” by actively participating in veterinary medical missions and conducting seminars. It continued the use of woven feed sacks as part of its sustainability initiatives. It also expanded its poultry operations in General Santos and North Cotabato by establishing multi-tier broiler farms.

In the foods segment, the Corporation continued to strengthen its operations by covering various areas nationwide, which include Isabela, Bicol, Samar, Leyte, Zamboanga City, Bukidnon, Marawi, Sultan Kudarat, and Saranggani. The Corporation also expanded its food service channel by providing restaurants and leading fast-food chains their demand for joint product development and customization. The Corporation also started to mobilize online presence via digital platforms and social media commerce. Finally, the Corporation introduced the compact variants of its Cook’s brand Flavor Origins in convenient 250g packs which played a crucial role in its engagements with national retail giants such as SM, Robinsons, and Puregold.

Recognizing the diverse array of financial, liquidity, and operational risks inherent in its business, such as animal diseases and rising raw material prices, the Corporation implemented proactive measures to safeguard its operations and financial stability. Some of these measures are increase in biosecurity measures, implementation of a comprehensive vaccination program, and implementation of 1-year supplier contracts with rebate agreements.

The Corporation enhanced its production capabilities by acquiring 2 automated marination systems and one sealing vacuum machine for its dressing plant in Bulacan. This project boosted its output capacity by 50%, successfully meeting the rising demand from its food service clients. In addition, the solar energy project completed in its Iloilo feed mill reduced the plant’s energy consumption by 13%. The Corporation also installed perimeter solar lights in its Davao feed mill while it evaluates proposals for solar power implementation.

Mr. Sarmiento also reported that the Corporation’s governance framework for responsible production and consumption has proven to be effective. Moreover, it challenges the Corporation to maintain sustainability and align with international standards for sanitation, food safety, and quality. He reported that the Corporation currently holds the latest certifications in: (a) ISO 22000:2018 FSMS for its Iloilo and Davao feed mills; (b) HACCP adherence of its dressing plants in Bulacan and Davao; and (c) Halal certifications of its dressing plants. He stressed that the Corporation remains committed to continuous improvement and excellence in all aspects of its operations.

### **Continuous Commitment to Sustainable Growth**

Mr. Sarmiento reported that moving forward, the Corporation’s focus remains on innovation, sustainability, and strategic growth initiatives. He disclosed that in 2024, the Corporation will drive growth through major expansion in modern trade channels, e-commerce platforms, and innovative new product offerings.

He also disclosed that the Corporation’s flagship store in Lazada has been launched as the Corporation continued to strengthen its partnership with e-commerce aggregators. New flavors under the Cook’s brand will be launched in response to consumer demand for diverse and unique culinary experience. Lastly, the Corporation’s products are now available in 306 new outlets in Central Luzon, significantly reducing its reliance to volatile open markets and stabilizing profit margins.

Mr. Sarmiento stressed that the Corporation remains cautiously optimistic about the opportunities that lie ahead. He expressed gratitude to the stockholders for their continued support and confidence in the Corporation.

Mr. Sarmiento concluded with the Corporation's commitment to forge livelihood and nourish lives by innovating, expanding, and achieving new heights of success.

#### Questions on the Report

Thereafter, Chairman Bengzon inquired if there are questions or comments from the stockholders. There being no questions, a motion for the approval of the President's report and the audited financial statements for 2023 was made and seconded.

#### Opportunity to Object/Raise Questions

Chairman Bengzon asked the stockholders if they have questions or objections to the motion. The stockholders present neither asked questions nor objected to the motion as duly seconded.

#### Approval of the President's Report and 2023 Audited Financial Statements

Upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, the President's Report and the 2023 audited financial statements of the Corporation were approved.

### **V. CONFIRMATION AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL GENERAL MEETING**

Chairman Bengzon informed the stockholders that the list of all the acts of the Board of Directors and officers of the Corporation since the last annual general meeting is included in the Information Statement submitted to the SEC and PSE.

Thereafter, a motion was made to ratify all acts, contracts, or deeds performed, entered into, or executed by the Board of Directors and the officers of the Corporation since the last annual general meeting.

#### Opportunity to Object/Raise Questions

After the motion was seconded, Chairman Bengzon asked if there are any questions or objections from the stockholders. None of the stockholders present asked questions nor objected to the motion as duly seconded.

#### Confirmation and Ratification of all acts of the Board of Directors and Officers

Upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, all acts, contracts, or deeds performed, entered into, or executed by the Board of Directors and officers of the Corporation from the last annual general meeting to this day were approved, confirmed, and ratified.

### **VI. ELECTION OF DIRECTORS**

Chairman Bengzon informed the body of the mandatory requirement of electing at least two (2) independent directors. Pursuant to SEC Regulations, the Amended By-Laws and the Amended Manual on Corporate Governance, a Nomination Committee was created to screen the qualifications and prepare a final list of all candidates for independent and regular directors. He also informed the stockholders that the profiles of the nominees for directors are indicated in the Definitive Information Statement submitted to the SEC and posted on the website and on the PSE Edge.

Such Final List of Candidates for independent and regular directors was made available to all stockholders through the distribution of the information statement and the ballot form.

The Assistant Corporate Secretary, Atty. Mary Christine C. Dabu-Pepito, announced that as pre-screened and listed by the Nominations Committee and as indicated in the Definitive Information Statement submitted to the SEC and posted on the PSE's website and the Corporation's website, the following were nominated as members of the Board of Directors of the Corporation for the succeeding year:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento
3. Mr. Ricardo Manuel M. Sarmiento;
4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Lorenzo Vito M. Sarmiento III;
6. Atty. Juan Arturo Iluminado C. De Castro;
7. Mr. Benjamin I. Sarmiento, Jr.;
8. Mr. Vicente Julian A. Sarza (Independent Director); and
9. Mr. Pierre Carlo C. Curay (Independent Director).

Considering that there are only nine (9) nominees for the nine (9) Board seats, a motion to dispense with the balloting and to direct the Corporate Secretary to cast all the votes of the stockholders equally among the nominees was made and seconded.

Opportunity to Object/Raise Questions

After the motion was seconded, Chairman Bengzon asked if there are any questions or objections from the stockholders. The stockholders present neither raised questions nor objected to the motion as duly seconded.

Election of Directors

Upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, the motion was carried and Atty. Velasco was directed to cast all the votes equally in favor of all the nominees.

Atty. Velasco casted all the votes equally in favor of all the nominees for the Board of Directors. Thereafter, Chairman Bengzon announced that the following nominees have been elected as directors of the Corporation to serve as such for a term of one (1) year or until their successors are duly elected and qualified:

NAME	NO. OF VOTES RECEIVED	
Mr. Jose Vicente C. Bengzon, III	2,269,139,622	74.29%
Mr. Ricardo Manuel M. Sarmiento	2,269,139,622	74.29%
Ms. Stephanie Nicole S. Garcia	2,269,139,622	74.29%
Mr. Rogelio M. Sarmiento	2,269,139,622	74.29%
Mr. Benjamin I. Sarmiento, Jr.	2,269,139,622	74.29%
Mr. Lorenzo Vito M. Sarmiento, III	2,269,139,622	74.29%
Atty. Juan Arturo Iluminado C. De Castro	2,269,139,622	74.29%
Mr. Vicente Julian A. Sarza (Independent Director)	2,269,139,622	74.29%
Mr. Pierre Carlo C. Curay (Independent Director)	2,269,139,622	74.29%

**VII. APPOINTMENT OF THE EXTERNAL AUDITOR**

Proceeding to the next item on the agenda, a motion was made to ratify and confirm the appointment of Reyes Tacandong and Co. as the Corporation's external auditor for the fiscal

year 2024. The said appointment was approved by the Board of Directors upon the favorable recommendation of the Audit, Risk Oversight, and Related Party Transactions Committee.

Opportunity to Object/Raise Questions

After the motion was seconded, Chairman Bengzon asked if there are any questions or objections from the stockholders. The stockholders present neither raised questions nor objected to the motion as duly seconded.

Appointment of Reyes Tacandong and Co.

There being no objection and upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, the appointment of Reyes Tacandong and Co. as the Corporation's external auditor for the fiscal year 2024 was ratified and confirmed.

**VIII. APPOINTMENT OF THE STOCK TRANSFER AGENT**

Continuing with the next item on the agenda, a motion was made to appoint Stock Transfer Service, Inc. as the Corporation's stock transfer agent for the following year to serve as such until its successor shall have been appointed and qualified. The said motion was, thereafter, seconded.

Opportunity to Object/Raise Questions

After the motion was seconded, Chairman Bengzon asked if there are any questions or objections from the stockholders. None of the stockholders present raised questions nor objected to the motion as duly seconded.

Appointment of Stock Transfer Services, Inc.

There being no objection and upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, Stock Transfer Services, Inc. was appointed as the Corporation's stock transfer agent for the ensuing year and to serve as such until its successor shall have been appointed and qualified.

**IX. OTHER MATTERS**

Upon inquiry from Chairman Bengzon, Atty. Velasco answered that Atty. Juan Arturo Iluminado C. De Castro, a director of the Corporation, and the Corporate Secretary of the Corporation's subsidiary, Barbatos Ventures Corporation, would like to raise a matter.

Chairman Bengzon then gave the floor to Atty. De Castro.

Atty. De Castro informed the stockholders that Barbatos Ventures Corporation or BVC is a wholly-owned subsidiary of the Corporation and the dressing plant operator of the Corporation's dressing plants. He stated that it has come to the attention of the Corporation that the expansion of business has caused the transactions between the two corporations to likely reach the 10% materiality threshold, which will require the 2/3 votes of the members of the Corporation's Board of Directors. Unfortunately, the 2/3 vote of the members of the Board of Directors cannot be obtained because of the interlocking directors and officers of the 2 corporations. While there is a legal opinion that there is no need for the interlocking directors and officers to abstain from voting because BVC is a wholly owned subsidiary of the Corporation, the interlocking directors and officers have decided to abstain from participating in the voting out of delicadeza. With their abstention from participating, the contracts between the 2 corporation's must be submitted to the stockholders of the Corporation for approval.

Upon inquiry from Chairman Bengzon, Atty. De Castro explained that the contracts pertain to the *Contract Growing Agreement* that includes poultry dressing services and operations of the Corporation's dressing plants in Marilao, Bulacan, and Tugbok, Davao City. The Corporation will be paying BVC contract growing fees for growing chicken, and for services like slaughtering, dressing, and further processing. Further processing includes marination and cutups, among others. Since the volume of business of the Corporation is increasing, the volume of chickens subject to this agreement has also grown so much that the Corporation anticipates that the transactions will reach the materiality threshold by the 2<sup>nd</sup> quarter. He added that the same is good news as this means that the Corporation's business is growing.

Atty. De Castro moved that the same be submitted for the approval of the stockholders. Since he is also a stockholder of record of the Corporation, he moved for the approval of the contracts between the Corporation and BVC.

*Opportunity to Object/Raise Questions*

After the motion was seconded, Chairman Bengzon asked if there are any questions or objections from the stockholders. None of the stockholders present raised questions nor objected to the motion as duly seconded.

*Approval of the Contracts between the Corporation and BVC*

There being no objection and upon the affirmative vote of the stockholders holding 2,269,139,622 shares, representing 74.29% of the outstanding capital stock of the Corporation, the contracts between the Corporation and BVC that includes the dressing services and operations of the dressing plants in Marilao and Davao City were approved by the stockholders.

**X. ADJOURNMENT**

There being no other matters to discuss, and upon motion duly made and seconded, the meeting was adjourned at 2:30 pm.

**AISON BENEDICT C. VELASCO**  
Corporate Secretary

**ATTESTED BY:**

**JOSE VICENTE C. BENGZON III**  
Chairman of the Board

**Vitarich Corporation**  
**Annual Stockholders' Meeting**  
**28 June 2024 at 2:00 P.M.**

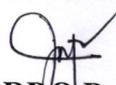
Grand Centro Events Place, 2nd Floor, Centro Marilao, Duhat Street cor.  
Patubig Road, Barangay Patubig, Marilao, Bulacan.

**ATTENDANCE REPORT**

	<u>No. of Shares</u>	<u>Percentage</u>
PROXIES (Tabulated by CORSEC)	<u>2,186,198,610</u>	<u>71.58</u>
ATTENDANCE	<u>82,941,012</u>	<u>2.72</u>
TOTAL PROXIES AND ATTENDANCE	<u>2,269,139,622</u>	<u>74.29</u>
TOTAL ISSUED & OUTSTANDING SHARES :	<u>3,054,334,014</u>	

Certified by:

STOCK TRANSFER SERVICE, INC.

  
RICARDO D. REGALA, JR.  
General Manager