

TR Example Group
CONTENTS

	Pages
Consolidated financial statements	
Consolidated statement of profit or loss	1
Consolidated statement of comprehensive income	2
Consolidated statement of financial position	3-4
Consolidated statement of changes in equity	5-8
Consolidated statement of cash flows	9-10
Notes to the consolidated financial statements	11-152
Appendices	153-179
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards	153-164
Appendix 2 – Simple revenue disclosure by “Type of revenue”.	164
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability including disclosure	165-168

TR Example Group
CONTENTS

	Pages
Consolidated financial statements	
Consolidated statement of profit or loss	1
Consolidated statement of comprehensive income	2
Consolidated statement of financial position	3-4
Consolidated statement of changes in equity	5-8
Consolidated statement of cash flows	9-10
Notes to the consolidated financial statements	11-152
Appendices	153-183
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards	153-164
Appendix 2 – Simple revenue disclosure by “Type of revenue”.	164
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability including disclosure	165-168

Appendix 4 – Material accounting policy information – an illustrative example	168-173
Appendix 5 – Example of a "Auditors' remuneration Note"	173
Appendix – GAAP overlay	174-179

Appendix 4 – Material accounting policy information – an illustrative example	168-173
Appendix 5 – Example of a "Auditors' remuneration Note"	173
Appendix 6 – Illustrative disclosure about Pillar Two taxes	173-175
Appendix – GAAP overlay	176-183

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of profit or loss
For the year ended December 31, 2023

	Notes	2023 P000	2022 P000 Restated (Note 2.5)
Continuing operations			
Revenue from contracts with customers	4	179,058	159,088
Rental income	16	1,404	1,377
Revenue		180,462	160,465
Cost of sales	1	(136,569)	(128,386)
Gross profit		43,893	32,079
Other operating income	12.1	2,435	2,548
Selling and distribution expenses	1	(14,001)	(12,964)
Administrative expenses	12.9	(18,290)	(12,011)
Other operating expenses	12.2	(2,554)	(353)
Operating profit		11,483	9,299
Finance costs	12.3	(1,366)	(1,268)
Finance income	12.4	202	145
Other income	12.5	98	66
Share of profit of an associate and a joint venture	9, 10	671	638
Profit before tax from continuing operations		11,088	8,880
Income tax expense	14	3,092	2,233
Profit for the year from continuing operations		7,996	6,647
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	13	220	(188)
Profit for the year		8,216	6,459
Attributable to:			
Equity holders of the parent		7,928	6,220
Non-controlling interests		288	239
		8,216	6,459

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

[insert name], Chairman

[insert name], Group Chief Executive

[insert date]

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of profit or loss
For the year ended December 31, 2024

	Notes	2024	2023
		P000	P000
			Restated (Note 2.5)
Continuing operations			
Revenue from contracts with customers	4	179,058	159,088
Rental income	16	1,404	1,377
Revenue		180,462	160,465
Cost of sales	1	(136,569)	(128,386)
Gross profit		43,893	32,079
Other operating income	12.1	2,435	2,548
Selling and distribution expenses	1	(14,001)	(12,964)
Administrative expenses	12.9	(18,290)	(12,011)
Other operating expenses	12.2	(2,554)	(353)
Operating profit		11,483	9,299
Finance costs	12.3	(1,366)	(1,268)
Finance income	12.4	202	145
Other income	12.5	98	66
Share of profit of an associate and a joint venture	9, 10	671	638
Profit before tax from continuing operations		11,088	8,880
Income tax expense	14	3,092	2,233
Profit for the year from continuing operations		7,996	6,647
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	13	220	(188)
Profit for the year		8,216	6,459
Attributable to:			
Equity holders of the parent		7,928	6,220
Non-controlling interests		288	239
		8,216	6,459

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

[insert name], Chairman

[insert name], Group Chief Executive

[insert date]

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of comprehensive income
For the year ended December 31, 2023

	Notes	2023 P000	2022 P000 Restated (Note 2.5)
Profit for the year		8,216	6,459
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain on hedge of a net investment		195	-
Exchange differences on translation of foreign operations	19.3, 24	(246)	(117)
Net gain/(loss) on cash flow hedges	19.3, 24	(618)	24
Net change in costs of hedging	19.3, 24	(22)	-
Net loss on debt instruments at fair value through other comprehensive income	19.3, 24	(15)	(1)
Share of other comprehensive loss of an associate	10	(30)	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(736)	(94)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	24	(18)	7
Re-measurement losses on defined benefit plans	31	257	(273)
Revaluation of office properties in Philippines	15	592	-
Share of other comprehensive income of an associate	10	30	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		861	(266)
Other comprehensive income/(loss) for the year, net of tax		125	(360)
Total comprehensive income for the year, net of tax		8,341	6,099
Attributable to:			
Equity holders of the parent		8,053	5,860
Non-controlling interests		288	239
		8,341	6,099

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of financial position
As at December 31, 2023

	Notes	2023 P000	2022 P000 Restated (Note 2.5)	As at 1 January 1, 2022 P000 Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of comprehensive income
For the year ended December 31, 2024

	Notes	2024 P000	2023 P000 Restated (Note 2.5)
Profit for the year		8,216	6,459
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain on hedge of a net investment		195	-
Exchange differences on translation of foreign operations	19.3, 24	(246)	(117)
Net gain/(loss) on cash flow hedges	19.3, 24	(618)	24
Net change in costs of hedging	19.3, 24	(22)	-
Net loss on debt instruments at fair value through other comprehensive income	19.3, 24	(15)	(1)
Share of other comprehensive loss of an associate	10	(30)	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(736)	(94)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	24	(18)	7
Re-measurement losses on defined benefit plans	31	257	(273)
Revaluation of office properties in Philippines	15	592	-
Share of other comprehensive income of an associate	10	30	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		861	(266)
Other comprehensive income/(loss) for the year, net of tax		125	(360)
Total comprehensive income for the year, net of tax		8,341	6,099
Attributable to:			
Equity holders of the parent		8,053	5,860
Non-controlling interests		288	239
		8,341	6,099

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of financial position
As at December 31, 2024

	Notes	2024 P000	2023 P000 Restated (Note 2.5)	As at January 1, 2023 P000 Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940

Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
		58,136	43,202	35,532
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	67,463	65,568
Assets held for sale	13	13,554	-	-
		89,241	67,463	65,568
		147,377	110,665	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital	24	21,888	19,388	19,388
Share premium	24	4,780	80	-
Treasury shares	24	(508)	(654)	(774)
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		58,357	45,102	40,344
Non-controlling interests		2,410	740	208
Total equity		60,767	45,842	40,552
Non-current liabilities				
Interest-bearing loans and borrowings	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	29,204	26,671

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of financial position (continued)
As at December 31, 2023

		As at 1 January 2022		
	Notes	2023	2022	2022
		P000	P000	P000
			Restated (Note 2.5)	Restated (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	35,619	33,877
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	35,619	33,877
Total liabilities		86,610	64,823	60,548
Total equity and liabilities		147,377	110,665	101,100

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
		58,136	43,202	35,532
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4, 3	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	67,463	65,568
Assets held for sale	13	13,554	-	-
		89,241	67,463	65,568
		147,377	110,665	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital	24	21,888	19,388	19,388
Share premium	24	4,780	80	-
Treasury shares	24	(508)	(654)	(774)
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		58,357	45,102	40,344
Non-controlling interests		2,410	740	208
Total equity		60,767	45,842	40,552
Non-current liabilities				
Interest-bearing loans and borrowings	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	29,204	26,671

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of financial position (continued)
As at December 31, 2024

		As at January 1, 2023		
	Notes	2024	2023	2023
		P000	P000	P000
			Restated (Note 2.5)	Restated (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	35,619	33,877
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	35,619	33,877
Total liabilities		86,610	64,823	60,548
Total equity and liabilities		147,377	110,665	101,100

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity
For the year ended December 31, 2023

	Attributable to the equity holders of the parent							Fair value reserve of financial assets at FVOCI
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	
	(Note 24)	(Note 24)	(Note 24)	(Note 24)				
	P000	P000	P000	P000	P000	P000	P000	P000
As at January 1, 2023	19,388	80	(654)	864	25,929	(70)	-	9
As at January 1, 2023 as restated	19,388	80	(654)	864	25,929	(70)	-	9
Profit for the year	-	-	-	-	7,928	-	-	-
Other comprehensive income (Note 24)	-	-	-	-	257	(618)	(22)	(63)
Total comprehensive income	-	-	-	-	8,185	(618)	(22)	(63)
Depreciation transfer for office properties in <insert country>	-	-	-	-	80	-	-	-
Discontinued operations (Note 13)	-	-	-	-	-	-	-	(46)
Issue of share capital (Note 24)	2,500	4,703	-	-	-	-	-	-
Exercise of options (Note 24)	-	29	146	-	-	-	-	-
Share based payments (Note 32)	-	-	-	307	-	-	-	-
Transaction costs (Note 7)	-	(32)	-	-	-	-	-	-
Cash dividends (Note 25)	-	-	-	-	(2,389)	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	7	-	-	(7)
Transfer of cash flow hedge reserve to inventories	-	-	-	-	-	126	2	-
Acquisition of a subsidiary (Note 7)	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests (Note 7)	-	-	-	-	(190)	-	-	-
As at December 31, 2023	21,888	4,780	(508)	1,171	31,622	(562)	(20)	(107)

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2023

	Attributable to the equity holders of the parent					
	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale	Non-controlling interest		
	P000	P000	P000	Total P000	P000	Total equity P000
As at January 1, 2023	(444)	-	-	45,102	740	45,842
As at January 1, 2023 as restated	(444)	-	-	45,102	740	45,842
Profit for the year	-	-	-	7,928	288	8,216
Other comprehensive income (Note 24)	(51)	622	-	125	-	125
Total comprehensive income	(51)	622	-	8,053	288	8,341
Depreciation transfer for office properties in <insert country>	-	(80)	-	-	-	-
Discontinued operations (Note 13)	-	-	46	-	-	-
Issue of share capital (Note 24)	-	-	-	7,203	-	7,203

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity
For the year ended December 31, 2024

	Attributable to the equity holders of the parent							Fair value reserve of financial assets at FVOCI
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	
	(Note 24)	(Note 24)	(Note 24)	(Note 24)				
	P000	P000	P000	P000	P000	P000	P000	P000
As at January 1, 2024	19,388	80	(654)	864	25,929	(70)	-	9
As at January 1, 2024 as restated	19,388	80	(654)	864	25,929	(70)	-	9
Profit for the year	-	-	-	-	7,928	-	-	-
Other comprehensive income (Note 24)	-	-	-	-	257	(618)	(22)	(63)
Total comprehensive income	-	-	-	-	8,185	(618)	(22)	(63)
Depreciation transfer for office properties in <insert country>	-	-	-	-	80	-	-	-
Discontinued operations (Note 13)	-	-	-	-	-	-	-	(46)
Issue of share capital (Note 24)	2,500	4,703	-	-	-	-	-	-
Exercise of options (Note 24)	-	29	146	-	-	-	-	-
Share based payments (Note 32)	-	-	-	307	-	-	-	-
Transaction costs (Note 7)	-	(32)	-	-	-	-	-	-
Cash dividends (Note 25)	-	-	-	-	(2,389)	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	7	-	-	(7)
Transfer of cash flow hedge reserve to inventories	-	-	-	-	-	126	2	-
Acquisition of a subsidiary (Note 7)	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests (Note 7)	-	-	-	-	(190)	-	-	-
As at December 31, 2024	21,888	4,780	(508)	1,171	31,622	(562)	(20)	(107)

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2024

	Attributable to the equity holders of the parent					
	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale	Non-controlling interest		
	P000	P000	P000	Total P000	P000	Total equity P000
As at January 1, 2024	(444)	-	-	45,102	740	45,842
As at January 1, 2024 as restated	(444)	-	-	45,102	740	45,842
Profit for the year	-	-	-	7,928	288	8,216
Other comprehensive income (Note 24)	(51)	622	-	125	-	125
Total comprehensive income	(51)	622	-	8,053	288	8,341
Depreciation transfer for office properties in <insert country>	-	(80)	-	-	-	-
Discontinued operations (Note 13)	-	-	46	-	-	-
Issue of share capital (Note 24)	-	-	-	7,203	-	7,203

Exercise of options (Note 24)	-	-	-	175	-	175
Share based payments (Note 32)	-	-	-	307	-	307
Transaction costs (Note 7)	-	-	-	(32)	-	(32)
Cash dividends (Note 25)	-	-	-	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-	-
Transfer of cash flow hedge reserve to inventories	-	-	-	128	-	128
Acquisition of a subsidiary (Note 7)	-	-	-	-	1,547	1,547
Acquisition of non-controlling interests (Note 7)	-	-	-	(190)	(135)	(325)
As at December 31, 2023	(495)	542	46	58,357	2,410	60,767

Exercise of options (Note 24)	-	-	-	175	-	175
Share based payments (Note 32)	-	-	-	307	-	307
Transaction costs (Note 7)	-	-	-	(32)	-	(32)
Cash dividends (Note 25)	-	-	-	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-	-
Transfer of cash flow hedge reserve to inventories	-	-	-	128	-	128
Acquisition of a subsidiary (Note 7)	-	-	-	-	1,547	1,547
Acquisition of non-controlling interests (Note 7)	-	-	-	(190)	(135)	(325)
As at December 31, 2024	(495)	542	46	58,357	2,410	60,767

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2023

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2024

	Attributable to the equity holders of the parent							Foreign currency translation reserve
	Issued capital (Note 24)	Share premium (Note 24)	Treasury shares (Note 24)	Other capital reserves (Note 24)	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	
	P000	P000	P000	P000	P000	P000	P000	
As at 1 January 2022	19,388	-	(774)	566	22,282	(94)	3	(327)
Adjustment on correction of error (net of tax) (Note 2.5)	-	-	-	-	(700)	-	-	-
As at 1 January 2022 as restated	19,388	-	(774)	566	21,582	(94)	3	(327)
Profit for the year	-	-	-	-	6,220	-	-	-
Other comprehensive income (Note 24)	-	-	-	-	(273)	24	6	(117)
Total comprehensive income	-	-	-	-	5,947	24	6	(117)
Exercise of options (Note 24)	-	80	120	-	-	-	-	-
Share based payments (Note 32)	-	-	-	298	-	-	-	-
Cash dividends (Note 25)	-	-	-	-	(1,600)	-	-	-
Non-controlling interests arising on a business combination (Note 7)	-	-	-	-	-	-	-	-
As at December 31, 2022 (restated)	19,388	80	(654)	864	25,929	(70)	9	(444)

	Attributable to the equity holders of the parent							Foreign currency translation reserve
	Issued capital (Note 24)	Share premium (Note 24)	Treasury shares (Note 24)	Other capital reserves (Note 24)	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	
	P000	P000	P000	P000	P000	P000	P000	
As at January 1, 2023	19,388	-	(774)	566	22,282	(94)	3	(327)
Adjustment on correction of error (net of tax) (Note 2.5)	-	-	-	-	(700)	-	-	-
As at January 1, 2023 as restated	19,388	-	(774)	566	21,582	(94)	3	(327)
Profit for the year	-	-	-	-	6,220	-	-	-
Other comprehensive income (Note 24)	-	-	-	-	(273)	24	6	(117)
Total comprehensive income	-	-	-	-	5,947	24	6	(117)
Exercise of options (Note 24)	-	80	120	-	-	-	-	-
Share based payments (Note 32)	-	-	-	298	-	-	-	-
Cash dividends (Note 25)	-	-	-	-	(1,600)	-	-	-
Non-controlling interests arising on a business combination (Note 7)	-	-	-	-	-	-	-	-
As at December 31, 2023 (restated)	19,388	80	(654)	864	25,929	(70)	9	(444)

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2023

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of changes in equity (continued)
For the year ended December 31, 2024

Attributable to the equity holders of the parent	Non-controlling interest		Total equity P000
	Total	interest	
	P000	P000	

Attributable to the equity holders of the parent	Non-controlling interest		Total equity P000
	Total	interest	
	P000	P000	

As at 1 January 2022	41,044	208	41,252
Adjustment on correction of error (net of tax) (Note 2.5)	(700)	-	(700)
As at 1 January 2022 as restated	40,344	208	40,552
Profit for the year	6,220	239	6,459
Other comprehensive income (Note 24)	(360)	-	(360)
Total comprehensive income	5,860	239	6,099
Exercise of options (Note 24)	200	-	200
Share based payments (Note 32)	298	-	298
Cash dividends (Note 25)	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination (Note 7)	-	342	342
As at December 31, 2022 (restated)	45,102	740	45,842

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As at January 1, 2023	41,044	208	41,252
Adjustment on correction of error (net of tax) (Note 2.5)	(700)	-	(700)
As at January 1, 2023 as restated	40,344	208	40,552
Profit for the year	6,220	239	6,459
Other comprehensive income (Note 24)	(360)	-	(360)
Total comprehensive income	5,860	239	6,099
Exercise of options (Note 24)	200	-	200
Share based payments (Note 32)	298	-	298
Cash dividends (Note 25)	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination (Note 7)	-	342	342
As at December 31, 2023 (restated)	45,102	740	45,842

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of cash flows
For the year ended December 31, 2023

	Notes	2023	2022
		P000	P000 Restated (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		11,301	8,687
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortization and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
(Increase)/decrease in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	17,476
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		10,974	12,525
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Investment in associates and joint venture		-	-
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		(6,743)	(7,732)

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of cash flows
For the year ended December 31, 2024

	Notes	2024	2023
		P000	P000 Restated (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		11,301	8,687
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortization and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
(Increase)/decrease in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	17,476
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		10,974	12,525
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Investment in associates and joint venture		-	-
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		(6,743)	(7,732)

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of cash flows (continued)
For the year ended December 31, 2023

	Notes	2023 P000	2022 P000 Restated (Note 2.5)
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent	25	(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		1,020	(1,169)
Net increase in cash and cash equivalents		5,251	3,624
Net foreign exchange difference		339	326
Cash and cash equivalents at January 1		12,266	8,316
Cash and cash equivalents at December 31	23	17,856	12,266

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
Consolidated statement of cash flows (continued)
For the year ended December 31, 2024

	Notes	2024 P000	2023 P000 Restated (Note 2.5)
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent	25	(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		1,020	(1,169)
Net increase in cash and cash equivalents		5,251	3,624
Net foreign exchange difference		339	326
Cash and cash equivalents at January 1		12,266	8,316
Cash and cash equivalents at December 31	23	17,856	12,266

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

Contents of the notes to the consolidated financial statements

	Pages
1 Corporate information	13
2 Accounting policies	13
2.1 Basis of preparation	13
2.2 Basis of consolidation	13
2.3 Summary of accounting policies	14
2.4 Changes in accounting policies and disclosures	45

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

Contents of the notes to the consolidated financial statements

	Pages
1 Corporate information	13
2 Accounting policies	13
2.1 Basis of preparation	13
2.2 Basis of consolidation	13
2.3 Summary of accounting policies	14
2.4 Changes in accounting policies and disclosures	44

2.5	Correction of an error	46		2.5	Correction of an error	45
2.6	Climate-related matters	47		2.6	Climate-related matters	46
3	Significant accounting judgements, estimates and assumptions	48		3	Significant accounting judgements, estimates and assumptions	47
4	Revenue from contracts with customers	55		4	Revenue from contracts with customers	53
4.1	Disaggregated revenue information	55		4.1	Disaggregated revenue information	53
4.2	Contract balances	56		4.2	Contract balances	55
4.3	Right of return assets and refund liabilities	57		4.3	Right of return assets and refund liabilities	56
4.4	Performance obligations	57		4.4	Performance obligations	56
5	Capital management	58		5	Capital management	57
6	Group Information	59		6	Group Information	58
7	Business combinations and acquisition of non-controlling interests	60		7	Business combinations and acquisition of non-controlling interests	58
8	Partly-owned subsidiaries	65		8	Partly-owned subsidiaries	63
9	Interest in a joint venture	68		9	Interest in a joint venture	66
10	Investment in an associate	69		10	Investment in an associate	67
11	Fair value measurement	70		11	Fair value measurement	69
12	Other income/expenses and adjustments	75		12	Other income/expenses and adjustments	74
12.1	Other operating income	75		12.1	Other operating income	74
12.2	Other operating expenses	75		12.2	Other operating expenses	74
12.3	Finance costs	75		12.3	Finance costs	74
12.4	Finance income	76		12.4	Finance income	75
12.5	Other income	76		12.5	Other income	75
12.6	Depreciation, amortization, lease payments, foreign exchange differences and costs of inventories	76		12.6	Depreciation, amortization, lease payments, foreign exchange differences and costs of inventories	75
12.7	Employee benefits expense	77		12.7	Employee benefits expense	76
12.8	Research and development costs	77		12.8	Research and development costs	76
12.9	Administrative expenses	77		12.9	Administrative expenses	76
13	Discontinued operations	78		13	Discontinued operations	77
		11				11
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023				TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024		
Contents of the notes to the consolidated financial statements				Contents of the notes to the consolidated financial statements		
14	Income tax	80		14	Income tax	79
15	Property, plant and equipment	85		15	Property, plant and equipment	84
16	Investment properties	89		16	Investment properties	88
17	Intangible assets and goodwill	92		17	Intangible assets and goodwill	91
18	Goodwill and intangible assets with indefinite useful lives	93		18	Goodwill and intangible assets with indefinite useful lives	92
19	Financial assets and financial liabilities	96		19	Financial assets and financial liabilities	95
19.1	Financial assets	96		19.1	Financial assets	95
19.2	Financial liabilities: Interest-bearing loans and borrowings	98		19.2	Financial liabilities: Interest-bearing loans and borrowings	97
19.3	Hedging activities and derivatives	100		19.3	Hedging activities and derivatives	100
19.4	Fair values	107		19.4	Fair values	107
19.5	Financial instruments risk management objectives and policies	113		19.5	Financial instruments risk management objectives and policies	113
19.6	Changes in liabilities arising from financing activities	123		19.6	Changes in liabilities arising from financing activities	123
20	Inventories	124		20	Inventories	124
21	Trade receivables and contract assets	125		21	Trade receivables and contract assets	125
22	Prepayments	125		22	Prepayments	125
23	Cash and short-term deposits	126		23	Cash and short-term deposits	126
24	Issued capital and reserves	126		24	Issued capital and reserves	126
25	Distributions made and proposed	131		25	Distributions made and proposed	131
26	Provisions	132		26	Provisions	132
27	Government grants	133		27	Government grants	133
28	Contract liabilities	134		28	Contract liabilities	134
28.1	Loyalty program transactions	134		28.1	Loyalty program transactions	134
29	Trade and other payables	134		29	Trade and other payables	134
30	Leases	135		30	Leases	135
31	Pensions and other post-employment benefit plans	137		31	Pensions and other post-employment benefit plans	138
32	Share-based payments	144		32	Share-based payments	144
33	Commitments and contingencies	147		33	Commitments and contingencies	147
34	Related party disclosures	148		34	Related party disclosures	148
35	Standards issued but not yet effective	151		35	Standards issued but not yet effective	151
36	Events after the reporting period	152		36	Events after the reporting period	152

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

1 Corporate information

The consolidated financial statements of TR Example Group and its subsidiaries (collectively, the Group) for the year ended December 31, 2023 were authorized for issue in accordance with a resolution of the directors on [XXXX XX, 20XX]. TR Example Group (the Group or the parent) is a limited company incorporated and domiciled in <insert country>. The registered office is located at .

The Group is principally engaged in [insert description of the business activities]. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 34.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations of International Financial Reporting Interpretations Committee (IFRIC) which was issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to recognize changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest thousand (P000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2022 is presented in these consolidated financial statements due to the retrospective correction of an error.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.2 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

1 Corporate information

The consolidated financial statements of TR Example Group and its subsidiaries (collectively, the Group) for the year ended December 31, 2024 were authorized for issue in accordance with a resolution of the directors on [XXXX XX, 20XX]. TR Example Group (the Group or the parent) is a limited company incorporated and domiciled in <insert country>. The registered office is located at .

The Group is principally engaged in [insert description of the business activities]. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 34.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations based on equivalent interpretations of International Financial Reporting Interpretations Committee (IFRIC) which was issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to recognize changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest thousand (P000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at January 1, 2023 is presented in these consolidated financial statements due to the retrospective correction of an error.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.2 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee

presumption and when the Group has less than a majority or the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 Summary of accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

a) Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the

presumption and when the Group has less than a majority or the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 Summary of accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

a) Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the

cash-generating unit retained.

b) Investment in associates and joint ventures

The Group holds an interest in a joint venture, <insert company> and an interest in an associate, <insert company>.

The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
b) Investment in associates and joint ventures (continued)

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the Statement of profit or loss.

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

cash-generating unit retained.

b) Investment in associates and joint ventures

The Group holds an interest in a joint venture, <insert company> and an interest in an associate, <insert company>.

The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
b) Investment in associates and joint ventures (continued)

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the Statement of profit or loss.

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

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

17

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

c) Fair value measurement (continued)

The Group's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee is comprised of the head of the investment properties segment, heads of the Group's internal mergers and acquisitions team, the head of the risk management department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Valuation Committee after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyzes the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee is comprised of the head of the investment properties segment, heads of the Group's internal mergers and acquisitions team, the head of the risk management department, chief finance officers and the managers of each property.

17

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

c) Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Valuation Committee after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyzes the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with

relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee **presents** the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3, 17, 18 and 19.4
• Quantitative disclosures of fair value measurement hierarchy	Note 11
• Investment in non-listed equity shares (discontinued operations)	Note 13
• Property, plant and equipment under revaluation model	Note 15
• Investment properties	Note 16
• Financial instruments (including those carried at amortized cost)	Note 19.4
• Contingent consideration	Note 19.4

18

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

d) Revenue from contracts with customers

The Group is in the business of <insert description of the business>. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Sale of <insert description of products sold>

Revenue from sale of <insert description of products sold> is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is XX to XX days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of <insert description of products sold>, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of <insert description of products sold>, provide customers with a right to return the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of <insert description of products sold>, purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover the goods from the customer.

19

relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee **and the Group's external valuers present** the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3, 15, 16 and 19.4
• Quantitative disclosures of fair value measurement hierarchy	Note 11
• Investment in non-listed equity shares (discontinued operations)	Note 13
• Property, plant and equipment under revaluation model	Note 15
• Investment properties	Note 16
• Financial instruments (including those carried at amortized cost)	Note 19.4
• Contingent consideration	Note 19.4

d) Revenue from contracts with customers

The Group is in the business of <insert description of the business>. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

18

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

d) Revenue from contracts with customers (continued)

Sale of <insert description of products sold>

Revenue from sale of <insert description of products sold> is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is XX to XX days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of <insert description of products sold>, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of <insert description of products sold>, provide customers with a right to return the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of <insert description of products sold>, purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover the goods from the customer.

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the expected future rebates (i.e., the amount not included in the transaction price).

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 3.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

d) Revenue from contracts with customers (continued)

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the expected future rebates (i.e., the amount not included in the transaction price).

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 3.

(ii) Significant financing component

The Group receives advance payments from customers for the sale of <insert description of products sold> with a manufacturing lead time of <insert lead time if applicable> after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the equipment, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

(iii) Non-cash consideration

The Group receives <inputs that might be used in manufacturing of goods sold> from certain customers to be used in manufacturing <insert description of products sold> to be sold to them. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the equipment.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the <insert description of products sold> .

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (v) Provisions.

20

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

d) Revenue from contracts with customers (continued)

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of <insert description of products sold> . Contracts for bundled sales of equipment and service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue for service-type warranties is recognized over the period in which the service is provided based on the time elapsed.

Loyalty points program

The Group has a loyalty points program, <name of the program>, which allows customers to accumulate

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

d) Revenue from contracts with customers (continued)

(ii) Significant financing component

The Group receives advance payments from customers for the sale of <insert description of products sold> with a manufacturing lead time of <insert lead time if applicable> after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the equipment, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

(iii) Non-cash consideration

The Group receives <inputs that might be used in manufacturing of goods sold> from certain customers to be used in manufacturing <insert description of products sold> to be sold to them. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the equipment.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the <insert description of products sold> .

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (v) Provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of <insert description of products sold> . Contracts for bundled sales of equipment and service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue for service-type warranties is recognized over the period in which the service is provided based on the time elapsed.

Loyalty points program

The Group has a loyalty points program, <name of the program>, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of products by the customer.

20

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative standalone selling price and recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in Note 3.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customize or modify the <insert description of products sold>.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognizes revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labor hours incurred) and the transfer of service to the customer. The Group recognizes revenue on the basis of the labor hours expended relative to the total expected labor hours to complete the service.

21

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2	Accounting policies (continued)
2.3	Summary of accounting policies (continued)
d)	Revenue from contracts with customers (continued)

Procurement services

The Group has contracts with customers to acquire, on their behalf, <insert description of products sold> produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment). The Group does not have control of the equipment before it is being transferred to the customer. The Group is acting as an agent and recognizes revenue at the net amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon receipt of the customer of the equipment) because this is when the customer benefits from the Group's procurement services.

Contract assets

A contract asset is initially recognized for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments - initial recognition and subsequent measurement.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies on impairment of financial assets in section (o) Financial instruments - initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding charge in

2	Accounting policies (continued)
2.3	Summary of accounting policies (continued)
d)	Revenue from contracts with customers (continued)

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in Note 3.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customize or modify the <insert description of products sold>.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognizes revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labor hours incurred) and the transfer of service to the customer. The Group recognizes revenue on the basis of the labor hours expended relative to the total expected labor hours to complete the service.

Procurement services

The Group has contracts with customers to acquire, on their behalf, <insert description of products sold> produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment). The Group does not have control of the equipment before it is being transferred to the customer. The Group is acting as an agent and recognizes revenue at the net amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon receipt of the customer of the equipment) because this is when the customer benefits from the Group's procurement services.

Contract assets

A contract asset is initially recognized for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments - initial recognition and subsequent measurement.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies on impairment of financial assets in section (o) Financial instruments - initial recognition and subsequent measurement.

21

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2	Accounting policies (continued)
2.3	Summary of accounting policies (continued)
d)	Revenue from contracts with customers (continued)

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding charge in

to the customer. The Group updates its estimates of return liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

22

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
d) Revenue from contracts with customers (continued)

Cost to obtain a contract
The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. As such, sales commissions are immediately recognized as an expense and included as part of employee benefits.

e) Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to depreciable asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

f) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

23

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
f) Taxes (continued)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused

to the customer. The Group updates its estimates of return liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost to obtain a contract
The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. As such, sales commissions are immediately recognized as an expense and included as part of employee benefits.

e) Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to depreciable asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

f) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

22

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
f) Taxes (continued)

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and any unused net operating loss carry over (NOLCO). Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and any unused net operating loss carry over (NOLCO). Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value-Added Tax

Expenses and assets are recognized net of the amount of value-added tax, except:

24

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

f) Taxes (continued)

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Foreign currencies

The Group's consolidated financial statements are presented in Philippine Pesos, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

f) Taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value-Added Tax

Expenses and assets are recognized net of the amount of value-added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Foreign currencies

The Group's consolidated financial statements are presented in Philippine Pesos, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

24

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

g) Foreign currencies (continued)

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated

translated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

- 2 Accounting policies (continued)
- 2.3 Summary of accounting policies (continued)
- g) Foreign currencies (continued)

(ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Philippine Pesos at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

i) Cash dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws of <insert country>, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Philippine Pesos at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

- 2 Accounting policies (continued)
- 2.3 Summary of accounting policies (continued)
- h) Non-current assets held for sale and discontinued operations (continued)

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 13. The Group includes proceeds from disposal in cash flows from discontinued operations.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

i) Cash dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws of <insert country>, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

j) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 26) for further information about the recognized decommissioning provision.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

j) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 26) for further information about the recognized decommissioning provision.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Office properties in <insert country> are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	15 to 20 years
Plant, machinery and equipment	5 to 15 years
Office properties in <insert country>	15 to 20 years

27

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

j) Property, plant and equipment (continued)

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Group's buildings and office properties.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Office properties in <insert country> are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

26

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

j) Property, plant and equipment (continued)

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	15 to 20 years
Plant, machinery and equipment	5 to 15 years
Office properties in <insert country>	15 to 20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date, and decommissioning obligations, if any less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and machinery	3 to 15 years
Motor vehicles and other equipment	3 to 5 years

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

27

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date, and decommissioning obligations, if any less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and machinery	3 to 15 years
Motor vehicles and other equipment	3 to 5 years

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (r) Impairment of non-financial assets.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2	Accounting policies (continued)
2.3	Summary of accounting policies (continued)
k)	Leases (continued)

(ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see note 19.2).

(iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

I) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2	Accounting policies (continued)
2.3	Summary of accounting policies (continued)
k)	Leases (continued)

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (r) Impairment of non-financial assets.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see note 19.2).

(iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

I) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the [insert applicable valuation standards board/council].

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

30

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

n) Intangible assets (continued)

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the [insert applicable valuation standards board/council].

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

29

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

n) Intangible assets (continued)

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licenses

The Group made upfront payments to purchase patents and licenses. The patents have been granted for a period of XX years by the relevant government agency with the option of renewal at the end of this period. Licenses for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licenses. The licenses may be renewed at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Licenses	Patents	Development
Useful lives	Indefinite	Finite (xx years)	Finite (xx-xx years)
Amortization method used	No amortization	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Acquired	Acquired	Internally generated

o) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

31

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price disclosed in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licenses

The Group made upfront payments to purchase patents and licenses. The patents have been granted for a period of XX years by the relevant government agency with the option of renewal at the end of this period. Licenses for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licenses. The licenses may be renewed at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Licenses	Patents	Development
Useful lives	Indefinite	Finite (xx years)	Finite (xx-xx years)
Amortization method used	No amortization	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Acquired	Acquired	Internally generated

o) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

30

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price disclosed in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method

and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or,

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

- The rights to receive cash flows from the asset have expired

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

- OR
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- | | |
|--|-----------|
| • Disclosures for significant assumptions | Note 3 |
| • Debt instruments at fair value through OCI | Note 19.1 |
| • Trade receivables, including contract assets | Note 19.5 |

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next XX-months (a XX-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

34

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than XX days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit Rating Agency name> and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a XX-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the <insert Credit Rating Agency name> both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are XX days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in four categories:

pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- | | |
|--|-----------|
| • Disclosures for significant assumptions | Note 3 |
| • Debt instruments at fair value through OCI | Note 19.1 |
| • Trade receivables, including contract assets | Note 19.5 |

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next XX-months (a XX-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

33

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than XX days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit Rating Agency name> and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a XX-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the <insert Credit Rating Agency name> both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are XX days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition, measurement and presentation

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement within Trade and Accounts Payable in the statement of financial position. If the arrangement is structured as a trade receivable, it is classified as a trade receivable in the statement of financial position.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

35

other payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in Trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

34

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024**

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.2.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

35

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023**

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

o) Financial instruments - initial recognition and subsequent measurement (continued)

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.2.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

36

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

p) Derivative financial instruments and hedge accounting (continued)

- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

37

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

p) Derivative financial instruments and hedge accounting (continued)

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized in finance costs and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses. Refer to Note 19.3 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging

For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as other expense.

36

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

p) Derivative financial instruments and hedge accounting (continued)

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized in finance costs and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses. Refer to Note 19.3 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging

element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 19.3 for more details.

q) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

38

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

q) Inventories (continued)

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- | | |
|--|---------|
| • Disclosures for significant assumptions | Note 3 |
| • Property, plant and equipment | Note 15 |
| • Intangible assets | Note 17 |
| • Goodwill and intangible assets with indefinite lives | Note 18 |

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is

element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

37

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

p) Derivative financial instruments and hedge accounting (continued)

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 19.3 for more details.

q) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- | | |
|--|---------|
| • Disclosures for significant assumptions | Note 3 |
| • Property, plant and equipment | Note 15 |
| • Intangible assets | Note 17 |
| • Goodwill and intangible assets with indefinite lives | Note 18 |

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

38

calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

39

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

r) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at XXXX XX and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at XXXX XX at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further discussion of the impact of climate-related risks on the value in use.

s) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

40

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

r) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at XXXX XX and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are also tested for impairment annually as at XXXX XX at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further discussion of the impact of climate-related risks on the value in use.

s) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

39

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

s) Cash and short-term deposits (continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in

2 Accounting policies (continued) 2.3 Summary of accounting policies (continued) t) Convertible preference shares (continued) Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized. u) Treasury shares Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. v) Provisions General Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of its losses to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Warranty provisions The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.		equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized. u) Treasury shares Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. v) Provisions General Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of its losses to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Warranty provisions The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.
Restructuring provisions Restructuring provisions are recognized only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features. Decommissioning liability The Group records a provision for decommissioning costs to remediate the environmental damage of a manufacturing facility for the production of <insert product> materials. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset.		40
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023 2 Accounting policies (continued) 2.3 Summary of accounting policies (continued) v) Provisions (continued) The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Group in estimating the decommissioning liability on the manufacturing facility. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset. The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 26 Greenhouse gas emissions The Group receives free emission rights in certain countries. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. The Group recognizes the received emission rights at the nominal amount (i.e., nil). The Group recognizes a provision as emissions are made. As the Group intends to keep the emission rights received to settle its emission liability, the Group takes into consideration the value of received emission rights when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the statement of financial position and the statement of profit or loss. The emission costs are recognized as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision Onerous contracts		TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024 2 Accounting policies (continued) 2.3 Summary of accounting policies (continued) v) Provisions (continued) Restructuring provisions Restructuring provisions are recognized only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features. Decommissioning liability The Group records a provision for decommissioning costs to remediate the environmental damage of a manufacturing facility for the production of <insert product> materials. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Group in estimating the decommissioning liability on the manufacturing facility. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset. The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 26 Greenhouse gas emissions The Group receives free emission rights in certain countries. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. The Group recognizes the received emission rights at the nominal amount (i.e., nil). The Group recognizes a provision as emissions are made. As the Group intends to keep the emission rights received to settle its emission liability, the Group takes into consideration the value of received emission rights on a first-in first-out basis when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the statement of financial position and the statement of profit or loss. The emission costs are recognized as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision Onerous contracts If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Waste Electrical and Electronic Equipment (WEEE)

The Group is a provider of <include specifications, if needed> equipment that falls under the <insert governance on WEEE> on Waste Electrical and Electronic Equipment. The <insert governance on WEEE> distinguishes between waste management of equipment sold to private households prior to a date, as determined by each Member State (historical waste), and waste management of equipment sold to private households after that date (new waste). A provision for the expected costs of management of historical waste is recognized when the Group participates in the market during the measurement period, as determined by each Member State, and the costs can be reliably measured. These costs are recognized as other operating expenses in the statement of profit or loss.

42

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023**

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

v) Provisions (continued)

With respect to new waste, a provision for the expected costs is recognized when products that fall within the directive are sold and the disposal costs can be reliably measured. Derecognition takes place when the obligation expires, is settled or is transferred. These costs are recognized as part of costs of sales.

With respect to equipment sold to entities other than private households, a provision is recognized when the Group becomes responsible for the costs of this waste management, with the costs recognized as other operating expenses or cost of sales, as appropriate.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

w) Pensions and other post-employment benefits

The Group operates a defined benefit pension plan in <insert country>, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post employment health care benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

x) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

43

penalties arising from failure to fulfill it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

41

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024**

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

v) Provisions (continued)

Waste Electrical and Electronic Equipment (WEEE)

The Group is a provider of <include specifications, if needed> equipment that falls under the <insert governance on WEEE> on Waste Electrical and Electronic Equipment. The <insert governance on WEEE> distinguishes between waste management of equipment sold to private households prior to a date, as determined by each Member State (historical waste), and waste management of equipment sold to private households after that date (new waste). A provision for the expected costs of management of historical waste is recognized when the Group participates in the market during the measurement period, as determined by each Member State, and the costs can be reliably measured. These costs are recognized as other operating expenses in the statement of profit or loss.

With respect to new waste, a provision for the expected costs is recognized when products that fall within the directive are sold and the disposal costs can be reliably measured. Derecognition takes place when the obligation expires, is settled or is transferred. These costs are recognized as part of costs of sales.

With respect to equipment sold to entities other than private households, a provision is recognized when the Group becomes responsible for the costs of this waste management, with the costs recognized as other operating expenses or cost of sales, as appropriate.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

w) Pensions and other post-employment benefits

The Group operates a defined benefit pension plan in <insert country>, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post employment health care benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

42

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024**

2 Accounting policies (continued)

2.3 Summary of accounting policies (continued)

w) Pensions and other post-employment benefits (continued)

- Net interest expense or income

x) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

- 2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
x) Share-based payments (continued)

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 30.

That cost is recognized in employee benefits expense (Note 12.7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Cash-settled transactions

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 12.7). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 30. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

- 2 Accounting policies (continued)
2.4 Changes in accounting policies and disclosures

Revaluation of office properties in <insert country> (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 2020, the Group elected to change the method of accounting for office properties in <insert country> classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the office properties' fair value. The Group applied the revaluation model prospectively.

After initial recognition, office properties in <insert country> are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 15.

Employees (including senior executives) or the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 32.

That cost is recognized in employee benefits expense (Note 12.7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

- 2 Accounting policies (continued)
2.3 Summary of accounting policies (continued)
x) Share-based payments (continued)

Cash-settled transactions

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 12.7). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 32. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

y) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements.

The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.4 Changes in accounting policies and disclosures

Revaluation of office properties in <insert country> (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 20XX, the Group elected to change the method of accounting for office properties in <insert country> classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the office properties' fair value. The Group applied the revaluation model prospectively.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense)..

Amendments to PAS 12, International Tax Reform – Pillar Two Model Rules

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

2.5 Correction of an error

In <insert date>, a subsidiary entered into a sales contract with a new customer to sell equipment for a two-year period. As part of the negotiations, a variation was made to the standard terms and conditions to sell the equipment to this customer on consignment basis, under which the Group does not relinquish control of the consigned product until it is sold to an end customer. However, the subsidiary continued to recognize revenue at the point before control transferred to the customer. As a consequence, revenue was overstated. In <insert date>, the subsidiary conducted a detailed review of the terms and conditions of its sales contracts and discovered the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

After initial recognition, office properties in <insert country> are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 15.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

Supplier Finance Arrangements - Amendments to PAS 7 and PFRS 7

The amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 19.5 and Note 29.

2.5 Correction of an error

In <insert date>, a subsidiary entered into a sales contract with a new customer to sell equipment for a two-year period. As part of the negotiations, a variation was made to the standard terms and conditions to sell the equipment to this customer on consignment basis, under which the Group does not relinquish control of the consigned product until it is sold to an end customer. However, the subsidiary continued to recognize revenue at the point before control transferred to the customer. As a consequence, revenue was overstated. In <insert date>, the subsidiary conducted a detailed review of the terms and conditions of its sales contracts and discovered the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)

	December 31, 2024	December 31, 2023
	P000	P000
Inventories	1,000	500
Trade receivables	(3,500)	(1,500)
Total assets	(2,500)	(1,000)
Income tax payable	750	300
Total liabilities	750	300
Net impact on equity	(1,750)	(700)

Impact on the consolidated statement of profit or loss (increase/(decrease) in profit)

	2024
	P000
Revenue from contracts with customers	(2,000)
Cost of sales	500
Income tax expense	450
Net impact on loss for the year	(1,050)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.5 Correction of an error (continued)

Impact on equity (increase/(decrease) in equity)

	December 31, 2023	December 31, 2022
	P000	P000
Inventories	1,000	500
Trade receivables	(3,500)	(1,500)
Total assets	(2,500)	(1,000)
Income tax payable	750	300
Total liabilities	750	300
Net impact on equity	(1,750)	(700)

Impact on the consolidated statement of profit or loss (increase/(decrease) in profit)

	2023
	P000
Revenue from contracts with customers	(2,000)
Cost of sales	500
Income tax expense	450
Net impact on loss for the year	(1,050)

Attributable to:
Equity holders of the parent (1,050)
Non-controlling interests -

2.6 Climate-related matters

New and amended standards and interpretations

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. See Note 2.3 (j) for further information.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

2 Accounting policies (continued)

2.6 Climate-related matters (continued)

New and amended standards and interpretations (continued)

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group's

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

2 Accounting policies (continued)

2.5 Correction of an error (continued)

Impact on the consolidated statement of profit or loss (increase/(decrease) in profit) (continued)

Attributable to:
Equity holders of the parent (1,050)
Non-controlling interests -

2.6 Climate-related matters

New and amended standards and interpretations

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. See Note 2.3 (j) for further information.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group's <insert CGU> and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further information.
- Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. See Note 11 for further information.
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities. See Note 2.3 v for further disclosures.
- Emission rights. The Group receives free emission rights on an annual basis and, in return, it is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. Note 2.3 v for further information.

operation for the lesser value of emissions. Management also considers the effect of the Group's <insert CGU> and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further information.

- Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. See Note 12 for further information.
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities. See Note 2.3 v for further disclosures.
- Emission rights. The Group receives free emission rights on an annual basis and, in return, it is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. Note 2.3 v for further information.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 5
- Financial instruments risk management and policies Note 19.5
- Sensitivity analyses disclosures Notes 19.4, 19.5 and 31

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

48

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

3 Significant accounting judgements, estimates and assumptions (continued)

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 30 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Assets held for sale

On XXXX X, 2023, the Board of Directors announced its decision to discontinue <insert Segment/Division and Group name>, a wholly owned subsidiary. Operations of <insert Group name> are classified as a disposal group held for sale. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 5
- Financial instruments risk management and policies Note 19.5
- Sensitivity analyses disclosures Notes 19.4, 19.5 and 31

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 30 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

47

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

3 Significant accounting judgements, estimates and assumptions (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Assets held for sale

On XXXX X, 2024, the Board of Directors announced its decision to discontinue <insert Segment/Division

[illegible]

3 Significant accounting judgements, estimates and assumptions (continued) Revaluation of property, plant and equipment and investment properties The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, it measures the office properties in <insert country> at revalued amounts, with changes in fair value being recognized in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at December 31, 2023 for the investment properties and at January 1 and December 31, 2023 for the office properties in <insert country>. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 15 and 16. Impairment of non-financial assets Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18. Provision for expected credit losses of trade receivables and contract assets The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21.	49	TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024
		3 Significant accounting judgements, estimates and assumptions (continued) Impairment of non-financial assets Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18. Provision for expected credit losses of trade receivables and contract assets The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21.
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023	51	
3 Significant accounting judgements, estimates and assumptions (continued) Share-based payments Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for <name of the plan> and a Monte-Carlo simulation model for <name of the share option plan>. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32. Taxes Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has PXXX,XXX (2022: PX,XXX,XXX) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward. If the Group was able to recognize all unrecognized deferred tax assets, profit and equity would have increased by PXXX,XXX. Further details on taxes are disclosed in Note 14.	50	TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024
3 Significant accounting judgements, estimates and assumptions (continued)		3 Significant accounting judgements, estimates and assumptions (continued)

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 31.

52

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

3 Significant accounting judgements, estimates and assumptions (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 19.4 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 7 and 19.4 for details).

As part of the accounting for the acquisition of <insert Company name>, contingent consideration with an estimated fair value of ₪XXX,XXX was recognized at the acquisition date and remeasured to ₪X,XXX,XXX as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is ₪X,XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

Development costs

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At December 31, 2023, the carrying amount of capitalized development costs was ₪P2,178,000 (2022: ₪P1,686,000).

This amount includes significant investment in the development of an <insert description>. Prior to being marketed, it will need to obtain an approval from the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the approval will be obtained.

Provision for decommissioning

As part of the identification and measurement of assets and liabilities for the acquisition of <insert Company name> in 2023, the Group has recognized a provision for decommissioning obligations associated with a factory owned by <insert Company name>. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. In estimating the expected cost, the Group takes into account changes in environmental legislation and regulations that may impact the process for dismantling and removing the plant. The carrying amount of the provision as at December 31, 2023 was ₪X,XXX,XXX (2022: ₪Nil). The Group estimates that the costs would be realized in XX years' time and calculates the provision using the DCF method based on the following assumptions:

- Estimated range of cost per sqm - ₪XX - ₪XX (₪XX)
- Discount rate - XX%

53

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is most sensitive to changes in the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 19.4 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 7 and 19.4 for details).

As part of the accounting for the acquisition of <insert Company name>, contingent consideration with an estimated fair value of ₪XXX,XXX was recognized at the acquisition date and remeasured to ₪X,XXX,XXX as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is ₪X,XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

Development costs

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At December 31, 2024, the carrying amount of capitalized development costs was ₪P2,178,000 (2023: ₪P1,686,000).

51

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

3 Significant accounting judgements, estimates and assumptions (continued)

This amount includes significant investment in the development of an <insert description>. Prior to being marketed, it will need to obtain an approval from the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the approval will be obtained.

Useful lives and residual values of property, plant and equipment

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, it determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on its buildings and office properties.

Provision for decommissioning

As part of the identification and measurement of assets and liabilities for the acquisition of <insert Company name> in 2024, the Group has recognized a provision for decommissioning obligations associated with a factory owned by <insert Company name>. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. In estimating the expected cost, the Group takes into account changes in environmental legislation and regulations that may impact the process for dismantling and removing the plant. The carrying amount of the provision as at December 31, 2024 was ₪X,XXX,XXX (2023: ₪Nil). The Group estimates that the costs would be realized in XX years' time and calculates the provision using the DCF method based on the following assumptions:

- Estimated range of cost per sqm - ₪XX - ₪XX (₪XX)
- Discount rate - XX%

If the estimated pre-tax discount rate used in the calculation had been X% higher than management's estimate, the carrying amount of the provision would have been ₪XX,XXX lower.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

3 Significant accounting judgements, estimates and assumptions (continued)

If the estimated pre-tax discount rate used in the calculation had been X% higher than management's estimate, the carrying amount of the provision would have been PXX,XXX lower.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of <insert description of products sold> with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to **come up with** expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer **will be** likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at December 31, **2023**, the amount recognized as refund liabilities for the expected returns and volume rebates was P~~X~~,XXX,XXX (**2022**: P~~X~~,XXX,XXX).

Revenue recognition - Estimating stand-alone selling price – loyalty program

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty program. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the program do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at December 31, **2023**, the estimated liability for unredeemed points was P~~XXX~~,XXX (**2022**: P~~XXX~~,XXX). If the estimated redemption rate used had been higher by X% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at December 31, **2023** would have been higher by P~~X~~,XXX (**2022**: P~~X~~,XXX).

54

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

3 Significant accounting judgements, estimates and assumptions (continued)

Leases - Estimating the incremental borrowing cost

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended December 31, **2023**
<insert <insert

estimate, the carrying amount of the provision would have been P~~XXX~~,XXX lower.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of <insert description of products sold> with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to **estimate** expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer **is** likely to be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

52

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

3 Significant accounting judgements, estimates and assumptions (continued)

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at December 31, **2024**, the amount recognized as refund liabilities for the expected returns and volume rebates was P~~X~~,XXX,XXX (**2023**: P~~X~~,XXX,XXX).

Revenue recognition - Estimating stand-alone selling price – loyalty program

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty program. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the program do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at December 31, **2024**, the estimated liability for unredeemed points was P~~XXX~~,XXX (**2023**: P~~XXX~~,XXX). If the estimated redemption rate used had been higher by X% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at December 31, **2024** would have been higher by P~~X~~,XXX (**2023**: P~~X~~,XXX).

Leases - Estimating the incremental borrowing cost

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended December 31, 2024			
Segments	<insert product 1>	<insert product 2>	Total
	P000	P000	P000

53

Segments	product 1> P000	product 2> P000	Total P000
Type of goods or service			
Sale of <insert product>	85,438	-	85,438
Sale of <insert product>	-	69,263	69,263
Installation services	17,131	-	17,131
Others*	7,226	-	7,226
Total revenue from contracts with customers	109,795	69,263	179,058
Geographical markets			
<insert country/region>	76,413	50,421	126,834
<insert country/region>	33,382	18,842	52,224
Total revenue from contracts with customers	109,795	69,263	179,058
Timing of revenue recognition			
Goods and services transferred at a point in time	90,141	69,263	159,404
Goods and services transferred over time	19,654	-	19,654
Total revenue from contracts with customers	109,795	69,263	179,058

* Includes revenue from procurement services and service-type warranties.

For the year ended December 31, 2022			
Segments	<insert product 1> P000	<insert product 2> P000	Total P000
Type of goods or service			
Sale of <insert product>	69,107	-	69,107
Sale of <insert product>	-	66,621	66,621
Installation services	16,537	-	16,537
Others*	6,823	-	6,823
Total revenue from contracts with customers	92,467	66,621	159,088

55

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

4 Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

For the year ended December 31, 2022			
Segments	<insert product 1> P000	<insert product 2> P000	Total P000
Geographical markets			
<insert country/region>	62,239	48,968	111,207
<insert country/region>	30,228	17,653	47,881
Total revenue from contracts with customers	92,467	66,621	159,088
Timing of revenue recognition			
Goods and services transferred at a point in time	73,696	66,621	140,317
Goods and services transferred over time	18,771	-	18,771
Total revenue from contracts with customers	92,467	66,621	159,088

* Includes revenue from procurement services and service-type warranties.

Segments

* Includes revenue from procurement services and service-type warranties.
Set out below, is the reconciliation of the revenue from contracts with customers to the amounts per type of product line:

For the years ended December 31				
	2023	2022		
	<insert product 1> P000	<insert product 2> P000	<insert product 1> P000	<insert product 2> P000
Revenue				
External customer	139,842	69,263	121,905	66,621
Inter-segment	-	7,465	-	7,319
	139,842	76,728	121,905	73,940
Inter-segment adjustments and eliminations	(30,047)	(7,465)	(29,438)	(7,319)
Total revenue from contracts with customers	109,795	69,263	92,467	66,621

4.2 Contract balances

	December 31 2023 P000	December 31 2022 P000	January 1 2021 P000
Trade receivables (Note 21)	25,672	22,290	25,537
Contract assets	4,541	5,180	3,450
Contract liabilities (Note 28)	5,842	3,374	2,528

The acquisition of a subsidiary resulted in an increase in trade receivables of PXX,XXX,XXX in 2023 (2022: PXXX,XXX) (Note 8). In 2023, PXXX,XXX (2022: PXX,XXX) was recognized as provision for expected credit losses on trade receivables.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

4 Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

For the year ended December 31, 2024			
Segments	<insert product 1> P000	<insert product 2> P000	Total P000
Type of goods or service			
Sale of <insert product>	85,438	-	85,438
Sale of <insert product>	-	69,263	69,263
Installation services	17,131	-	17,131
Others*	7,226	-	7,226
Total revenue from contracts with customers	109,795	69,263	179,058
Geographical markets			
<insert country/region>	76,413	50,421	126,834
<insert country/region>	33,382	18,842	52,224
Total revenue from contracts with customers	109,795	69,263	179,058
Timing of revenue recognition			
Goods and services transferred at a point in time	90,141	69,263	159,404
Services transferred over time	19,654	-	19,654
Total revenue from contracts with customers	109,795	69,263	179,058

* Includes revenue from procurement services and service-type warranties.

For the year ended December 31, 2023			
Segments	<insert product 1> P000	<insert product 2> P000	Total P000
Type of goods or service			
Sale of <insert product>	69,107	-	69,107
Sale of <insert product>	-	66,621	66,621
Installation services	16,537	-	16,537
Others*	6,823	-	6,823
Total revenue from contracts with customers	92,467	66,621	159,088
Geographical markets			
<insert country/region>	62,239	48,968	111,207
<insert country/region>	30,228	17,653	47,881
Total revenue from contracts with customers	92,467	66,621	159,088
Timing of revenue recognition			
Goods and services transferred at a point in time	73,696	66,621	140,317
Services transferred over time	18,771	-	18,771
Total revenue from contracts with customers	92,467	66,621	159,088

* Includes revenue from procurement services and service-type warranties.

Segments

* Includes revenue from procurement services and service-type warranties.

Set out below, is the reconciliation of the revenue from contracts with customers to the amounts per type of product line:

54

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

4 Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

For the years ended December 31				
	2024	2023		
	<insert product 1> P000	<insert product 2> P000	<insert product 1> P000	<insert product 2> P000
Revenue				
External customer	139,842	69,263	121,905	66,621
Inter-segment	-	7,465	-	7,319
	139,842	76,728	121,905	73,940
Inter-segment adjustments and eliminations	(30,047)	(7,465)	(29,438)	(7,319)
Total revenue from contracts with customers	109,795	69,263	92,467	66,621

4.2 Contract balances

	December 31 2024	December 31 2023	January 1 2022
--	---------------------	---------------------	-------------------

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

4 Revenue from contracts with customers (continued)

4.2 Contract balances (continued)

Contract assets relate to revenue earned from ongoing installation services. As such, the balances of this account vary and depend on the number of ongoing installation services at the end of the year. In **2023**, **₱X,XXX (2022: ₱X,XXX)** was recognized as provision for expected credit losses on contract assets.

Contract liabilities include long-term advances received to deliver <insert product> and short-term advances received to render installation services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed. The outstanding balances of these accounts increased in **2023** and **2022** due to the continuous increase in the Group's customer base (Note 28).

The significant increase in contract liabilities in **2023** was mainly due to the **₱X,XXX,XXX** long-term advances received from customers during the year. In **2023**, **₱XXX,XXX (2022: ₱XX,XXX)** was recognized as interest on long-term advances increasing the contract liabilities' balance (Note 12.3). The acquisition of a subsidiary also resulted in an increase in contract liabilities of **₱XXX,XXX** in **2023 (2022: ₱Nil)** (Note 7).

Set out below is the amount of revenue recognized from:

	2023	2022
	₱000	₱000
Amounts included in contract liabilities at the beginning of the year	2,486	1,836
Performance obligations satisfied in previous years	516	252

4.3 Right of return assets and refund liabilities

	2023	2022
	₱000	₱000
Right of return assets	1,124	929
Refund liabilities		
Arising from retrospective volume rebates	4,658	4,504
Arising from right of returns	1,584	1,340
	6,242	5,844

4.4 Performance obligations

Information about the Group's performance obligations are summarized below:

<insert product>

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within XX to XX days from delivery.

The performance obligation to deliver <insert product> with a manufacturing lead time of XX years has two alternative payment options. The customer can pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract. There is a significant financing component for those contracts where the customer elected to pay in advance.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

4 Revenue from contracts with customers (continued)

4.4 Performance obligations (continued)

In some contracts, a one-year warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied over the coverage period based on time elapsed.

<insert product>

The performance obligation is satisfied upon delivery of the <insert description of products sold> and payment is generally due within XX to XX days from delivery. Some contracts provide customers with a

	₱000	₱000	₱000
Trade receivables (Note 21)	25,672	22,290	25,537
Contract assets	4,541	5,180	3,450
Contract liabilities (Note 28)	5,842	3,374	2,528

The acquisition of a subsidiary resulted in an increase in trade receivables of **₱X,XXX,XXX** in **2024 (2023: ₱XXX,XXX)** (Note 21). In **2024**, **₱XXX,XXX (2023: ₱XX,XXX)** was recognized as provision for expected credit losses on trade receivables.

Contract assets relate to revenue earned from ongoing installation services. As such, the balances of this account vary and depend on the number of ongoing installation services at the end of the year. In **2024**, **₱X,XXX (2023: ₱X,XXX)** was recognized as provision for expected credit losses on contract assets.

Contract liabilities include long-term advances received to deliver <insert product> and short-term advances received to render installation services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed. The outstanding balances of these accounts increased in **2024** and **2023** due to the continuous increase in the Group's customer base (Note 28).

The significant increase in contract liabilities in **2024** was mainly due to the **₱X,XXX,XXX** long-term advances received from customers during the year. In **2024**, **₱XXX,XXX (2023: ₱XX,XXX)** was recognized as interest on long-term advances increasing the contract liabilities' balance (Note 12.3). The acquisition of a subsidiary also resulted in an increase in contract liabilities of **₱XXX,XXX** in **2024 (2023: ₱Nil)** (Note 7).

Set out below is the amount of revenue recognized from:

	2024	2023
	₱000	₱000
Amounts included in contract liabilities at the beginning of the year	2,486	1,836
Performance obligations satisfied in previous years	516	252

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

4 Revenue from contracts with customers (continued)

4.2 Contract balances (continued)

4.3 Right of return assets and refund liabilities

	2024	2023
	₱000	₱000
Right of return assets	1,124	929
Refund liabilities		
Arising from retrospective volume rebates	4,658	4,504
Arising from right of returns	1,584	1,340
	6,242	5,844

4.4 Performance obligations

Information about the Group's performance obligations are summarized below:

<insert product>

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within XX to XX days from delivery.

The performance obligation to deliver <insert product> with a manufacturing lead time of XX years has two alternative payment options. The customer can pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract. There is a significant financing component for those contracts where the customer elected to pay in advance.

In some contracts, a one-year warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied over the coverage period based on time elapsed.

<insert product>

The performance obligation is satisfied upon delivery of the <insert description of products sold> and payment is generally due within XX to XX days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Customers are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognized when the points are redeemed.

In addition, the Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Installation services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Procurement services

There are contracts with customers to acquire, on their behalf, <insert product> produced by foreign suppliers. The Group is acting as agent in these arrangements. The performance obligation is satisfied and payment is due upon receipt of the equipment by the customer.

right of return and volume rebates which give rise to variable consideration subject to constraint.

Customers are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognized when the points are redeemed.

In addition, the Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Installation services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Procurement services

There are contracts with customers to acquire, on their behalf, <insert product> produced by foreign suppliers. The Group is acting as agent in these arrangements. The performance obligation is satisfied and payment is due upon receipt of the equipment by the customer.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are, as follows:

	2023	2022
	P000	P000
Within one year	12,915	8,793
More than one year	7,216	2,152
	20,131	10,945

The remaining performance obligations expected to be recognized in more than one year relate to the delivery of <insert product> that is to be satisfied within two years and the customer loyalty program. The customer loyalty points have no expiration and redemptions can go beyond two years (Note26). All the other remaining performance obligations are expected to be recognized within one year.

5 Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

58

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

5 Capital management (continued)

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between XX% and XX%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	2023	2022
	P000	P000
Interest-bearing loans and borrowings other than convertible preference shares (Note 19.2)	22,201	23,811
Trade and other payables (Note 29)	16,969	20,023
Less: cash and short-term deposits (Note 23)	(17,528)	(14,916)
Net debt	21,642	28,918
Convertible preference shares (Note 19.2)	2,778	2,644
Equity	58,273	45,102
Total capital	61,051	47,746
Capital and net debt	82,693	76,664
Gearing ratio	26%	38%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

6 Group Information

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2023	2022

56

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

4 Revenue from contracts with customers (continued)

4.4 Performance obligations (continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are, as follows:

	2024	2023
	P000	P000
Within one year	12,915	8,793
More than one year	7,216	2,152
	20,131	10,945

The remaining performance obligations expected to be recognized in more than one year relate to the delivery of <insert product> that is to be satisfied within two years and the customer loyalty program. The customer loyalty points have no expiration and redemptions can go beyond two years (Note28). All the other remaining performance obligations are expected to be recognized within one year.

5 Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between XX% and XX%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations. The Group has established a supplier finance arrangement to manage its working capital. See Note 19.5 and Note 29 for further details.

	2024	2023
	P000	P000
Interest-bearing loans and borrowings other than convertible preference shares (Note 19.2)	24,979	26,455
Trade and other payables (Note 29)	16,969	20,023
Less: cash and short-term deposits (Note 23)	(17,528)	(14,916)
Net debt	24,420	31,562
Convertible preference shares (Note 19.2)	2,778	2,644
Equity	58,357	45,102
Total capital	61,135	47,746
Capital and net debt	85,555	79,308
Gearing ratio	26%	38%

57

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

5 Capital management (continued)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

6 Group Information

Subsidiaries

<insert Company name> <insert Company name> <insert Company name>* <insert Company name> <insert Company name> <insert Company name> <insert Company name> <insert Company name>*	<insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities> <insert principal activities>	<insert country> <insert country> <insert country> <insert country> <insert country> <insert country> <insert country> <insert country> <insert country>	80.0 95.0 100.0 98.0 100.0 87.4 100.0 48.0	- 95.0 - 98.0 100.0 80.0 100.0 48.0
* TR Example Group holds XX% of the equity in <insert Company name>, but consolidates XXX% of this entity.				
59				
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023				
6 Group Information (continued)				
See Note 3 for details on interest held in <insert Company name>.				
** TR Example Group consolidates this entity based on de facto control. See Note 3 for more details.				
The holding company The immediate and ultimate holding company of the TR Example Group is [insert Company name] which owns XX.XX% (2022: XX.XX%) of its ordinary shares is based and listed in [insert country].				
Entity with significant influence over the Group [insert Company name] owns XX.XX% of the ordinary shares in TR Example Group (2022: XX.XX%).				
Associate The Group has a XX% interest in [insert Company name] (2022: XX%). For more details, refer to Note 10.				
Joint arrangement in which the Group is a joint venturer The Group has XX% interest in [insert Company name] (2022: XX%). For more details, refer to Note 9.				
7 Business combinations and acquisition of non-controlling interests				
Acquisitions in 2023 Acquisition of <insert name> On XXXX X, 20XX, the Group acquired XX% of the voting shares of <insert name>, a non-listed company based in [Country] and specializing in the manufacture of [insert product], in exchange for the Group's shares. The Group acquired <insert name> because it significantly enlarges the range of products in the <insert explanation of type of product> that can be offered to its clients.				
The Group has elected to measure the non-controlling interests in the acquiree at fair value.				
Assets acquired and liabilities assumed The fair values of the identifiable assets and liabilities of [Enter name here] as at the date of acquisition were:				
			Fair value recognized on acquisition P000	
Assets				
Property, plant and equipment (Note 15)			7,042	
Right-of-use assets (Note 30)			248	
Cash and cash equivalents			230	
Trade receivables (Note 4)			1,716	
Inventories			3,330	
Patents and licenses (Note 17)			1,200	
			13,766	
60				
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023				
7 Business combinations and acquisition of non-controlling interests (continued)				

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2024	2023
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>*	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>**	<insert principal activities>	<insert country>	-	-

* TR Example Group holds XX% of the equity in <insert Company name>, but consolidates XXX% of this entity.

See Note 3 for details on interest held in <insert Company name>.

** TR Example Group consolidates this entity based on de facto control. See Note 3 for more details.

The holding company

The immediate and ultimate holding company of the TR Example Group is [insert Company name] which owns XX.XX% (2023: XX.XX%) of its ordinary shares is based and listed in [insert country].

Entity with significant influence over the Group

[insert Company name] owns XX.XX% of the ordinary shares in TR Example Group (2023: XX.XX%).

Associate

The Group has a XX% interest in [insert Company name] (2023: XX%). For more details, refer to Note 10.

Joint arrangement in which the Group is a joint venturer

The Group has XX% interest in [insert Company name] (2023: XX%). For more details, refer to Note 9.

7 Business combinations and acquisition of non-controlling interests

Acquisitions in 2024

Acquisition of <insert name>

On XXXX X, 20XX, the Group acquired XX% of the voting shares of <insert name>, a non-listed company based in [Country] and specializing in the manufacture of [insert product], in exchange for the Group's shares. The Group acquired <insert name> because it significantly enlarges the range of products in the <insert explanation of type of product> that can be offered to its clients.

58

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2024

7 Business combinations and acquisition of non-controlling interests (continued)

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of [Enter name here] as at the date of acquisition were:

	Fair value recognized on acquisition P000
Assets	
Property, plant and equipment (Note 15)	7,042
Right-of-use assets (Note 30)	248
Cash and cash equivalents	230
Trade receivables (Note 4)	1,716
Inventories	3,330
Patents and licenses (Note 17)	1,200
	13,766
Liabilities	
Trade payables	(1,901)
Lease liabilities (Note 30)	(213)
Contract liabilities (Note 4)	(428)
Contingent liability (Note 26)	(380)
Provision for restructuring (Note 26)	(900)
Provision for decommissioning costs (Note 26)	(1,200)
Deferred tax liability (Note 14)	(1,511)
	(6,533)
Total identifiable net assets at fair value	7,233
Non-controlling interest measured at fair value	(1,547)
Goodwill arising on acquisition (Note 17)	2,231
Purchase consideration transferred	7,917

The acquisition date fair value of the trade receivables amounts to ₪X,XXX,XXX. The gross amount of trade receivables is ₪X,XXX,XXX and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable terms of the lease relative to market terms.

Prior to the acquisition, <insert name> decided to eliminate certain product lines (further details are given

	Fair value recognized on acquisition P000
Liabilities	
Trade payables	(1,901)
Lease liabilities (Note 30)	(213)
Contract liabilities (Note 4)	(428)
Contingent liability (Note 26)	(380)
Provision for restructuring (Note 26)	(900)
Provision for decommissioning costs (Note 26)	(1,200)
Deferred tax liability (Note 14)	(1,511)
	<u>(6,533)</u>
Total identifiable net assets at fair value	7,233
Non-controlling interest measured at fair value	(1,547)
Goodwill arising on acquisition (Note 17)	2,231
Purchase consideration transferred	<u>7,917</u>
The acquisition date fair value of the trade receivables amounts to ₱X,XXX,XXX. The gross amount of trade receivables is ₱X,XXX,XXX and it is expected that the full contractual amounts can be collected.	
The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable terms of the lease relative to market terms.	
Prior to the acquisition, <insert name> decided to eliminate certain product lines (further details are given in Note 26. The restructuring provision recognized was a present obligation of <insert name> immediately prior to the business combination. The execution of the restructuring plan was not conditional upon it being acquired by the [Group].	
The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.	
The goodwill of X,XXX,XXX comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognized. Goodwill is allocated entirely to the <insert the CGU>. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under PAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes.	
A contingent liability at fair value of ₱XXX,XXX was recognized at the acquisition date resulting from a claim of a supplier whose shipment was rejected and payment was refused by the Group due to deviations from the defined technical specifications of the goods. The claim is subject to legal arbitration and is only expected to be finalized in late 2021. As at the reporting date, the contingent liability was re-assessed and is determined to be ₱XXX,XXX, based on the expected probable outcome (see Note 26). The charge to profit or loss has been recognized.	
The fair value of the non-controlling interest in <insert name> a non-listed company, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:	
61	
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023	
7 Business combinations and acquisition of non-controlling interests (continued)	
- An assumed discount rate of XX% - A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from X% to X%, which has been used to determine income for the future years - A reinvestment ratio of XX% of earnings	
From the date of acquisition, <insert name> contributed ₱XX,XXX,XXX of revenue and ₱XXX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ₱XX,XXX,XXX and profit before tax from continuing operations for the Group would have been ₱X,XXX,XXX.	
	P000
Purchase consideration	
Shares issued, at fair value	7,203
Contingent consideration liability	714
Total consideration	<u>7,917</u>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(600)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	230
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(32)
Net cash flow on acquisition	<u>(402)</u>
The Group issued X,XXX,XXX ordinary shares as consideration for the XX% interest in <insert name>. The fair value of the shares is calculated with reference to the quoted price of the shares of the Group at	

in Note 26. The restructuring provision recognized was a present obligation of <insert name> immediately prior to the business combination. The execution of the restructuring plan was not conditional upon it being acquired by the [Group]. The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.		59
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024		
7 Business combinations and acquisition of non-controlling interests (continued)		
The goodwill of X,XXX,XXX comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognized. Goodwill is allocated entirely to the <insert the CGU>. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under PAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes.		
A contingent liability at fair value of ₱XXX,XXX was recognized at the acquisition date resulting from a claim of a supplier whose shipment was rejected and payment was refused by the Group due to deviations from the defined technical specifications of the goods. The claim is subject to legal arbitration and is only expected to be finalized in late 20XX. As at the reporting date, the contingent liability was re-assessed and is determined to be ₱XXX,XXX, based on the expected probable outcome (see Note 26). The charge to profit or loss has been recognized.		
The fair value of the non-controlling interest in <insert name> a non-listed company, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:		
- An assumed discount rate of XX% - A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from X% to X%, which has been used to determine income for the future years - A reinvestment ratio of XX% of earnings		
From the date of acquisition, <insert name> contributed ₱XX,XXX,XXX of revenue and ₱XXX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ₱XX,XXX,XXX and profit before tax from continuing operations for the Group would have been ₱X,XXX,XXX.		
	P000	
Purchase consideration		
Shares issued, at fair value	7,203	
Contingent consideration liability	714	
Total consideration	<u>7,917</u>	
Analysis of cash flows on acquisition:		
Transaction costs of the acquisition (included in cash flows from operating activities)	(600)	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	230	
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(32)	
Net cash flow on acquisition	<u>(402)</u>	
The Group issued X,XXX,XXX ordinary shares as consideration for the XX% interest in <insert name>. The fair value of the shares is calculated with reference to the quoted price of the shares of the Group at the date of acquisition, which was ₱X.XX per share. The fair value of the consideration given was therefore ₱X,XXX,XXX.		60
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)		

the date of acquisition, which was ₱X.XX per share. The fair value of the consideration given was therefore ₱X,XXX,XXX.

Transaction costs of ₱XXX,XXX were expensed and are included in administrative expenses. The attributable costs of the issuance of the shares of ₱XX,XXX have been charged directly to equity as a reduction in share premium.

Contingent consideration

As part of the purchase agreement with the previous owner of [insert Company name], a contingent consideration has been agreed. There will be additional cash payments to the previous owners of [insert Company name] of:

- (a) ₱XXX,XXX, if the entity generates up to ₱X,XXX,XXX of profit before tax in a XX-month period after the acquisition date

Or

- (b) ₱X,XXX,XXX, if the entity generates ₱X,XXX,XXX or more of profit before tax in a XX-month period after the acquisition date

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₱XXX,XXX.

62

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

7 Business combinations and acquisition of non-controlling interests (continued)

As at December 31, 2023, the key performance indicators of <insert Company name> show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realized. The fair value of the contingent consideration determined at December 31, 2023 reflects this development, among other factors and a remeasurement charge has been recognized through profit or loss. The fair value is determined using a DCF method. The significant unobservable inputs used in the fair value measurements, together with a quantitative sensitivity analysis as at December 31, 2023 are provided in Note 19.4. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

	₱000
Liability arising on business combination	714
Unrealized fair value changes recognized in profit or loss	358
As at December 31, 2023	1,072

The fair value of the contingent consideration liability increased due to a significantly improved performance of <insert Company name> compared with the budget. The contingent consideration liability is due for final measurement and payment to the former shareholders on XXXXXX XX, 20XX.

Acquisition of additional interest in <insert name>

On XXXX XX, 2023, the Group acquired an additional X.X% interest in the voting shares of <insert name>, increasing its ownership interest to XX.X%. Cash consideration of ₱XXX,XXX was paid to the non-controlling shareholders. The carrying value of the net assets of <insert name> (excluding goodwill on the original acquisition) was ₱X,XXX,XXX. Following is a schedule of additional interest acquired in <insert name>:

	₱000
Cash consideration paid to non-controlling shareholders	325
Carrying value of the additional interest in <Company name>	(135)
Difference recognized in retained earnings	190

Acquisitions in 2022

Acquisition of <insert name>

On XXXX X, 2022, the Group acquired XX% of the voting shares of <insert name>, a company based in <insert country>, specializing in the production and distribution <insert product>. The Group acquired this business to <insert reason for the purchase>.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

63

For the year ended December 31, 2024

7 Business combinations and acquisition of non-controlling interests (continued)

Transaction costs of ₱XXX,XXX were expensed and are included in administrative expenses. The attributable costs of the issuance of the shares of ₱XX,XXX have been charged directly to equity as a reduction in share premium.

Contingent consideration

As part of the purchase agreement with the previous owner of [insert Company name], a contingent consideration has been agreed. There will be additional cash payments to the previous owners of [insert Company name] of:

- (a) ₱XXX,XXX, if the entity generates up to ₱X,XXX,XXX of profit before tax in a XX-month period after the acquisition date; or,

- (b) ₱X,XXX,XXX, if the entity generates ₱X,XXX,XXX or more of profit before tax in a XX-month period after the acquisition date

As at the acquisition date, the fair value of the contingent consideration was estimated to be ₱XXX,XXX.

The contingent consideration is classified as other financial liability (see Note 19.2).

As at December 31, 2024, the key performance indicators of <insert Company name> show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realized. The fair value of the contingent consideration determined at December 31, 2024 reflects this development, among other factors and a remeasurement charge has been recognized through profit or loss. The fair value is determined using a DCF method. The significant unobservable inputs used in the fair value measurements, together with a quantitative sensitivity analysis as at December 31, 2024 are provided in Note 19.4. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

	₱000
Liability arising on business combination	714
Unrealized fair value changes recognized in profit or loss	358
As at December 31, 2024	1,072

The fair value of the contingent consideration liability increased due to a significantly improved performance of <insert Company name> compared with the budget. The contingent consideration liability is due for final measurement and payment to the former shareholders on XXXXXX XX, 20XX.

Acquisition of additional interest in <insert name>

On XXXX XX, 2024, the Group acquired an additional X.X% interest in the voting shares of <insert name>, increasing its ownership interest to XX.X%. Cash consideration of ₱XXX,XXX was paid to the non-controlling shareholders. The carrying value of the net assets of <insert name> (excluding goodwill on the original acquisition) was ₱X,XXX,XXX. Following is a schedule of additional interest acquired in <insert name>:

	₱000
Cash consideration paid to non-controlling shareholders	325
Carrying value of the additional interest in <Company name>	(135)
Difference recognized in retained earnings	190

61

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

7 Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2023

Acquisition of <insert name>

On XXXX X, 2023, the Group acquired XX% of the voting shares of <insert name>, a company based in <insert country>, specializing in the production and distribution <insert product>. The Group acquired this business to <insert reason for the purchase>.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

	Fair value recognized on acquisition
	₱000
Land and buildings (Note 15)	1,280
Cash and cash equivalents	50
Trade receivables (Note 4)	853
Inventories	765
Total assets	2,948
Trade payables	(807)
Deferred tax liability (Note 14)	(380)
Provision for maintenance warranties	(50)
Total liabilities	(1,237)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

7 Business combinations and acquisition of non-controlling interests (continued)

	Fair value recognized on acquisition
	P000
Land and buildings (Note 15)	1,280
Cash and cash equivalents	50
Trade receivables (Note 4)	853
Inventories	765
Total assets	2,948
Trade payables	(807)
Deferred tax liability (Note 14)	(380)
Provision for maintenance warranties	(50)
Total liabilities	(1,237)
Total identifiable net assets at fair value	1,711
Non-controlling interest measured at fair value	(342)
Goodwill arising on acquisition (Note 17)	131
Purchase consideration transferred	1,500
	Cash flow on acquisition
	P000
Net cash acquired with the subsidiary (included in cash flows from investing activities)	50
Cash paid	(1,500)
Net cash flow on acquisition	(1,450)

The net assets recognized in the December 31, 2022 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the land and buildings owned by <insert Company name>. The valuation had not been completed by the date the 2022 financial statements were approved for issue by the Board of Directors.

In XXXXX 2023, the valuation was completed and the acquisition date fair value of the land and buildings was P_{X,XXX,XXX}, an increase of P_{XXX,XXX} over the provisional value. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liability of P_{XX,XXX} and an increase in the non-controlling interest of P_{XX,XXX}. There was also a corresponding reduction in goodwill of P_{XXX,XXX}, resulting in P_{XXX,XXX} of total goodwill arising on the acquisition. The increased depreciation charge on the buildings from the acquisition date to December 31, 2022 was not material.

From the date of acquisition, <insert name> contributed P_{XXX,XXX} of revenue and P_{XX,XXX} to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2022, the Group's revenue from continuing operations would have been P_{XX,XXX,XXX} and the profit before tax from continuing operations would have been P_{XXX,XXX}.

The goodwill of P_{XXX,XXX} comprises the fair value of expected synergies arising from acquisition.

64

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

8 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2023	2022
<insert Company name>	<insert country>	52.0%	52.0%
<insert Company name>	<insert country>	20.0%	-%
<insert Company name>	<insert country>	12.6%	20.0%
		2023	2022
		P000	P000

Accumulated balances of material non-controlling interest:		
<insert Company name>	490	277
<insert Company name>	1,696	-
<insert Company name>	263	344

Profit allocated to material non-controlling interest:		
<insert Company name>	243	192

Total identifiable net assets at fair value	1,711
Non-controlling interest measured at fair value	(342)
Goodwill arising on acquisition (Note 17)	131
Purchase consideration transferred	1,500
	Cash flow on acquisition
	P000
Net cash acquired with the subsidiary (included in cash flows from investing activities)	50
Cash paid	(1,500)
Net cash flow on acquisition	(1,450)

The net assets recognized in the December 31, 2023 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the land and buildings owned by <insert Company name>. The valuation had not been completed by the date the 2023 financial statements were approved for issue by the Board of Directors.

62

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

7 Business combinations and acquisition of non-controlling interests (continued)

In XXXXX 2024, the valuation was completed and the acquisition date fair value of the land and buildings was P_{X,XXX,XXX}, an increase of P_{XXX,XXX} over the provisional value. The 2023 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liability of P_{XX,XXX} and an increase in the non-controlling interest of P_{XX,XXX}. There was also a corresponding reduction in goodwill of P_{XXX,XXX}, resulting in P_{XXX,XXX} of total goodwill arising on the acquisition. The increased depreciation charge on the buildings from the acquisition date to December 31, 2023 was not material.

From the date of acquisition, <insert name> contributed P_{XXX,XXX} of revenue and P_{XX,XXX} to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2023, the Group's revenue from continuing operations would have been P_{XX,XXX,XXX} and the profit before tax from continuing operations would have been P_{XXX,XXX}.

The goodwill of P_{XXX,XXX} comprises the fair value of expected synergies arising from acquisition.

8 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2024	2023
<insert Company name>	<insert country>	52.0%	52.0%
<insert Company name>	<insert country>	20.0%	-%
<insert Company name>	<insert country>	12.6%	20.0%
		2024	2023
		P000	P000

Accumulated balances of material non-controlling interest:		
<insert Company name>	490	277
<insert Company name>	1,696	-
<insert Company name>	263	344

Profit allocated to material non-controlling interest:		
<insert Company name>	243	192
<insert Company name>	149	-
<insert Company name>	54	2

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss for 2024:

63

<insert Company name>	249	192
<insert Company name>	149	-
<insert Company name>	54	2

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss for 2023:

	<insert Company name1> P000	<insert Company name2> P000	<insert Company name3> P000
Revenue from contracts with customers	2,546	17,857	5,748
Cost of sales	(1,450)	(15,678)	(4,090)
Administrative expenses	(354)	(1,364)	(1,020)
Finance costs	(250)	(65)	(132)
Profit before tax	492	750	506
Income tax	(25)	(6)	(80)
Profit for the year from continuing operations	467	744	426
Total comprehensive income	467	744	426
Attributable to non-controlling interests	243	149	54
Dividends paid to non-controlling interests	30	-	-

65

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

8 Partly-owned subsidiaries (continued)

Summarized statement of profit or loss (continued)

Summarized statement of profit or loss for 2022:

	<insert Company name1> P000	<insert Company name2> P000
Revenue from contracts with customers	2,100	476
Cost of sales	(1,250)	(360)
Administrative expenses	(150)	(85)
Finance costs	(350)	(11)
Profit before tax	350	20
Income tax	20	(8)
Profit for the year from continuing operations	370	12
Total comprehensive income	370	12
Attributable to non-controlling interests	192	2
Dividends paid to non-controlling interests	49	-

Summarized statement of financial position as at December 31, 2023:

	<insert Company name1> P000	<insert Company name2> P000	<insert Company name3> P000
Inventories and cash and bank balances (current)	971	7,043	2,348
Property, plant and equipment and other non-current assets (non-current)	1,408	10,273	1,409
Trade and other payables (current)	(417)	(5,822)	(1,182)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,019)	(3,016)	(485)
Total equity	943	8,478	2,090
Attributable to			
Equity holders of parent	453	6,782	1,827
Non-controlling interest	490	1,696	263

Summarized statement of financial position as at December 31, 2022:

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

8 Partly-owned subsidiaries (continued)

Summarized statement of profit or loss (continued)

Summarized statement of profit or loss for 2024: (continued)

	<insert Company name1> P000	<insert Company name2> P000	<insert Company name3> P000
Revenue from contracts with customers	2,546	17,857	5,748
Cost of sales	(1,450)	(15,678)	(4,090)
Administrative expenses	(354)	(1,364)	(1,020)
Finance costs	(250)	(65)	(132)
Profit before tax	492	750	506
Income tax	(25)	(6)	(80)
Profit for the year from continuing operations	467	744	426
Total comprehensive income	467	744	426
Attributable to non-controlling interests	243	149	54
Dividends paid to non-controlling interests	30	-	-

Summarized statement of profit or loss for 2023:

	<insert Company name1> P000	<insert Company name2> P000
Revenue from contracts with customers	2,100	476
Cost of sales	(1,250)	(360)
Administrative expenses	(150)	(85)
Finance costs	(350)	(11)
Profit before tax	350	20
Income tax	20	(8)
Profit for the year from continuing operations	370	12
Total comprehensive income	370	12
Attributable to non-controlling interests	192	2
Dividends paid to non-controlling interests	49	-

Summarized statement of financial position as at December 31, 2024:

64

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

8 Partly-owned subsidiaries (continued)

Summarized statement of financial position (continued)

Summarized statement of financial position as at December 31, 2024: (continued)

	<insert Company name1> P000	<insert Company name2> P000	<insert Company name3> P000
Inventories and cash and bank balances (current)	971	7,043	2,348
Property, plant and equipment and other non-current assets (non-current)	1,408	10,273	1,409
Trade and other payables (current)	(417)	(5,822)	(1,182)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,019)	(3,016)	(485)
Total equity	943	8,478	2,090
Attributable to			

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

8 Partly-owned subsidiaries (continued)

Summarized statement of financial position (continued)

Summarized statement of financial position as at December 31, 2022: (continued)

	<insert Company name1>	<insert Company name2>
	P000	P000
Inventories and cash and bank balances (current)	698	1,668
Property, plant and equipment and other non-current assets (non-current)	1,280	1,359
Trade and other payables (current)	(350)	(822)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,095)	(485)
Total equity	533	1,720
Attributable to		
Equity holders of parent	256	1,376
Non-controlling interest	277	344

Summarized cash flow information for year ended December 31, 2023:

	<insert Company name1>	<insert Company name2>	<insert Company name3>
	P000	P000	P000
Operating	507	809	558
Investing	(15)	(280)	6
Financing	(250)	(65)	(132)
Net Increase in cash and cash equivalents	242	464	432

Summarized cash flow information for year ended December 31, 2022:

	<insert Company name1>	<insert Company name2>
	P000	P000
Operating	460	23
Investing	(10)	(20)
Financing	(350)	(11)
Net Increase/(decrease) in cash and cash equivalents	100	(8)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

9 Interest in a joint venture

The Group has a [XX%] interest in [insert Company name], a joint venture involved in the manufacture of some of the Group's main product lines in [insert product lines] in [insert country]. The Group's interest in [insert Company name] is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its PFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarized statement of financial position of [insert Company name]:

2023 2022

Equity holders of parent	453	6,782	1,827
Non-controlling interest	490	1,696	263

Summarized statement of financial position as at December 31, 2023:

	<insert Company name1>	<insert Company name2>
	P000	P000
Inventories and cash and bank balances (current)	698	1,668
Property, plant and equipment and other non-current assets (non-current)	1,280	1,359
Trade and other payables (current)	(350)	(822)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,095)	(485)
Total equity	533	1,720
Attributable to		
Equity holders of parent	256	1,376
Non-controlling interest	277	344

Summarized cash flow information for year ended December 31, 2024:

	<insert Company name1>	<insert Company name2>	<insert Company name3>
	P000	P000	P000
Operating	507	809	558
Investing	(15)	(280)	6
Financing	(250)	(65)	(132)
Net Increase in cash and cash equivalents	242	464	432

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

8 Partly-owned subsidiaries (continued)

Summarized cash flow information (continued)

Summarized cash flow information for year ended December 31, 2023:

	<insert Company name1>	<insert Company name2>
	P000	P000
Operating	460	23
Investing	(10)	(20)
Financing	(350)	(11)
Net Increase/(decrease) in cash and cash equivalents	100	(8)

9 Interest in a joint venture

The Group has a [XX%] interest in [insert Company name], a joint venture involved in the manufacture of some of the Group's main product lines in [insert product lines] in [insert country]. The Group's interest in [insert Company name] is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its financial statements prepared in accordance with PFRS accounting standards, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarized statement of financial position of [insert Company name]:

	2024	2023
	P000	P000
Current assets, including cash and cash equivalents PXXX,XXX (20XX: PXXX,XXX) and prepayments PX,XXX,XXX (20XX: Nil)	3,226	2,808
Non-current assets	2,864	2,964
Current liabilities, including tax payable PXX,XXX (20XX: PXXX,XXX)	(224)	(1,102)
Non-current liabilities, including deferred tax liabilities PXXX,XXX (20XX: PXXX,XXX) and long-term borrowing PXXX,XXX (20XX: PXXX,XXX)	(1,020)	(1,000)
Equity	4,846	3,670
Group's share in equity - XX% (20XX: XX%)	2,423	1,835
Goodwill	-	-
Group's carrying amount of the investment	2,423	1,835

Summarized statement of profit or loss of [insert Company name]:

Current assets, including cash and cash equivalents ₱XXX,XXX (20XX: ₱XXX,XXX) and prepayments ₱X,XXX,XXX (20XX: Nil)	3,226	2,808
Non-current assets	2,864	2,964
Current liabilities, including tax payable ₱XX,XXX (20XX: ₱XXX,XXX)	(224)	(1,102)
Non-current liabilities, including deferred tax liabilities ₱XXX,XXX (20XX: ₱XXX,XXX) and long-term borrowing ₱XXX,XXX (20XX: ₱XXX,XXX)	(1,020)	(1,000)
Equity	4,846	3,670
Group's share in equity - XX% (20XX: XX%)	2,423	1,835
Goodwill	-	-
Group's carrying amount of the investment	2,423	1,835
Summarized statement of profit or loss of [insert Company name]:		

	2023	2022
	₱000	₱000
Revenue from contracts with customers	60,094	58,876
Cost of sales	(54,488)	(53,420)
Administrative expenses, including depreciation ₱X,XXX,XXX (2022: ₱X,XXX,XXX)	(2,638)	(2,586)
Finance costs, including interest expense ₱XXX,XXX (2022: ₱XXX,XXX)	(204)	(200)
Profit before tax	2,764	2,670
Income tax expense	(1,588)	(1,556)
Profit for the year (continuing operations)	1,176	1,114
Total comprehensive income for the year (continuing operations)	1,176	1,114
Group's share of profit for the year	588	557

The joint venture had no other contingent liabilities or commitments as at December 31, 2023 and 2022, except trade purchase commitments of ₱[insert value1] (2022: ₱[insert value2]), for which the Group has a corresponding commitment, as disclosed in Note 33. [insert Company name] cannot distribute its profits without the consent from the two venture partners.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

10 Investment in an associate

The Group has a [XX%] interest in [insert Company name], which is involved in the manufacture of [insert product] in [insert country]. [insert Company name] is a private entity that is not listed on any public exchange. The Group's interest in [insert Company name] is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investment in [insert Company name]:

	2023	2022
	₱000	₱000
Current assets	6,524	6,324
Non-current assets	13,664	12,828
Current liabilities	(4,488)	(3,904)
Non-current liabilities	(12,644)	(12,524)
Equity	3,056	2,724
Group's share in equity - XX% (20XX: XX%)	764	681
Goodwill	-	-
Group's carrying amount of the investment	764	681

	2023	2022
	₱000	₱000
Revenue from contracts with customers	33,292	32,640
Cost of sales	(27,299)	(26,765)
Administrative expenses	(1,665)	(1,632)
Finance costs	(2,996)	(2,938)
Profit before tax	1,332	1,305
Income tax expense	(1,000)	(981)
Profit for the year (continuing operations)	332	324
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(120)	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	120	-
Total comprehensive income for the year (continuing operations)	332	324
Group's share of profit for the year	83	81

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

9 Interest in a joint venture (continued)	2024	2023
	₱000	₱000
Revenue from contracts with customers	60,094	58,876
Cost of sales	(54,488)	(53,420)
Administrative expenses, including depreciation ₱X,XXX,XXX (2023: ₱X,XXX,XXX)	(2,638)	(2,586)
Finance costs, including interest expense ₱XXX,XXX (2023: ₱XXX,XXX)	(204)	(200)
Profit before tax	2,764	2,670
Income tax expense	(1,588)	(1,556)
Profit for the year (continuing operations)	1,176	1,114
Total comprehensive income for the year (continuing operations)	1,176	1,114
Group's share of profit for the year	588	557

The joint venture had no other contingent liabilities or commitments as at December 31, 2024 and 2023, except trade purchase commitments of ₱[insert value1] (2023: ₱[insert value2]), for which the Group has a corresponding commitment, as disclosed in Note 33. [insert Company name] cannot distribute its profits without the consent from the two venture partners.

10 Investment in an associate

The Group has a [XX%] interest in [insert Company name], which is involved in the manufacture of [insert product] in [insert country]. [insert Company name] is a private entity that is not listed on any public exchange. The Group's interest in [insert Company name] is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investment in [insert Company name]:

	2024	2023
	₱000	₱000
Current assets	6,524	6,324
Non-current assets	13,664	12,828
Current liabilities	(4,488)	(3,904)
Non-current liabilities	(12,644)	(12,524)
Equity	3,056	2,724
Group's share in equity - XX% (20XX: XX%)	764	681
Goodwill	-	-
Group's carrying amount of the investment	764	681

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

10 Investment in an associate (continued)	2024	2023
	₱000	₱000
Revenue from contracts with customers	33,292	32,640
Cost of sales	(27,299)	(26,765)
Administrative expenses	(1,665)	(1,632)
Finance costs	(2,996)	(2,938)

The associate had no contingent liabilities or capital commitments as at December 31, 2023 and 2022.

69

	2023	2022
Profit before tax	1,332	1,305
Income tax expense	(1,000)	(981)
Profit for the year (continuing operations)	332	324
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(120)	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	120	-
Total comprehensive income for the year (continuing operations)	332	324
Group's share of profit for the year	83	81

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at December 31, 2024 and 2023.

68

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

11 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at December 31, 2023:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Assets measured at fair value:					
Investment properties (Note 16):					
Office properties	December 31, 2023	4,260	-	-	4,260
Retail properties	December 31, 2023	4,633	-	-	4,633
Derivative financial assets (Note 19.4):					
Foreign exchange forward contracts <insert currency>	December 31, 2023	492	-	492	-
Foreign exchange forward contracts <insert currency>	December 31, 2023	400	-	400	-
Embedded foreign exchange derivatives <insert currency>	December 31, 2023	210	-	-	210
Listed equity investments (Note 19.4):					
<insert sector>	December 31, 2023	219	219	-	-
<insert sector>	December 31, 2023	118	118	-	-
Non-listed equity investments (Note 19.4):					
<insert sector>	December 31, 2023	675	-	-	675
<insert sector>	December 31, 2023	363	-	-	363
Quoted debt instruments (Note 19.4):					
<insert country> government bonds	December 31, 2023	1,378	1,378	-	-
Corporate bonds <insert sector>	December 31, 2023	92	92	-	-
Corporate bonds <insert sector>	December 31, 2023	152	152	-	-
Revalued property, plant and equipment (Note 15)*:					
Office properties in <insert country>	December 31, 2023	1,749	-	-	1,749
Discontinued operations (Note 13)	October 1, 2023	2,751	-	-	2,751

70

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

11 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at December 31, 2024:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Assets measured at fair value:					
Investment properties (Note 16):					
Office properties	December 31, 2024	4,260	-	-	4,260
Retail properties	December 31, 2024	4,633	-	-	4,633
Derivative financial assets (Note 19.4):					
Foreign exchange forward contracts <insert currency>	December 31, 2024	492	-	492	-
Foreign exchange forward contracts <insert currency>	December 31, 2024	400	-	400	-
Embedded foreign exchange derivatives <insert currency>	December 31, 2024	210	-	-	210
Listed equity investments (Note 19.4):					
<insert sector>	December 31, 2024	219	219	-	-
<insert sector>	December 31, 2024	118	118	-	-
Non-listed equity investments (Note 19.4):					
<insert sector>	December 31, 2024	675	-	-	675
<insert sector>	December 31, 2024	363	-	-	363
Quoted debt instruments (Note 19.4):					
<insert country> government bonds	December 31, 2024	1,378	1,378	-	-
Corporate bonds <insert sector>	December 31, 2024	92	92	-	-
Corporate bonds <insert sector>	December 31, 2024	152	152	-	-
Revalued property, plant and equipment (Note 15)*:					
Office properties in <insert country>	December 31, 2024	1,749	-	-	1,749
Discontinued operations (Note 13)	October 1, 2024	2,751	-	-	2,751

69

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

11 Fair value measurement (continued)

Fair value measurement hierarchy for assets as at December 31, 2023: (continued)

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Assets for which fair values are disclosed (Note 19.4):				
Loan at amortized cost				
Loan to an associate	December 31, 2023	197	-	197
Loan to a director	December 31, 2023	11	-	11

There were no transfers between Level 1 and Level 2 during 2023.

*Due to a change in accounting policy, revaluations of property, plant and equipment were recognized in Level 3 for the first time. Refer to Note 15 for more information.

Fair value measurement hierarchy for liabilities as at December 31, 2023:

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Liabilities measured at fair value:				

71

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

11 Fair value measurement (continued)

Fair value measurement hierarchy for assets as at December 31, 2024: (continued)

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Assets for which fair values are disclosed (Note 19.4):				
Loan at amortized cost				
Loan to an associate	December 31, 2024	197	-	197
Loan to a director	December 31, 2024	11	-	11

There were no transfers between Level 1 and Level 2 during 2024.

*Due to a change in accounting policy, revaluations of property, plant and equipment were recognized in Level 3 for the first time. Refer to Note 15 for more information.

Fair value measurement hierarchy for liabilities as at December 31, 2024:

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Liabilities measured at fair value:				

70

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

11 Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at December 31, 2023: (continued)

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Derivative financial liabilities (Note 19.4):				
Interest rate swaps	December 31, 2023	35	-	35
Foreign exchange forward contracts (<insert currency>)	December 31, 2023	800	-	800
Embedded commodity derivatives (<insert commodity>)	December 31, 2023	600	-	600
Embedded commodity derivatives (<insert commodity>)	December 31, 2023	182	-	182
Foreign exchange forward contracts – <insert currency>	December 31, 2023	90	-	90
Commodity derivative (<insert commodity>)	December 31, 2023	980	-	980
Contingent consideration liability (Note 7)	December 31, 2023	1,072	-	1,072
Liabilities for which fair values are disclosed (Note 19.4) :				
Interest-bearing loans and borrowings:				
Floating rate borrowings (<insert country>)	December 31, 2023	10,420	-	10,420
Floating rate borrowings (<insert country>)	December 31, 2023	2,246	-	2,246
Convertible preference shares	December 31, 2023	2,766	-	2,766
Fixed rate borrowing	December 31, 2023	6,321	-	6,321

There were no transfers between Level 1 and Level 2 during 2023.

Fair value measurement hierarchy for assets as at December 31, 2022:

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

11 Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at December 31, 2024: (continued)

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	P000	P000	P000	P000
Derivative financial liabilities (Note 19.4):				
Interest rate swaps	December 31, 2024	35	-	35
Foreign exchange forward contracts (<insert currency>)	December 31, 2024	800	-	800
Embedded commodity derivatives (<insert commodity>)	December 31, 2024	600	-	600
Embedded commodity derivatives (<insert commodity>)	December 31, 2024	182	-	182
Foreign exchange forward contracts – <insert currency>	December 31, 2024	90	-	90
Commodity derivative (<insert commodity>)	December 31, 2024	980	-	980
Contingent consideration liability (Note 7)	December 31, 2024	1,072	-	1,072
Liabilities for which fair values are disclosed (Note 19.4) :				
Interest-bearing loans and borrowings:				
Floating rate borrowings (<insert country>)	December 31, 2024	10,420	-	10,420
Floating rate borrowings (<insert country>)	December 31, 2024	2,246	-	2,246
Convertible preference shares	December 31, 2024	2,766	-	2,766
Fixed rate borrowing	December 31, 2024	6,321	-	6,321

There were no transfers between Level 1 and Level 2 during 2024.

Fair value measurement hierarchy for assets as at December 31, 2023:

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

11 Fair value measurement (continued)

Fair value measurement hierarchy for assets as at December 31, 2022: (continued)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Assets measured at fair value:					
Investment properties (Note 16):					
Office properties	December 31, 2022	3,824	-	-	3,824
Retail properties	December 31, 2022	4,159	-	-	4,159
Derivative financial assets (Note 19.4):					
Foreign exchange forward contracts <insert currency>	December 31, 2022	100	-	100	-
Foreign exchange forward contracts <insert currency>	December 31, 2022	53	-	53	-
Listed equity investments (Note 19.4):					
<insert sector>	December 31, 2022	200	200	-	-
<insert sector>	December 31, 2022	100	100	-	-
Non-listed equity investments (Note 19.4):					
<insert sector>	December 31, 2022	390	-	-	390
<insert sector>	December 31, 2022	508	-	-	508
Quoted debt instruments (Note 19.4):					
<insert country> government bonds	December 31, 2022	1,210	1,210	-	-
Corporate bonds <insert sector>	December 31, 2022	400	400	-	-
Assets for which fair values are disclosed (Note 19.4):					
Loan at amortized cost					
Loan to a director	December 31, 2022	9	-	-	9

There were no transfers between Level 1 and Level 2 during 2022.

Fair value measurement hierarchy for liabilities as at December 31, 2022

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

11 Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at December 31, 2022 (continued)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Liabilities measured at fair value:					
Derivative financial liabilities (Note 19.4):					
Foreign exchange forward contracts (<insert currency>)	December 31, 2022	254	-	254	-
Liabilities for which fair values are disclosed (Note 19.4) :					
Interest-bearing loans and borrowings:					
Floating rate borrowings (<insert country>)	December 31, 2022	11,877	-	11,877	-
Convertible preference shares	December 31, 2022	2,621	-	2,621	-
Fixed rate borrowing	December 31, 2022	8,944	-	8,944	-

There were no transfers between Level 1 and Level 2 during 2022.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

11 Fair value measurement (continued)

Fair value measurement hierarchy for assets as at December 31, 2023: (continued)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Assets measured at fair value:					
Investment properties (Note 16):					
Office properties	December 31, 2023	3,824	-	-	3,824
Retail properties	December 31, 2023	4,159	-	-	4,159
Derivative financial assets (Note 19.4):					
Foreign exchange forward contracts <insert currency>	December 31, 2023	100	-	100	-
Foreign exchange forward contracts <insert currency>	December 31, 2023	53	-	53	-
Listed equity investments (Note 19.4):					
<insert sector>	December 31, 2023	200	200	-	-
<insert sector>	December 31, 2023	100	100	-	-
Non-listed equity investments (Note 19.4):					
<insert sector>	December 31, 2023	390	-	-	390
<insert sector>	December 31, 2023	508	-	-	508
Quoted debt instruments (Note 19.4):					
<insert country> government bonds	December 31, 2023	1,210	1,210	-	-
Corporate bonds <insert sector>	December 31, 2023	400	400	-	-
Assets for which fair values are disclosed (Note 19.4):					
Loan at amortized cost					
Loan to a director	December 31, 2023	9	-	-	9

There were no transfers between Level 1 and Level 2 during 2023.

Fair value measurement hierarchy for liabilities as at December 31, 2023

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

11 Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at December 31, 2023 (continued)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		P000	P000	P000	P000
Liabilities measured at fair value:					
Derivative financial liabilities (Note 19.4):					
Foreign exchange forward contracts (<insert currency>)	December 31, 2023	254	-	254	-
Liabilities for which fair values are disclosed (Note 19.4) :					
Interest-bearing loans and borrowings:					
Floating rate borrowings (<insert country>)	December 31, 2023	11,877	-	11,877	-
Convertible preference shares	December 31, 2023	2,621	-	2,621	-
Fixed rate borrowing	December 31, 2023	8,944	-	8,944	-

There were no transfers between Level 1 and Level 2 during 2023.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value

measurement of assets and liabilities in the financial statements has been considered. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group has assessed whether its properties are exposed to physical risks, such as flooding and increasing wildfires, but believes that this is currently not the case. However, the Group believes it is, to some extent, impacted by transition risks, and, more specifically, increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. The Group, therefore, takes into account necessary upgrades required to ensure future compliance with those requirements when measuring the fair value of investment properties and revalued office properties.

74

measurement of assets and liabilities in the financial statements has been considered. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group has assessed whether its properties are exposed to physical risks, such as flooding and increasing wildfires, but believes that this is currently not the case. However, the Group believes it is, to some extent, impacted by transition risks, and, more specifically, increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. The Group, therefore, takes into account necessary upgrades required to ensure future compliance with those requirements when measuring the fair value of investment properties and revalued office properties.

73

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

12 Other income/expenses and adjustments

12.1 Other operating income

	2023	2022
	P000	P000
Government grants (Note 27)	1,053	541
Gain on derivative instruments at fair value through profit or loss	850	-
Net gain on disposal of property, plant and equipment	532	2,007
Total other operating income	2,435	2,548

The net gain on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.2 Other operating expenses

	2023	2022
	P000	P000
Bid defense costs	579	31
Cost of WEEE (Note 26)	102	22
Change in fair value of investment properties (Note 16)	306	300
Loss on derivative instruments at fair value through profit or loss	1,502	-
Ineffectiveness on forward commodity contracts designated as cash flow hedges (Note 19.3)	65	-
Total other operating expenses	2,554	353

Bid defense costs were incurred in respect of obtaining advice in defending a hostile takeover bid by a competitor. The competitor did not proceed with the bid.

Net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.3 Finance costs

	2023	2022
	P000	P000
Interest on debts and borrowings	1,036	1,020
Interest arising from revenue contracts	109	62
Interest on lease liabilities (Note 30)	178	185
Total interest expense	1,323	1,267
Unwinding of discount and effect of changes in discount rate on provisions (Note 26)	43	1
Total finance costs	1,366	1,268

75

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

12 Other income/expenses and adjustments

12.1 Other operating income

	2024	2023
	P000	P000
Government grants (Note 27)	1,053	541
Gain on derivative instruments at fair value through profit or loss	850	-
Net gain on disposal of property, plant and equipment	532	2,007
Total other operating income	2,435	2,548

The net gain on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.2 Other operating expenses

	2024	2023
	P000	P000
Bid defense costs	579	31
Cost of WEEE (Note 26)	102	22
Change in fair value of investment properties (Note 16)	306	300
Loss on derivative instruments at fair value through profit or loss	1,502	-
Ineffectiveness on forward commodity contracts designated as cash flow hedges (Note 19.3)	65	-
Total other operating expenses	2,554	353

Bid defense costs were incurred in respect of obtaining advice in defending a hostile takeover bid by a competitor. The competitor did not proceed with the bid.

Net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.3 Finance costs

	2024	2023
	P000	P000
Interest on debts and borrowings	1,036	1,020
Interest arising from revenue contracts	109	62
Interest on lease liabilities (Note 30)	178	185
Total interest expense	1,323	1,267
Unwinding of discount and effect of changes in discount rate on provisions (Note 26)	43	1
Total finance costs	1,366	1,268

74

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

12 Other income/expenses and adjustments (continued)

12.4 Finance income

	2023	2022
	P000	P000
Interest income on a loan to an associate	17	-
Interest income from debt instruments at fair value through OCI	185	145
Total finance income	202	145

12.5 Other income

	2023	2022
	P000	P000
Foreign exchange gains on interest-bearing loans and borrowings	57	67
Fair value gain on equity instruments at fair value through profit or loss	37	9
Dividend income from equity instruments at fair value through OCI	3	-
Gain (loss) on sale of debt instruments at fair value through OCI	8	(4)
Impairment loss on debt instruments at fair value through OCI	(7)	(6)
Total other income	98	66

12.6 Depreciation, amortization, lease payments, foreign exchange differences and costs of inventories

	2023	2022
	P000	P000
Included in cost of sales:		
Depreciation	3,802	3,063
Impairment of property, plant and equipment (Note 15)	-	301
Amortization and impairment of intangible assets (Note 17)	325	174
Net foreign exchange differences	(65)	(40)
Warranty provision (Note 26)	106	52
Variable lease payments (Note 30)	71	66
Expense relating to short-term leases (Note 30)	22	21
Costs of inventories recognized as an expense	131,107	121,298
Other cost of sales	1,401	3,451
Included in administrative expenses:		
Depreciation	429	430
Impairment of goodwill (Note 18)	200	-
Remeasurement of contingent consideration (Note 7)	358	-
Net foreign exchange differences	33	8

76

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

12 Other income/expenses and adjustments (continued)

12.7 Employee benefits expense

	2023	2022
	P000	P000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172
Total employee benefits expense	33,749	29,151

12.8 Research and development costs

12 Other income/expenses and adjustments (continued)

12.4 Finance income

	2024	2023
	P000	P000
Interest income on a loan to an associate	17	-
Interest income from debt instruments at fair value through OCI	185	145
Total finance income	202	145

12.5 Other income

	2024	2023
	P000	P000
Foreign exchange gains on interest-bearing loans and borrowings	57	67
Fair value gain on equity instruments at fair value through profit or loss	37	9
Dividend income from equity instruments at fair value through OCI	3	-
Gain (loss) on sale of debt instruments at fair value through OCI	8	(4)
Impairment loss on debt instruments at fair value through OCI	(7)	(6)
Total other income	98	66

12.6 Depreciation, amortization, lease payments, foreign exchange differences and costs of inventories

	2024	2023
	P000	P000
Included in cost of sales:		
Depreciation	3,802	3,063
Impairment of property, plant and equipment (Note 15)	-	301
Amortization and impairment of intangible assets (Note 17)	325	174
Net foreign exchange differences	(65)	(40)
Warranty provision (Note 26)	106	52
Variable lease payments (Note 30)	71	66
Expense relating to short-term leases (Note 30)	22	21
Costs of inventories recognized as an expense	131,107	121,298
Other cost of sales	1,401	3,451
Included in administrative expenses:		
Depreciation	429	430
Impairment of goodwill (Note 18)	200	-
Remeasurement of contingent consideration (Note 7)	358	-
Net foreign exchange differences	33	8

75

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

12 Other income/expenses and adjustments (continued)

12.7 Employee benefits expense

	2024	2023
	P000	P000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172
Total employee benefits expense	33,749	29,151

12.8 Research and development costs

The Group's business research and development concentrates on the development of <insert description of type of research and development>. Research and development costs that are not eligible for capitalization have been expensed in the period incurred (in 2023, this was P X,XXX,XXX (2022: P X,XXX,XXX)), and they are recognized in administrative expenses.

12.9 Administrative expenses

77

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

12 Other income/expenses and adjustments (continued)

12.9 Administrative expenses (continued)

	2023	2022
	P000	P000
Employee benefits expense (Note 12.7)	13,273	9,430
Acquisition-related transaction costs	600	-
Research and development costs	2,235	1,034
Depreciation	429	430
Expected credit losses of trade receivables and contract assets (Note 21)	185	76
Impairment of goodwill (Note 18)	200	-
Expense relating to leases of low-value assets (Note 30)	18	17
Remeasurement of contingent consideration (Note 7)	358	-
Net foreign exchange differences	33	8
Other administrative expenses	959	1,016
Total administrative expense	18,290	12,011

13 Discontinued operations

On X XXXX 2023, the Group publicly announced the decision of its Board of Directors to sell <insert Company name>, a wholly owned subsidiary. On X XXXX 2023, the shareholders of the Group approved the plan to sell. The sale of <insert Company name> is expected to be completed within a year from the reporting date. At December 31, 2023, <insert Company name> was classified as a disposal group held for sale and as a discontinued operation. The business of <insert Company name> represented the entirety of the Group's <insert description of business> until X XXXX 2023. The results of <insert Company name> for the year are presented below:

	2023	2022
	P000	P000
Revenue from contracts with customers	42,809	45,206
Expenses	(41,961)	(44,880)
Operating income	848	326
Finance costs	(525)	(519)
Impairment loss recognized on the remeasurement to fair value less costs to sell	(110)	-
Profit/(loss) before tax from a discontinued operations	213	(193)
Tax benefit/(expense):		
Related to pre-tax profit/(loss) from the ordinary activities for the period	(26)	5
Related to remeasurement to fair value less costs to sell	33	-
Profit/(loss) for the year from discontinued operations	220	(188)

The major classes of assets and liabilities of <insert Company name> classified as held for sale as at December 31 are, as follows:

78

The Group's business research and development concentrates on the development of <insert description of type of research and development>. Research and development costs that are not eligible for capitalization have been expensed in the period incurred (in 2024, this was P X,XXX,XXX (2023: P X,XXX,XXX)), and they are recognized in administrative expenses.

12.9 Administrative expenses

76

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

12 Other income/expenses and adjustments (continued)

12.9 Administrative expenses (continued)

	2024	2023
	P000	P000
Employee benefits expense (Note 12.7)	13,273	9,430
Acquisition-related transaction costs	600	-
Research and development costs	2,235	1,034
Depreciation	429	430
Expected credit losses of trade receivables and contract assets (Note 21)	185	76
Impairment of goodwill (Note 18)	200	-
Expense relating to leases of low-value assets (Note 30)	18	17
Remeasurement of contingent consideration (Note 7)	358	-
Net foreign exchange differences	33	8
Other administrative expenses	959	1,016
Total administrative expense	18,290	12,011

13 Discontinued operations

On XXXX X 2024, the Group publicly announced the decision of its Board of Directors to sell <insert Company name>, a wholly owned subsidiary. On XXXX X 2024, the shareholders of the Group approved the plan to sell. The sale of <insert Company name> is expected to be completed within a year from the reporting date. At December 31, 2024, <insert Company name> was classified as a disposal group held for sale and as a discontinued operation. The business of <insert Company name> represented the entirety of the Group's <insert description of business> until XXXX X 2024. The results of <insert Company name> for the year are presented below:

	2024	2023
	P000	P000
Revenue from contracts with customers	42,809	45,206
Expenses	(41,961)	(44,880)
Operating income	848	326
Finance costs	(525)	(519)
Impairment loss recognized on the remeasurement to fair value less costs to sell	(110)	-
Profit/(loss) before tax from a discontinued operations	213	(193)
Tax benefit/(expense):		
Related to pre-tax profit/(loss) from the ordinary activities for the period	(26)	5
Related to remeasurement to fair value less costs to sell	33	-
Profit/(loss) for the year from discontinued operations	220	(188)

Gain/(loss) on equity instruments designated at fair value included in OCI	-	4
Other comprehensive income for the year from discontinued operations	-	4

The major classes of assets and liabilities of <insert Company name> classified as held for sale as at December 31 are, as follows:

77

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

13 Discontinued operations (continued)

	2023
	P000
Assets	
Intangible assets (Note 17)	135
Property, plant and equipment (Note 15)	4,637
Debtors	7,180
Equity investments - non-listed	308
Cash and short-term deposits (Note 23)	1,294
Assets held for sale	13,554
Liabilities	
Creditors	(7,241)
Deferred tax liability	(75)
Interest-bearing liabilities (Note 19.2)	(5,809)
Liabilities directly associated with assets held for sale	(13,125)
Net assets directly associated with disposal group	429

	2023
	P000
Amounts included in accumulated OCI:	
Fair value reserve of equity investments – non-listed	66
Deferred tax on fair value reserve	(20)
Reserve of disposal group classified as held for sale	46

The net cash flows incurred by <insert Company name> are, as follows:

	2023	2022
	P000	P000
Operating	(1,999)	3,192
Investing	-	-
Financing	(436)	(335)
Net cash (outflow)/inflow	(2,435)	2,857

Interest-bearing liabilities comprise a fixed rate bank loan of ₱X,XXX,XXX having an EIR of X.X% that is repayable in full on January 1, 20XX.

Write-down of property, plant and equipment

Immediately before the classification of <insert Company name> as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of ₱XXX,XXX (net of tax ₱XX,XXX) was recognized on XXXX X, 20XX to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations in the statement of profit or loss. Fair value measurement disclosures are provided in Note 11.

79

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

13 Discontinued operations (continued)

Write-down of property, plant and equipment (continued)

As at December 31, 2023, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

Investment in non-listed equity shares

The **discontinued operation** includes an investment in non-listed equity shares (Level 3 in the fair value hierarchy) of [insert Company name] with a carrying amount of ₱XXX,XXX. The **collaboration** with [insert Company name] is closely related to the discontinued operation of [insert Company name] and is therefore reclassified as part of the discontinued operations. This investment is classified as equity instruments designated at fair value through OCI. The Group did not pledge the financial **asset** nor receive any collateral for it. As at the reporting date, the carrying amount equals the fair value of the instrument. Refer Note 19.4 for the details on the recognition, measurement, valuation techniques and inputs used for this investment.

Reconciliation of fair value measurement of the investment in non-listed equity shares:

P000

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

13 Discontinued operations (continued)

	2024
	P000
Assets	
Intangible assets (Note 17)	135
Property, plant and equipment (Note 15)	4,637
Debtors	7,180
Equity investments - non-listed	308
Cash and short-term deposits (Note 23)	1,294
Assets held for sale	13,554
Liabilities	
Creditors	(7,241)
Deferred tax liability	(75)
Interest-bearing liabilities (Note 19.2)	(5,809)
Liabilities directly associated with assets held for sale	(13,125)
Net assets directly associated with disposal group	429

	2024
	P000
Amounts included in accumulated OCI:	
Fair value reserve of equity investments – non-listed	66
Deferred tax on fair value reserve	(20)
The net cash flows incurred by <insert Company name> are, as follows:	

	2024	2023
	P000	P000
Operating	(1,999)	3,192
Investing	-	-
Financing	(436)	(335)
Net cash (outflow)/inflow	(2,435)	2,857

Interest-bearing liabilities comprise a fixed rate bank loan of ₱X,XXX,XXX having an EIR of X.X% that is repayable in full on January 1, 20XX.

Write-down of property, plant and equipment

Immediately before the classification of <insert Company name> as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of ₱XXX,XXX (net of tax ₱XX,XXX) was recognized on XXXX X, 20XX to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations in the statement of profit or loss. Fair value measurement disclosures are provided in Note 11.

As at December 31, 2024, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

78

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

13 Discontinued operations (continued)

Investment in non-listed equity shares

The **disposal group** includes an investment in non-listed equity shares (Level 3 in the fair value hierarchy) of [insert Company name] with a carrying amount of ₱XXX,XXX. The **Group collaborates** with [insert Company name], **this** is closely related to the discontinued operation of [insert Company name] and is therefore reclassified as part of the discontinued operations. This investment is classified as equity instruments designated at fair value through OCI. The Group did not pledge the financial **assets** nor receive any collateral for **them**. As at the reporting date, the carrying amount equals the fair value of the instrument. Refer Note 19.4 for the details on the recognition, measurement, valuation techniques and inputs used for this investment.

Reconciliation of fair value measurement of the investment in non-listed equity shares:

P000

As at 1 January 2022	304	
Sales	-	
Purchases	-	
Total gains and losses recognized in OCI	4	
As at January 1, 2023 and 1 October 2023	308	
Sales	-	
Purchases	-	
Total gains and losses recognized in OCI	-	
As at December 31, 2023	308	
There were no gains or losses recognized in profit or loss or in OCI with respect to these assets.		
Refer to Note 19.5 for details on the nature and extent of risks arising from financial instruments.		
14 Income tax		
The major components of income tax expense for the years ended December 31, 2023 and 2022 are:		
Consolidated profit or loss		
	2023	2022
	P000	P000
		Restated
Current income tax:		
Current income tax charge	2,883	2,770
Adjustments in respect of current income tax of previous year	(18)	(44)
Deferred tax:		
Relating to origination and reversal of temporary differences	227	(493)
Income tax expense reported in the statement of profit or loss	3,092	2,233
		80

TR EXAMPLE GROUP AND SUBSIDIARIES		
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)		
For the year ended December 31, 2023		
14 Income tax (continued)		
Consolidated other comprehensive income		
	2023	2022
	P000	P000
Deferred tax related to items recognized in OCI during in the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net (gain)/loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement loss/(gain) on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	(158)	104
Reconciliation of tax expense and the accounting profit multiplied by <insert country>'s domestic tax rate for 2022 and 2023:		
	2023	2022
	P000	P000
		Restated
Accounting profit before tax from continuing operations	11,088	8,880
Profit/(loss) before tax from a discontinued operation	213	(193)
Accounting profit before income tax	11,301	8,687
At <insert country>'s statutory income tax rate of XX% (2023: XX%)	3,390	2,606
Adjustments in respect of current income tax of previous years	(18)	(44)
Government grants exempted from tax	(316)	(162)
Utilization of previously unrecognized tax losses	(231)	(89)
Share of results of an associate and a joint ventures	(201)	(191)
Max deductible expenses for tax purposes:		

As at January 1, 2023	304	
Sales	-	
Purchases	-	
Total gains and losses recognized in OCI	4	
As at January 1, 2024 and 1 October 2024	308	
Sales	-	
Purchases	-	
Total gains and losses recognized in OCI	-	
As at December 31, 2024	308	
There were no gains or losses recognized in profit or loss with respect to these assets.		
Refer to Note 19.5 for details on the nature and extent of risks arising from financial instruments.		
14 Income tax		
On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform - Pillar Two Model Rules - Amendments to PAS 12 which clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million, the equivalent of which translated is XXX in <Currency>.		
The major components of income tax expense for the years ended December 31, 2024 and 2023 are:		
Consolidated profit or loss		
		79

TR EXAMPLE GROUP AND SUBSIDIARIES		
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)		
For the year ended December 31, 2024		
14 Income tax (continued)		
Consolidated profit or loss (continued)		
	2024	2023
	P000	P000
		Restated
Current income tax:		
Current income tax charge	2,883	2,770
Adjustments in respect of current income tax of previous year	(18)	(44)
Deferred tax:		
Relating to origination and reversal of temporary differences	227	(493)
Income tax expense reported in the statement of profit or loss	3,092	2,233
Consolidated other comprehensive income		
	2024	2023
	P000	P000
Deferred tax related to items recognized in OCI during in the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net (gain)/loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement loss/(gain) on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	(158)	104
Reconciliation of tax expense and the accounting profit multiplied by <insert country>'s domestic tax rate for 2023 and 2024:		
	2024	2023
	P000	P000
		Restated
Accounting profit before tax from continuing operations	11,088	8,880
Profit/(loss) before tax from a discontinued operation	213	(193)
Accounting profit before income tax	11,301	8,687
At <insert country>'s statutory income tax rate of XX% (2020 XX%)	3,390	2,606
Adjustments in respect of current income tax of previous years	(18)	(44)
Government grants exempted from tax	(316)	(162)
Utilization of previously unrecognized tax losses	(231)	(89)
Share of results of an associate and a joint ventures	(201)	(191)
Max deductible expenses for tax purposes:		

non-deductible expenses for tax purposes.	60	-
Impairment of goodwill	107	-
Contingent consideration remeasurement (Note 7)	10	-
Other non-deductible expenses	284	108
Effect of higher tax rates in the <insert country>	3,085	2,228
At the effective income tax rate of [xx%] (2022: [xx%])	3,085	2,228
Income tax expense reported in the Consolidated Statement of Profit or Loss	3,092	2,233
Income tax attributable to a discontinued operation	(7)	(5)
	3,085	2,228

Deferred tax

Deferred tax relates to the following:

81

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

14 Income tax (continued)

Deferred tax (continued)

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023	2022	2023	2022
	P000	P000	P000	P000
		Restated		Restated
Accelerated depreciation for tax purposes	(2,838)	(599)	723	(298)
Revaluations of investment properties to fair value	(1,330)	(1,422)	(92)	(90)
Revaluations of office properties in <insert country> to fair value	(254)	-	-	-
Revaluations of equity instruments to fair value through profit or loss	(16)	(5)	11	3
Revaluations of financial assets at fair value through OCI	13	(4)	-	-
Revaluation of forward contracts and embedded derivatives	196	-	(196)	-
Revaluation of a hedged loan to fair value	(11)	-	11	-
Net gain on hedge of a net investment	(83)	-	-	-
Share based payments	51	100	49	-
Post-employment medical benefits	102	59	(43)	(33)
Pension	813	834	(89)	55
Revaluations of an interest rate swap (fair value hedge) to fair value	11	-	(11)	-
Revaluations of cash flow hedges	270	30	35	-
Expected credit losses of debt financial assets	110	70	(40)	3
Contract liabilities for customer loyalty points	270	203	(67)	(199)
Leases	76	72	(4)	(20)
Convertible preference shares	91	55	(36)	(31)
Losses available for offsetting against future taxable income	389	365	(24)	(44)
Deferred tax (expense)/benefit			227	(654)
Net deferred tax liabilities	(2,140)	(242)		
Reflected in the statement of financial position as follows:				
Deferred tax assets	389	365		
Deferred tax liabilities:				
Continuing operations	(2,454)	-		
Discontinued operations	(75)	(607)		
Deferred tax liabilities, net	(2,140)	(242)		
Reconciliation of deferred tax liabilities, net				

82

non-deductible expenses for tax purposes.	60	-
Impairment of goodwill	107	-
Contingent consideration remeasurement (Note 7)	10	-
Other non-deductible expenses	284	108
Effect of higher tax rates in the <insert country>	3,085	2,228
At the effective income tax rate of [xx%] (2023: [xx%])	3,085	2,228

80

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

14 Income tax (continued)

	2024	2023
	P000	P000
		Restated
Income tax expense reported in the Consolidated Statement of Profit or Loss	3,092	2,233
Income tax attributable to a discontinued operation	(7)	(5)
	3,085	2,228

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024	2023	2024	2023
	P000	P000	P000	P000
		Restated		Restated
Accelerated depreciation for tax purposes	(2,838)	(599)	723	(298)
Revaluations of investment properties to fair value	(1,330)	(1,422)	(92)	(90)
Revaluations of office properties in <insert country> to fair value	(254)	-	-	-
Revaluations of equity instruments to fair value through profit or loss	(16)	(5)	11	3
Revaluations of financial assets at fair value through OCI	13	(4)	-	-
Revaluation of forward contracts and embedded derivatives	196	-	(196)	-
Revaluation of a hedged loan to fair value	(11)	-	11	-
Net gain on hedge of a net investment	(83)	-	-	-
Share based payments	51	100	49	-
Post-employment medical benefits	102	59	(43)	(33)
Pension	813	834	(89)	55
Revaluations of an interest rate swap (fair value hedge) to fair value	11	-	(11)	-
Revaluations of cash flow hedges	270	30	35	-
Expected credit losses of debt financial assets	110	70	(40)	3
Contract liabilities for customer loyalty points	270	203	(21)	(199)
Right-of-use assets	(246)	(267)	(421)	(62)
Lease liabilities	322	339	17	42
Convertible preference shares	91	55	(36)	(31)
Losses available for offsetting against future taxable income	389	365	(24)	(44)
Deferred tax (expense)	(2,140)	(242)	(127)	(654)
Net deferred tax liabilities				
Reflected in the statement of financial position as follows:				
Deferred tax assets	389	365		

81

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

14 Income tax (continued)

Deferred tax (continued)

	Consolidated statement of financial position	Consolidated statement of profit or loss
--	---	---

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

14 Income tax (continued)

Reconciliation of deferred tax liabilities, net (continued)

	2023	2022
	P000	P000
As of January 1	(242)	(459)
Tax expense during the period recognized in profit or loss	(227)	493
Tax income/(expense) during the period recognized in OCI	(158)	104
Discontinued operation	(2)	-
Deferred taxes acquired in business combinations	(1,511)	(380)
As at December 31	(2,140)	(242)

The Group has tax losses that arose in <insert country> of PXXX,XXX (2022: PX,XXX,XXX) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognize all unrecognized deferred tax assets, the profit would increase by PXXX,XXX (2022: PXXX,XXX).

The temporary differences associated with investments in the Group's subsidiaries, associate and joint venture, for which a deferred tax liability has not been recognized in the periods presented, aggregate to PX,XXX,XXX (2022: PX,XXX,XXX). The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date. Furthermore, the Group's joint venture will not distribute its profits until it obtains the consent of all venture partners.

There are no income tax consequences attached to the payment of dividends in either 2023 or 2022 by the Group to its shareholders.

Details of NOLCO as at December 31, 2023, which can be carried as deductions against gross income in the next three (3) taxable years, are as follows:

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
		xxx

Details of NOLCO as at December 31, 2023, which can be carried as deductions against gross income in the next three (5) taxable years, are as follows:

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX*	December 31, 20XX	xxx
December 31, 20XX*	December 31, 20XX	xxx
		xxx

83

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

14 Income tax (continued)

Reconciliation of deferred tax liabilities, net (continued)

This is in accordance with Section 4 of Revenue Regulations (RR) No. 25-2020, which implements Bayanihan to Recover as One Act (Republic Act No. 11494), where it states that NOLCO for taxable years 2022 and 2023 may be carried over as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

<insert Company name> utilized NOLCO amounting to PX,XXX,XXX. NOLCO that expired in 2023 amounted to PX,XXX,XXX.

Details of MCIT as at December 31, 2023, which can be claimed as credits against regular corporate income tax are, as follows:

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
		xxx

Deferred tax liabilities:

	2024	2023	2024	2023
	P000	P000	P000	P000
		Restated		Restated
Continuing operations	(2,454)	-		
Included in liabilities directly associated with the assets held for sale	(75)	(607)		
Deferred tax liabilities, net	(2,140)	(242)		

Reconciliation of deferred tax liabilities, net

	2024	2023
	P000	P000
As of January 1	(242)	(459)
Tax expense during the period recognized in profit or loss	(227)	493
Tax income/(expense) during the period recognized in OCI	(158)	104
Discontinued operation	(2)	-
Deferred taxes acquired in business combinations	(1,511)	(380)
As at December 31	(2,140)	(242)

The Group has tax losses that arose in <insert country> of PXXX,XXX (2023: PX,XXX,XXX) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognize all unrecognized deferred tax assets, the profit would increase by PXXX,XXX (2023: PXXX,XXX).

The temporary differences associated with investments in the Group's subsidiaries, associate and joint venture, for which a deferred tax liability has not been recognized in the periods presented, aggregate to PX,XXX,XXX (2023: PX,XXX,XXX). The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date. Furthermore, the Group's joint venture will not distribute its profits until it obtains the consent of all venture partners.

There are no income tax consequences attached to the payment of dividends in either 2024 or 2023 by the Group to its shareholders.

Details of NOLCO as at December 31, 2024, which can be carried as deductions against gross income in the next three (3) taxable years, are as follows:

82

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

14 Income tax (continued)

Reconciliation of deferred tax liabilities, net (continued)

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
		xxx

Details of NOLCO as at December 31, 2024, which can be carried as deductions against gross income in the next three (5) taxable years, are as follows:

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX*	December 31, 20XX	xxx
December 31, 20XX*	December 31, 20XX	xxx
		xxx

This is in accordance with Section 4 of Revenue Regulations (RR) No. 25-2020, which implements Bayanihan to Recover as One Act (Republic Act No. 11494), where it states that NOLCO for taxable years 20XX and 20XX may be carried over as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

<insert Company name> utilized NOLCO amounting to PX,XXX,XXX. NOLCO that expired in 2024 amounted to PX,XXX,XXX.

Details of MCIT as at December 31, 2024, which can be claimed as credits against regular corporate income tax are, as follows:

Date Incurred	Expiry Date	Amount
		P000
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
December 31, 20XX	December 31, 20XX	xxx
		xxx

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

15 Property, plant and equipment

	Freehold land and buildings	Office properties in <insert country>	Construction in progress	Plant and machinery	Other equipment	Total
	P000	P000	P000	P000	P000	P000
Cost or valuation						
At 1 January 2022	10,765	1,122	-	17,657	5,500	35,044
Additions	1,587	-	-	6,048	150	7,785
Acquisition of a subsidiary (Note 7)	1,280	-	-	-	-	1,280
Disposals	(3,381)	-	-	(49)	-	(3,430)
Exchange differences	10	-	-	26	-	36
At December 31, 2022	10,261	1,122	-	23,682	5,650	40,715
At January 1, 2023	10,261	1,122	-	23,682	5,650	40,715
Additions	1,612	-	4,500	4,403	190	10,705
Acquisition of a subsidiary (Note 7)	2,897	-	-	4,145	-	7,042
Disposals	-	-	-	(4,908)	-	(4,908)
Assets held for sale (Note 13)	(4,144)	-	-	(3,980)	-	(8,124)
Revaluation adjustment	-	846	-	-	-	846
Transfer*	-	(219)	-	-	-	(219)
Exchange differences	30	-	-	79	-	109
At December 31, 2023	10,656	1,749	4,500	23,421	5,840	46,166
Depreciation and impairment						
At 1 January 2022	4,061	99	-	11,044	900	16,104
Depreciation charge for the year	351	3	-	2,278	450	3,082
Impairment (Note 18)	-	-	-	301	-	301
Disposals	(3,069)	-	-	(49)	-	(3,118)
Exchange differences	5	-	-	12	-	17
At December 31, 2022	1,348	102	-	13,586	1,350	16,386

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

15 Property, plant and equipment

	Freehold land and buildings	Office properties in <insert country>	Construction in progress	Plant and machinery	Other equipment	Total
	P000	P000	P000	P000	P000	P000
Cost or valuation						
At January 1, 2023	10,765	1,122	-	17,657	5,500	35,044
Additions	1,587	-	-	6,048	150	7,785
Acquisition of a subsidiary (Note 7)	1,280	-	-	-	-	1,280
Disposals	(3,381)	-	-	(49)	-	(3,430)
Exchange differences	10	-	-	26	-	36
At December 31, 2023	10,261	1,122	-	23,682	5,650	40,715
At January 1, 2024	10,261	1,122	-	23,682	5,650	40,715
Additions	1,612	-	4,500	4,403	190	10,705
Acquisition of a subsidiary (Note 7)	2,897	-	-	4,145	-	7,042
Disposals	-	-	-	(4,908)	-	(4,908)
Assets held for sale (Note 13)	(4,144)	-	-	(3,980)	-	(8,124)
Revaluation adjustment	-	846	-	-	-	846
Transfer*	-	(219)	-	-	-	(219)
Exchange differences	30	-	-	79	-	109
At December 31, 2024	10,656	1,749	4,500	23,421	5,840	46,166
Depreciation and impairment						
At January 1, 2023	4,061	99	-	11,044	900	16,104
Depreciation charge for the year	351	3	-	2,278	450	3,082
Impairment (Note 18)	-	-	-	301	-	301
Disposals	(3,069)	-	-	(49)	-	(3,118)
Exchange differences	5	-	-	12	-	17
At December 31, 2023	1,348	102	-	13,586	1,350	16,386

For the year ended December 31, 2023

15 Property, plant and equipment (continued)

Depreciation charge for the year**	383	117	-	2,827	470	3,797
Disposals	-	-	-	(3,450)	-	(3,450)
Assets held for sale (Note 13)	(1,283)	-	-	(2,094)	-	(3,377)
Transfer*	-	(219)	-	-	-	(219)
Exchange differences	20	-	-	30	-	50
At December 31, 2023	468	-	-	10,899	1,820	13,187

Net book value

At 1 January 2022	6,704	1,023	-	6,613	4,600	18,940
At December 31, 2022	8,913	1,020	-	10,096	4,300	24,329

At December 31, 2023	10,188	1,749	4,500	12,522	4,020	32,979
----------------------	--------	-------	-------	--------	-------	--------

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

** Depreciation for the year excludes an impairment loss of ₱XXX,XXX (see Note 13).

For the year ended December 31, 2024

15 Property, plant and equipment (continued)

Depreciation charge for the year**	383	117	-	2,827	470	3,797
Disposals	-	-	-	(3,450)	-	(3,450)
Assets held for sale (Note 13)	(1,283)	-	-	(2,094)	-	(3,377)
Transfer*	-	(219)	-	-	-	(219)
Exchange differences	20	-	-	30	-	50
At December 31, 2024	468	-	-	10,899	1,820	13,187

Net book value

At January 1, 2023	6,704	1,023	-	6,613	4,600	18,940
At December 31, 2023	8,913	1,020	-	10,096	4,300	24,329

At December 31, 2024	10,188	1,749	4,500	12,522	4,020	32,979
----------------------	--------	-------	-------	--------	-------	--------

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

** Depreciation for the year excludes an impairment loss of ₱XXX,XXX (see Note 13).

88

88

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

15 Property, plant and equipment (continued)

In 2022, the impairment loss of ₱XXX,XXX represented the write-down of certain property, plant and equipment in the <insert CGU> to the recoverable amount as a result of technological obsolescence. This was recognized in the statement of profit or loss as cost of sales. The recoverable amount of ₱X,XXX,XXX as at December 31, 2023 was based on value in use and was determined at the level of the CGU. The CGU consisted of the <insert country>-based assets of <insert Company name>, a subsidiary. In determining value in use for the CGU, the cash flows were discounted at a rate of XX.X% on a pre-tax basis.

Capitalized borrowing costs

The Group started the construction of a <insert description of facility> in XXXXX 20XX. This project is expected to be completed in XXXXX 20XX. The carrying amount of the <insert description of facility> at December 31, 2023 was ₱X,XXX,XXX (2022: Nil). The <insert description of facility> is financed by a third party in a common arrangement.

The amount of borrowing costs capitalized during the year ended December 31, 2023 was ₱XXX,XXX (2022: Nil). The rate used to determine the amount of borrowing costs eligible for capitalization was XX%, which is the EIR of the specific borrowing.

Land and buildings

Land and buildings with a carrying amount of ₱X,XXX,XXX (2022: ₱X,XXX,XXX) are subject to a first charge to secure two of the Group's bank loans.

Assets under construction

Included in property, plant and equipment at December 31, 2023 was an amount of ₱X,XXX,XXX (2022: Nil) relating to expenditure for a plant in the course of construction.

Equipment received from customers

In 2023, the Group received ₱XXX,XXX (2022: ₱XXX,XXX) of equipment from customers to be utilized in the production process. The initial gross amount was estimated at fair value by reference to the market price of these assets on the date on which control is obtained.

Disposals of property, plant and equipment

In 2023, the Group sold equipment with a total net carrying amount of ₱X,XXX,XXX for a cash consideration of ₱X,XXX,XXX. In 2022, the Group sold freehold land and a building with a net carrying amount of ₱XXX,XXX for a cash consideration of ₱X,XXX,XXX. The net gains on these disposals were recognized as part of other operating income in the statement of profit or loss (Note 12).

Revaluation of office properties in <insert country>

Management determined that the office properties in <insert country> constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

15 Property, plant and equipment (continued)

In 2023, the impairment loss of ₱XXX,XXX represented the write-down of certain property, plant and equipment in the <insert CGU> to the recoverable amount as a result of technological obsolescence. This was recognized in the statement of profit or loss as cost of sales. The recoverable amount of ₱X,XXX,XXX as at December 31, 2024 was based on value in use and was determined at the level of the CGU. The CGU consisted of the <insert country>-based assets of <insert Company name>, a subsidiary. In determining value in use for the CGU, the cash flows were discounted at a rate of XX.X% on a pre-tax basis.

Capitalized borrowing costs

The Group started the construction of a <insert description of facility> in XXXXX 20XX. This project is expected to be completed in XXXXX 20XX. The carrying amount of the <insert description of facility> at December 31, 2024 was ₱X,XXX,XXX (2023: Nil). The <insert description of facility> is financed by a third party in a common arrangement.

The amount of borrowing costs capitalized during the year ended December 31, 2024 was ₱XXX,XXX (2023: Nil). The rate used to determine the amount of borrowing costs eligible for capitalization was XX%, which is the EIR of the specific borrowing.

Land and buildings

Land and buildings with a carrying amount of ₱X,XXX,XXX (2023: ₱X,XXX,XXX) are subject to a first charge to secure two of the Group's bank loans.

Assets under construction

Included in property, plant and equipment at December 31, 2024 was an amount of ₱X,XXX,XXX (2023: Nil) relating to expenditure for a plant in the course of construction.

Equipment received from customers

In 2024, the Group received ₱XXX,XXX (2023: ₱XXX,XXX) of equipment from customers to be utilized in the production process. The initial gross amount was estimated at fair value by reference to the market price of these assets on the date on which control is obtained.

Disposals of property, plant and equipment

In 2024, the Group sold equipment with a total net carrying amount of ₱X,XXX,XXX for a cash consideration of ₱X,XXX,XXX. In 2023, the Group sold freehold land and a building with a net carrying amount of ₱XXX,XXX for a cash consideration of ₱X,XXX,XXX. The net gains on these disposals were recognized as part of other operating income in the statement of profit or loss (Note 12).

Revaluation of office properties in <insert country>

Management determined that the office properties in <insert country> constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on January 1 and December 31, 2023, the properties' fair values are based on valuations performed by <insert Company name>., an accredited independent valuer who has valuation experience for similar office properties in <insert country> since 2011. A net gain from the revaluation of the office properties in <insert country> of ₪XXX,XXX in 2023 was recognized in OCI.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

15 Property, plant and equipment (continued)

Revaluation of office properties in <insert country> (continued)

Fair value measurement disclosures for the revalued office properties are provided in Note 11.

Significant unobservable valuation input	Range
Price per square meter	₪XXX - ₪XXX

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

15 Property, plant and equipment (continued)

Reconciliation of carrying amount

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on January 1 and December 31, 2024, the properties' fair values are based on valuations performed by <insert Company name>., an accredited independent valuer who has valuation experience for similar office properties in <insert country> since 20XX. A net gain from the revaluation of the office properties in <insert country> of ₪XXX,XXX in 2024 was recognized in OCI.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

15 Property, plant and equipment (continued)

Revaluation of office properties in <insert country> (continued)

Fair value measurement disclosures for the revalued office properties are provided in Note 11.

Significant unobservable valuation input	Range
Price per square meter	₪XXX - ₪XXX

Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

15 Property, plant and equipment (continued)

Reconciliation of carrying amount

		P000				P000	
Carrying amount as at January 1, 2023*		1,020				Carrying amount as at January 1, 2024*	
Level 3 revaluation gain recognized due to change in accounting policy to revaluation model as at January 1, 2023		1,210				Level 3 revaluation gain recognized due to change in accounting policy to revaluation model as at January 1, 2024	
Carrying amount and fair value as at January 1, 2023		2,230				Carrying amount and fair value as at January 1, 2024	
Depreciation for the year		P000				P000	
Level 3 revaluation loss on revaluation as at December 31, 2023		(117)				Depreciation for the year	
		(364)				Level 3 revaluation loss on revaluation as at December 31, 2024	
Carrying amount and fair value as at December 31, 2023		1,749				Carrying amount and fair value as at December 31, 2024	
** The Group changed the accounting policy with respect to the measurement of office properties in <insert country> as at January 1, 2023 on a prospective basis. Therefore, the fair value of the office properties in <insert country> was not measured at 1 January 2022.						** The Group changed the accounting policy with respect to the measurement of office properties in <insert country> as at January 1, 2024 on a prospective basis. Therefore, the fair value of the office properties in <insert country> was not measured at January 1, 2023.	
If the office properties in <insert country> were measured using the cost model, the carrying amounts would be, as follows:						If the office properties in <insert country> were measured using the cost model, the carrying amounts would be, as follows:	
		2023				2024	
		P000				P000	
Cost		1,122				Cost	
Accumulated depreciation and impairment		(105)				Accumulated depreciation and impairment	
Net carrying amount		1,017				Net carrying amount	
16 Investment properties						16 Investment properties	
		2023 2022				2024 2023	
		P000 P000				P000 P000	
Opening balance at January 1		7,983 7,091				Opening balance at January 1	
Additions (subsequent expenditure)		1,216 1,192				Additions (subsequent expenditure)	
Net loss from fair value remeasurement		(306) (300)				Net loss from fair value remeasurement	
Closing balance at December 31		8,893 7,983				Closing balance at December 31	
The Group's investment properties consist of two commercial properties in Philippines. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.						The Group's investment properties consist of two commercial properties in Philippines. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.	
As at December 31, 2023 and 2022, the fair values of the properties are based on valuations performed by <insert Company name>, an accredited independent valuer. <insert Company name> is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the <insert applicable valuation standards board/council>has been applied.						As at December 31, 2024 and 2023, the fair values of the properties are based on valuations performed by <insert Company name>, an accredited independent valuer. <insert Company name> is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the <insert applicable valuation standards board/council>has been applied.	
		89				88	
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023						TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024	
16 Investment properties (continued)						16 Investment properties (continued)	
		2023 2022				2024 2023	
		P000 P000				P000 P000	
Rental income derived from investment properties		1,404 1,377				Rental income derived from investment properties	
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)		(101) (353)				Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)		(37) (127)				Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	
Profit arising from investment properties carried at fair value		1,266 897				Profit arising from investment properties carried at fair value	
The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.						The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.	
Fair value hierarchy disclosures for investment properties are in Note 11.						Fair value hierarchy disclosures for investment properties are in Note 11.	
Reconciliation of fair value:						Reconciliation of fair value:	
		Investment properties Office Retail properties properties P000 P000				Investment properties Office Retail properties properties P000 P000	
As at 1 January 2022		3,397 3,694				As at January 1, 2023	
Remeasurement recognized in profit or loss		(144) (156)				Remeasurement recognized in profit or loss	
Purchases		571 621				Purchases	
As at December 31, 2022		3,824 4,159				As at December 31, 2023	
Remeasurement recognized in profit or loss		(147) (159)				Remeasurement recognized in profit or loss	
Purchases		583 633				Purchases	
As at December 31, 2023		4,260 4,633				As at December 31, 2024	
Description of valuation techniques used and key inputs to valuation of investment properties						Description of valuation techniques used and key inputs to valuation of investment properties	

		Valuation technique	Significant unobservable inputs	Range (weighted average)	Range (weighted average)					Valuation technique	Significant unobservable inputs	Range (weighted average)	Range (weighted average)						
				2023	2022							2024	2023						
	Office properties	DCF method (refer below)	Estimated rental value per sqm per month	Pxx.xx to Pxx.xx (Pxx)	Pxx.xx to Pxx.xx (Pxx)			Office properties	DCF method (refer below)	Estimated rental value per sqm per month	Pxx.xx to Pxx.xx (Pxx)	Pxx.xx to Pxx.xx (Pxx)							
			Rent growth p.a.	x%-x%	x%-x%					Rent growth p.a.	x%-x%								
			Long-term vacancy rate	xx%-xx%	xx%-xx%					Long-term vacancy rate	xx%-xx%								
			Discount rate	x%-x%	x%-x%					Discount rate	x%-x%								
	Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	Px.xx - Px.xx (Pxx)	Px.xx - Px.xx (Pxx)			Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	Px.xx - Px.xx (Pxx)	Px.xx - Px.xx (Pxx)							
			Rent growth p.a.	x%-x%	x%-x%					Rent growth p.a.	x%-x%								
			Long-term vacancy rate	xx%-xx%	xx%-xx%					Long-term vacancy rate	xx%-xx%								
			Discount rate	x%-x%	x%-x%					Discount rate	x%-x%								
					90							89							
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023																			
16 Investment properties (continued)																			
Description of valuation techniques used and key inputs to valuation of investment properties (continued)																			
Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.																			
The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.																			
Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.																			
Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.																			
91																			

		Valuation technique	Significant unobservable inputs	Range (weighted average)	Range (weighted average)					Valuation technique	Significant unobservable inputs	Range (weighted average)	Range (weighted average)						
				2023	2022							2024	2023						
	Office properties	DCF method (refer below)	Estimated rental value per sqm per month	Pxx.xx to Pxx.xx (Pxx)	Pxx.xx to Pxx.xx (Pxx)			Office properties	DCF method (refer below)	Estimated rental value per sqm per month	Pxx.xx to Pxx.xx (Pxx)	Pxx.xx to Pxx.xx (Pxx)							
			Rent growth p.a.	x%-x%	x%-x%					Rent growth p.a.	x%-x%								
			Long-term vacancy rate	xx%-xx%	xx%-xx%					Long-term vacancy rate	xx%-xx%								
			Discount rate	x%-x%	x%-x%					Discount rate	x%-x%								
	Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	Px.xx - Px.xx (Pxx)	Px.xx - Px.xx (Pxx)			Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	Px.xx - Px.xx (Pxx)	Px.xx - Px.xx (Pxx)							
			Rent growth p.a.	x%-x%	x%-x%					Rent growth p.a.	x%-x%								
			Long-term vacancy rate	xx%-xx%	xx%-xx%					Long-term vacancy rate	xx%-xx%								
			Discount rate	x%-x%	x%-x%					Discount rate	x%-x%								
					90							89							
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024																			
16 Investment properties (continued)																			
Description of valuation techniques used and key inputs to valuation of investment properties (continued)																			
Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.																			
The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.																			
Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.																			
Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.																			
91																			

17 Intangible assets and goodwill

	Development costs	Patents and licenses with definite useful life	Licenses with indefinite useful life	Goodwill	Total
	P000	P000	P000	P000	P000
Cost					
At 1 January 2022	1,585	395	240	119	2,339
Additions— internally developed	390	-	-	-	390
Acquisition of a subsidiary (restated *)	-	-	-	131	131
At December 31, 2022	1,975	395	240	250	2,860
Additions— internally developed	587	-	-	-	587
Acquisition of a subsidiary	-	30	1,170	2,231	3,431
Assets held for sale	-	(138)	-	-	(138)
At December 31, 2023	2,562	287	1,410	2,481	6,740
Amortization and impairment					
At 1 January 2022			165	60	225
Amortization			124	50	174
At December 31, 2022			289	110	399
Amortization	95	30	-	-	125
Impairment (Note 18)	-	-	-	200	200
Assets held for sale	-	(3)	-	-	(3)
At December 31, 2023	384	137	-	200	721
Net book value					
At 1 January 2022	1,420	335	240	119	2,114
At December 31, 2022	1,686	285	240	250	2,461
At December 31, 2023 (restated*)	2,178	150	1,410	2,281	6,019

* The amount of goodwill is restated and does not correspond to the figures in 2022 financial statements since adjustments to the final valuation of acquisition of <insert Company name> were made, as detailed in Note 7.

92

17 Intangible assets and goodwill

	Development costs	Patents and licenses with definite useful life	Licenses with indefinite useful life	Goodwill	Total
	P000	P000	P000	P000	P000
Cost					
At January 1, 2023	1,585	395	240	119	2,339
Additions— internally developed	390	-	-	-	390
Acquisition of a subsidiary (restated *)	-	-	-	131	131
At December 31, 2023	1,975	395	240	250	2,860
Additions— internally developed	587	-	-	-	587
Acquisition of a subsidiary	-	30	1,170	2,231	3,431
Assets held for sale	-	(138)	-	-	(138)
At December 31, 2024	2,562	287	1,410	2,481	6,740
Amortization and impairment					
At January 1, 2023			165	60	225
Amortization			124	50	174
At December 31, 2023			289	110	399
Amortization	95	30	-	-	125
Impairment (Note 18)	-	-	-	200	200
Assets held for sale	-	(3)	-	-	(3)
At December 31, 2024	384	137	-	200	721
Net book value					
At January 1, 2023	1,420	335	240	119	2,114
At December 31, 2023	1,686	285	240	250	2,461
At December 31, 2024 (restated*)	2,178	150	1,410	2,281	6,019

* The amount of goodwill is restated and does not correspond to the figures in 2023 financial statements since adjustments to the final valuation of acquisition of <insert Company name> were made, as detailed in Note 7.

91

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

17 Intangible assets and goodwill (continued)

There are two <insert description> research and development projects: one is to <insert description> and the other is related to <insert description>

Acquisition during the year

Patents and licenses include intangible assets acquired through business combinations. The patents have been granted for a minimum of xx years by the relevant government agency, while licenses have been acquired with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and have allowed the Group to determine that these assets have indefinite useful lives. As at December 31, 2023, these assets were tested for impairment (Note 18).

18 Goodwill and intangible assets with indefinite useful lives

For impairment testing goodwill acquired through business combinations and licenses with indefinite useful lives are allocated to the <insert description> CGUs.

Carrying amount of goodwill and licenses allocated to each of the CGUs:

	<insert description 1> unit		<insert description 2> unit		Total
	2023 P000	2022 P000	2023 P000	2022 P000	2023 P000
Goodwill	50	250	2,231	-	2,281
Licenses	360	-	1,050	240	1,410
					Total 2022 P000
Goodwill					250
Licenses					240

The Group performed its annual impairment test in December 2023 and 2022. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at December 31, 2023, the market capitalization of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating CGUs. In addition, the overall decline in <insert company specific line of activity> around the world, as well as the ongoing economic uncertainty, have led to a decreased demand in both the <insert description> CGUs.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

17 Intangible assets and goodwill (continued)

There are two <insert description> research and development projects: one is to <insert description> and the other is related to <insert description>

Acquisition during the year

Patents and licenses include intangible assets acquired through business combinations. The patents have been granted for a minimum of xx years by the relevant government agency, while licenses have been acquired with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and have allowed the Group to determine that these assets have indefinite useful lives. As at December 31, 2024, these assets were tested for impairment (Note 18).

18 Goodwill and intangible assets with indefinite useful lives

For impairment testing goodwill acquired through business combinations and licenses with indefinite useful lives are allocated to the <insert description> CGUs.

Carrying amount of goodwill and licenses allocated to each of the CGUs:

	<insert description 1> unit		<insert description 2> unit		Total
	2024 P000	2023 P000	2024 P000	2023 P000	2024 P000
Goodwill	50	250	2,231	-	2,281
Licenses	360	-	1,050	240	1,410
					Total 2023 P000
Goodwill					250
Licenses					240

The Group performed its annual impairment test in December 2024 and 2023. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at December 31, 2024, the market capitalization of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating CGUs. In addition, the overall decline in <insert company specific line of activity> around the world, as well as the ongoing economic uncertainty, have led to a decreased demand in both the <insert description> CGUs.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

18 Goodwill and intangible assets with indefinite useful lives (continued)

Carrying amount of goodwill and licenses allocated to each of the CGUs: (continued)

<insert description> CGU

The recoverable amount of the <insert description> CGU of PXX,XXX,XXX as at December 31, 2023 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to cash flow projections is XX.X% (2022: XX.X%) and cash flows beyond the five-year period are extrapolated using a X.X% growth rate (2022: X.X%) that is the same as the long-term average growth rate for the <insert description> industry. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognized an impairment charge of PXXX,XXX in the current year against goodwill with a carrying amount of PXXX,XXX as at December 31, 2022. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

<insert description> CGU

The recoverable amount of the <insert description> CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is XX.X% (2022: XX.X%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is X.X% (2022: X.X%). This growth rate exceeds the industry average growth rate by X.XX%. Management of the <insert description>unit believes this growth rate is justified based on the acquisition of <insert Company name>. This acquisition has resulted in the Group obtaining control of an industry patent, thereby preventing other entities from manufacturing a specialized product for a period of XX years. The Group has an option to renew the patent after the XX years have expired. As a result of the analysis, there is headroom of PX,XXX,XXX and management did not identify an impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both <insert description> units is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

18 Goodwill and intangible assets with indefinite useful lives (continued)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

18 Goodwill and intangible assets with indefinite useful lives (continued)

Carrying amount of goodwill and licenses allocated to each of the CGUs: (continued)

<insert description> CGU

The recoverable amount of the <insert description> CGU of PXX,XXX,XXX as at December 31, 2024 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to cash flow projections is XX.X% (2023: XX.X%) and cash flows beyond the five-year period are extrapolated using a X.X% growth rate (2023: X.X%) that is the same as the long-term average growth rate for the <insert description> industry. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognized an impairment charge of PXXX,XXX in the current year against goodwill with a carrying amount of PXXX,XXX as at December 31, 2023. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

<insert description> CGU

The recoverable amount of the <insert description> CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is XX.X% (2023: XX.X%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is X.X% (2023: X.X%). This growth rate exceeds the industry average growth rate by X.XX%. Management of the <insert description>unit believes this growth rate is justified based on the acquisition of <insert Company name>. This acquisition has resulted in the Group obtaining control of an industry patent, thereby preventing other entities from manufacturing a specialized product for a period of XX years. The Group has an option to renew the patent after the XX years have expired. As a result of the analysis, there is headroom of PX,XXX,XXX and management did not identify an impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both <insert description> units is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

18 Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Climate-related matters - The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, the Group has incorporated its expectations for the following: increased costs of emissions under the emission trading scheme it is subject to; expectations for increased demand for goods sold by the Group's <insert CGU>; and expected cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the <insert description>CGU and the <insert description> CGU were XX.XX% and XX.XX%, respectively. These are increased over the budget period for anticipated efficiency improvements. An increase of X.X% per annum was applied for the <insert description> unit and X% per annum for the <insert description>unit.

Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin by X.X% would result in a further impairment in the <insert description> unit. A decrease in the gross margin by X.X% would result in impairment in the <insert description> unit.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. <CGU>-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate to XX.X% (i.e., +X.X%) in the <insert description> unit would result in a further impairment. A rise in the pre-tax discount rate to XX.X% (i.e. +X.X%) in the <insert description> unit would result in impairment.

Raw materials price inflation - Estimates are obtained from published indexes for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available (principally for <insert country> and the <insert country>), otherwise past actual raw material price movements are used as an indicator of future price movements.

Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of X.X% to X.X% for the <insert description> unit and X.X% to X.X% for the <insert description> unit, depending on the country from which materials are purchased. If prices of raw materials increase on average by X.X% more than the forecast price inflation, the Group will have a further impairment.

95

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

18 Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Market share assumptions - When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the <insert description> market (XX%) to be stable over the forecast period. Management expects the Group's position in the <insert description> market relative to its competitors to strengthen following the acquisition of <insert Company name>. The Group's market share in the <insert description> market is currently XX%.

Although management expects the Group's market share of the <insert description> market to be stable over the forecast period, a decline in the market share by X% would result in a further impairment in the <insert description> unit. Similarly, a decline in market share in the <insert description> market by XX% would result in impairment in the <insert description> unit.

Growth rate estimates - Rates are based on published industry research. For the reasons explained above, the long-term rate used to extrapolate the budget for the <insert description> unit includes an adjustment on account of the acquisition of a significant industry patent.

Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of X.X% for the <insert description> unit and X.X% for the <insert description> unit.

A reduction by X.X% in the long-term growth rate in the <insert description> unit would result in a further impairment. For the <insert description> unit, a reduction by X.X% in the long-term growth rate would result in impairment.

19 Financial assets and financial liabilities

19.1 Financial assets

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Climate-related matters - The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group has incorporated its expectations for the following: increased costs of emissions under the emission trading scheme it is subject to; expectations for increased demand for goods sold by the Group's <insert CGU>; and expected cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the <insert description>CGU and the <insert description> CGU were XX.XX% and XX.XX%, respectively. These are increased over the budget period for anticipated efficiency improvements. An increase of X.X% per annum was applied for the <insert description> unit and X% per annum for the <insert description>unit.

Decreased demand can lead to a decline in the gross margin. Any decrease in the gross margin would result in a further impairment in the <insert description> unit. A decrease in the gross margin by X.X% would result in impairment in the <insert description> unit.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. <CGU>-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Any rise in the pre-tax discount rate from the current level of XX.X% in the <insert description> unit would result in a further impairment. A rise in the pre-tax discount rate to XX.X% (i.e. +X.X%) in the <insert description> unit would result in impairment.

Raw materials price inflation - Estimates are obtained from published indexes for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available (principally for <insert country> and the <insert country>), otherwise past actual raw material price movements are used as an indicator of future price movements.

Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of X.X% to X.X% for the <insert description> unit and X.X% to X.X% for the <insert description> unit, depending on the country from which materials are purchased. In the <insert description> unit, any increases in the prices of raw materials would result in a further impairment. If prices of raw materials increase on average by X.X% more than the forecast price inflation, <insert description> will have a further impairment.

94

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

18 Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Market share assumptions - When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the <insert description> market (XX%) to be stable over the forecast period. Management expects the Group's position in the <insert description> market relative to its competitors to strengthen following the acquisition of <insert Company name>. The Group's market share in the <insert description> market is currently XX%.

Although management expects the Group's market share of the <insert description> market to be stable over the forecast period, any decline in the market share would result in a further impairment in the <insert description> unit. Similarly, a decline in market share in the <insert description> market by XX% would result in impairment in the <insert description> unit.

Growth rate estimates - Rates are based on published industry research. For the reasons explained above, the long-term rate used to extrapolate the budget for the <insert description> unit includes an adjustment on account of the acquisition of a significant industry patent.

Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of X.X% for the <insert description> unit and X.X% for the <insert description> unit.

Any reduction in the long-term growth rate in the <insert description> unit would result in a further impairment. For the <insert description> unit, any reduction in the long-term growth rate would result in impairment.

19 Financial assets and financial liabilities

19.1 Financial assets

	2023	2022
	P000	P000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	640	-
Embedded derivatives	210	-
Derivatives designated as hedging instruments		
Foreign exchange forward contracts	252	153
Financial assets at fair value through profit or loss		
Listed equity investments	337	300

96

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

	2023	2022
	P000	P000
Equity instruments designated at fair value through OCI		
Non-listed equity investments		
Company 1	417	205
Company 2	258	185
Company 3	70	151
Company 4	293	-
Company 5	-	308
Company 6	-	49
	1,038	898
Debt instruments at fair value through OCI		
Quoted debt instruments	1,622	1,610
Total financial assets at fair value	4,099	2,961
Debt instruments at amortized cost		
Trade receivables (Note 21)	25,672	22,290
Loan to an associate	200	-
Loan to a director	13	8
Total financial assets*	29,984	25,259
Total current	26,223	22,443
Total non-current	3,761	2,816

* Financial assets, other than cash and short-term deposits

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in <insert foreign currency>.

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between X% and X%) in these companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

In 2023, the Group sold its equity interest in <insert Company name> as this investment no longer coincides with the Group's investment strategy. The fair value on the date of sale is ₪XX,XXX and the accumulated gain recognized in OCI of ₪X,XXX was transferred to retained earnings. In 2023, the Group received dividends in the amount of ₪X,XXX from <insert Company name>.

97

	2024	2023
	P000	P000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	640	-
Embedded derivatives	210	-
Derivatives designated as hedging instruments		
Foreign exchange forward contracts	252	153
Financial assets at fair value through profit or loss		
Listed equity investments	337	300

95

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

	2024	2023
	P000	P000
Equity instruments designated at fair value through OCI		
Non-listed equity investments		
Company 1	417	205
Company 2	258	185
Company 3	70	151
Company 4	293	-
Company 5	-	308
Company 6	-	49
	1,038	898
Debt instruments at fair value through OCI		
Quoted debt instruments	1,622	1,610
Total financial assets at fair value	4,099	2,961
Debt instruments at amortized cost		
Trade receivables (Note 21)	25,672	22,290
Loan to an associate	200	-
Loan to a director	13	8
Total financial assets*	29,984	25,259
Total current	26,223	22,443
Total non-current	3,761	2,816

* Financial assets, other than cash and short-term deposits

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in <insert foreign currency>.

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between X% and X%) in these companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

In 2024, the Group sold its equity interest in <insert Company name> as this investment no longer coincides with the Group's investment strategy. The fair value on the date of sale is ₪XX,XXX and the accumulated gain recognized in OCI of ₪X,XXX was transferred to retained earnings. In 2024, the Group received dividends in the amount of ₪X,XXX from <insert Company name>.

96

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Debt instruments at amortized cost include trade receivables and receivables from related parties.

19.2 Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2023	2022
	%		P000	P000
Current interest-bearing loans and borrowings				
Lease liabilities (Note 30)	X.X-X.X	20XX	455	418
Bank overdrafts	XX	On demand	966	2,650
PX,XXX,XXX bank loan	XX	XXX X 20XX	1,411	-
PX,XXX,XXX bank loan	XX	XXX XX 20XX	-	74
Total current interest-bearing loans and borrowings			2,832	3,142
Non-current interest-bearing loans and borrowings				
Lease liabilities (Note 30)	X.X-X.X	20XX-20XX	2,706	2,553
X% debentures	X.X	20XX-20XX	3,374	3,154
X,XX% secured loan of PX,XXX,XXX	*XX	XXX XX 20XX	2,246	-
Secured bank loan	XX	XXX XX 20XX	3,479	3,489
PX,XXX,XXX bank loan	XX	XXX XX 20XX	-	1,357
PX,XXX,XXX bank loan	XX	20XX-20XX	2,486	2,229
PX,XXX,XXX bank loan	XX	XXX XX 20XX	2,078	2,078
PX,XXX,XXX bank loan	X.X	XXX X 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			22,147	23,313
Total interest-bearing loans and borrowings			24,979	26,455

* Includes the effects of related interest rate swaps.

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's short-term deposits.

[PX,XXX,XXX] bank loan

This loan is unsecured and is repayable in full on XXXX X, 20XX.

98

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

[X%] debentures

The XX.XX% debentures are repayable in equal annual instalments of PXXX commencing on January 1 20XX. The debentures include a requirement to increase the Group's use of recycled materials in the production of its products to XX.XX %. If this requirement is not met by January 1 20XX, the interest rate will rise by 100 basis points to XX.XX %.

[X,XX%] secured loan

The loan is secured by a first charge over certain of the Group's land and buildings with a carrying value of PX,XXX,XXX (2022: Nil).

Secured bank loan

This loan has been drawn down under a six-year multi-option facility (MOF). The loan is repayable within XX months after the reporting date, but has been classified as long term because the Group expects, and has the discretion, to exercise its rights under the MOF to refinance this funding. Such immediate replacement funding is available until XXXX XX, 20XX. The total amount repayable on maturity is PX,XXX,XXX. The facility is secured by a first charge over certain of the Group's land and buildings, with a carrying value of PX,XXX,XXX (2022: PX,XXX,XXX).

[PX,XXX,XXX] bank loan

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Debt instruments at amortized cost include trade receivables and receivables from related parties.

19.2 Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2024	2023
	%		P000	P000
Current interest-bearing loans and borrowings				
Lease liabilities (Note 30)	X.X-X.X	20XX	455	418
Bank overdrafts	XX	On demand	966	2,650
PX,XXX,XXX bank loan	XX	XXX X 20XX	1,411	-
PX,XXX,XXX bank loan	XX	XXX XX 20XX	-	74
Total current interest-bearing loans and borrowings			2,832	3,142
Non-current interest-bearing loans and borrowings				
Lease liabilities (Note 30)	X.X-X.X	20XX-20XX	2,706	2,553
X% debentures	X.X	20XX-20XX	3,374	3,154
X,XX% secured loan of PX,XXX,XXX	*XX	XXX XX 20XX	2,246	-
Secured bank loan	XX	XXX XX 20XX	3,479	3,489
PX,XXX,XXX bank loan	XX	XXX XX 20XX	-	1,357
PX,XXX,XXX bank loan	XX	20XX-20XX	2,486	2,229
PX,XXX,XXX bank loan	XX	XXX XX 20XX	2,078	2,078
PX,XXX,XXX bank loan	X.X	XXX X 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			22,147	23,313
Total interest-bearing loans and borrowings			24,979	26,455

* Includes the effects of related interest rate swaps.

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's short-term deposits.

[PX,XXX,XXX] bank loan

This loan is unsecured and is repayable in full on XXXX X, 20XX.

97

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

[X%] debentures

The XX.XX% debentures are repayable in equal annual instalments of PXXX commencing on January 1, 20XX. The debentures include a requirement to increase the Group's use of recycled materials in the production of its products to XX.XX %. If this requirement is not met by January 1, 20XX, the interest rate will rise by 100 basis points to XX.XX %.

The XX.XX% debentures are subject to a covenant that requires the Group to maintain CXXX in minimum balance of cash and short-term deposits on a consolidated basis during the repayment period of the loan. The covenant is tested at the end of each quarter until the maturity of the XX.XX% debentures. The Group has no indication that it will have difficulty complying with this covenant.

[X,XX%] secured loan

The loan is secured by a first charge over certain of the Group's land and buildings with a carrying value of PX,XXX,XXX (2023: Nil).

Secured bank loan

This loan has been drawn down under a six-year multi-option facility (MOF). The loan is repayable within XX months after the reporting date, but has been classified as long term because the Group expects, and has the discretion, to exercise its rights under the MOF to refinance this funding. Such immediate

The Group increased its borrowings under this loan contract by ₪XXX,XXX during the reporting period. This loan is repayable in two instalments of ₪X,XXX,XXX due on December 31, 20XX and ₪X,XXX,XXX due on December 31, 20XX.

[₪X,XXX,XXX] bank loan

This loan is unsecured and is repayable in full on XXXX X, 20XX. As of December 31, 2022, ₪XX,XXX was repayable on XXXX X, 20XX.

[₪X,XXX,XXX] bank loan

This loan has been transferred to the net balance of the liabilities held for sale.

Convertible preference shares

At December 31, 2023 and 2022, there were X,XXX,XXX convertible preference shares in issue. Each share has a par value of ₪X and is convertible at the option of the shareholders into ordinary shares of the parent of the Group on January 1, 20XX on the basis of one ordinary share for every three preference shares held. Any preference shares not converted will be redeemed on December 31, 20XX at a price of ₪X.XX per share. The preference shares carry a dividend of X% per annum, payable half-yearly in arrears on June 30, and December 31. The dividend rights are non-cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The presentation of the equity portion of these shares is explained in Note 24 below.

Other financial liabilities

	2023	2022
	₪000	₪000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	720	-
Embedded derivatives	782	-

99

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023**

19 Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

	2023	2022
	₪000	₪000
Derivatives designated as hedging instruments		
Foreign exchange forward contracts	170	254
Commodity forward contracts	980	-
Interest rate swaps	35	-
Financial liabilities at fair value through profit or loss		
Contingent consideration (Note 7)	1,072	-
Total financial instruments at fair value	3,759	254
Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings		
Trade and other payables (Note 29)	16,969	20,023
Total other financial liabilities	20,728	20,277
Total current	19,922	20,277
Total non-current	806	-

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in <insert currency>. This also includes the change in fair value of commodity forward contracts entered into during 2023.

Contingent consideration

As part of the purchase agreement with the previous owner of <insert Company name>, a contingent consideration has been agreed. This consideration is dependent on the profit before tax of <insert Company name> during a XX month period. The fair value of the contingent consideration at the acquisition date was ₪XXX,XXX. The fair value increased to ₪X,XXX,XXX as at December 31, 2023 due to a significantly enhanced performance compared to budget. The contingent consideration is due for final measurement and payment to the former shareholders on XXXX XX, 20XX.

19.3 Hedaina activities and derivatives

replacement funding is available until XXXX XX, 20XX. The total amount repayable on maturity is ₪X,XXX,XXX. The facility is secured by a first charge over certain of the Group's land and buildings, with a carrying value of ₪X,XXX,XXX (2023: ₪X,XXX,XXX).

The secured bank loan is subject to the following covenants:

- Interest cover ratio greater than X. The interest cover ratio in the secured bank loan is calculated as operating profit divided by interests on debts and borrowings (see Note 12.3). The interest cover ratio was X as at December 31, 2024 (2023: X)
- Gearing ratio below X%. See Note 5 for the definition and calculation of the Group's gearing ratio. The gearing ratio was X% as at December 31, 2024 (2023: X%)

Both covenants are tested half-yearly, at 30 June and 31 December. The Group has no indication that it will have difficulty complying with these covenants.

[₪X,XXX,XXX] bank loan

The Group increased its borrowings under this loan contract by ₪XXX,XXX during the reporting period. This loan is repayable in two instalments of ₪X,XXX,XXX due on December 31, 20XX and ₪X,XXX,XXX due on December 31, 20XX.

[₪X,XXX,XXX] bank loan

This loan is unsecured and is repayable in full on XXXX X, 20XX. As of December 31, 2023, ₪XX,XXX was repayable on XXXX X, 20XX.

[₪X,XXX,XXX] bank loan

This loan has been transferred to the net balance of the liabilities held for sale.

98

**TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024**

19 Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

Convertible preference shares

At December 31, 2024 and 2023, there were X,XXX,XXX convertible preference shares in issue. Each share has a par value of ₪X and is convertible at the option of the shareholders into ordinary shares of the parent of the Group on January 1, 20XX on the basis of one ordinary share for every three preference shares held. Any preference shares not converted will be redeemed on December 31, 20XX at a price of ₪X.XX per share. The preference shares carry a dividend of X% per annum, payable half-yearly in arrears on June 30, and December 31. The dividend rights are non-cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The presentation of the equity portion of these shares is explained in Note 24 below.

Other financial liabilities

	2024	2023
	₪000	₪000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	720	-
Embedded derivatives	782	-
Derivatives designated as hedging instruments		
Foreign exchange forward contracts	170	254
Commodity forward contracts	980	-
Interest rate swaps	35	-
Financial liabilities at fair value through profit or loss		
Contingent consideration (Note 7)	1,072	-
Total financial instruments at fair value	3,759	254
Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings		
Trade and other payables (Note 29)	16,969	20,023
Total other financial liabilities	20,728	20,277
Total current	19,922	20,277
Total non-current	806	-

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in <insert currency>. This also includes the change in fair value of commodity forward contracts entered into during 2024.

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk, and interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 19.5 below.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)
19.3 Hedging activities and derivatives (continued)

Derivatives not designated as hedging instruments
The Group uses foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 24 months.

Derivatives designated as hedging instruments
Cash flow hedges
Foreign currency risk
Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in Philippine Peso and forecast purchases in <insert currency>. These forecast transactions are highly probable, and they comprise about XX% of the Group's total expected sales in Philippine Peso and about XX% of its total expected purchases in <insert currency>. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Commodity price risk
The Group purchases <insert commodity> on an ongoing basis as its operating activities in the <insert description> require a continuous supply thereof for the production of its <insert description>. The increased volatility in <insert commodity> price over the past XX months has led to the decision to enter into commodity forward contracts.

These contracts, which commenced on XXXX X, 2023, are expected to reduce the volatility attributable to price fluctuations of <insert commodity>. Hedging the price volatility of forecast <insert commodity> purchases is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity forward contracts:

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)
19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

Contingent consideration
As part of the purchase agreement with the previous owner of <insert Company name>, a contingent consideration has been agreed. This consideration is dependent on the profit before tax of <insert Company name> during a XX month period. The fair value of the contingent consideration at the acquisition date was ₱XXX.XXX. The fair value increased to ₱X,XXX.XXX as at December 31, 2024 due to a significantly enhanced performance compared to budget. The contingent consideration is due for final measurement and payment to the former shareholders on XXXX XX, 20XX.

19.3 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk, and interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 19.5 below.

Derivatives not designated as hedging instruments
The Group uses foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 24 months.

Derivatives designated as hedging instruments
Cash flow hedges
Foreign currency risk
Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in Philippine Peso and forecast purchases in <insert currency>. These forecast transactions are highly probable, and they comprise about XX% of the Group's total expected sales in Philippine Peso and about XX% of its total expected purchases in <insert currency>. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Commodity price risk
The Group purchases <insert commodity> on an ongoing basis as its operating activities in the <insert description> require a continuous supply thereof for the production of its <insert description>. The increased volatility in <insert commodity> price over the past XX months has led to the decision to enter into commodity forward contracts.

These contracts, which commenced on XXXX X, 2024, are expected to reduce the volatility attributable to price fluctuations of <insert commodity>. Hedging the price volatility of forecast <insert commodity> purchases is in accordance with the risk management strategy outlined by the Board of Directors.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)
19.3 Hedging activities and derivatives (continued)

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

	Less than 1 month	1 to 3 months	Maturity 3 to 6 months	6 to 9 months	9 to 12 months	Total
As at December 31, 2023						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount(in ₱000)	2,950	3,000	3,150	3,450	3,250	15,800
Average forward rate (PHP/<insert currency>)	1.166	1.169	1.172	1.175	1.185	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount(in ₱000)	1,450	1,330	1,880	1,750	1,550	7,960
Average forward rate (PHP/<insert currency>)	0.876	0.877	0.878	0.879	0.881	
Commodity forward contracts						
Notional amount (in tonnes)				450	530	980
Notional amount (in ₱000)				2,600	3,000	5,600
Average hedged rate (in ₱000 per tonne)				5.77	5.66	

	Less than 1 month	1 to 3 months	Maturity 3 to 6 months	6 to 9 months	9 to 12 months	Total
As at December 31, 2022						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount(in ₱000)	2,650	2,850	3,000	3,200	2,900	14,600
Average forward rate (PHP/<insert currency>)	1.200	1.203	1.206	1.209	1.211	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount(in ₱000)	1,250	1,150	1,500	1,600	1,450	6,950

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Average forward rate (PHP/<insert currency>)	0.882	0.883	0.884	0.885	0.886	
The impact of the hedging instruments on the statement of financial position is, as follows:						
	Notional amount ₱000	Carrying amount ₱000	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for ₱000		
As at December 31, 2023						
Foreign exchange forward contracts	15,800	252	Other current financial assets	386		
Foreign exchange forward contracts	7,960	(170)	Other current financial liabilities	(99)		
Commodity forward contracts			Other current financial			

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the fore casted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity forward contracts:

	Less than 1 month	1 to 3 months	Maturity 3 to 6 months	6 to 9 months	9 to 12 months	Total
As at December 31, 2024						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount(in ₱000)	2,950	3,000	3,150	3,450	3,250	15,800
Average forward rate (PHP/<insert currency>)	1.166	1.169	1.172	1.175	1.185	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount(in ₱000)	1,450	1,330	1,880	1,750	1,550	7,960
Average forward rate (PHP/<insert currency>)	0.876	0.877	0.878	0.879	0.881	
Commodity forward contracts						
Notional amount (in tonnes)				450	530	980
Notional amount (in ₱000)				2,600	3,000	5,600
Average hedged rate (in ₱000 per tonne)				5.77	5.66	

101

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

	Less than 1 month	1 to 3 months	Maturity 3 to 6 months	6 to 9 months	9 to 12 months	Total
As at December 31, 2023						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount(in ₱000)	2,650	2,850	3,000	3,200	2,900	14,600
Average forward rate (PHP/<insert currency>)	1.200	1.203	1.206	1.209	1.211	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount(in ₱000)	1,250	1,150	1,500	1,600	1,450	6,950
Average forward rate (PHP/<insert currency>)	0.882	0.883	0.884	0.885	0.886	
The impact of the hedging instruments on the statement of financial position is, as follows:						
	Notional amount ₱000	Carrying amount ₱000	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for ₱000		
As at December 31, 2024						
Foreign exchange forward contracts	15,800	252	Other current financial assets	386		
Foreign exchange forward contracts	7,960	(170)	Other current financial liabilities	(99)		
Commodity forward contracts	5,600	(980)	Other current financial liabilities	(980)		

contracts	5,600	(980)	liabilities	(980)
As at December 31, 2022				
Foreign exchange forward contracts	14,600	153	Other current financial assets	137
Foreign exchange forward contracts	6,950	(254)	Other current financial liabilities	(31)
The impact of hedged items on the statement of financial position is, as follows:				

	December 31, 2023		December 31, 2022	
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	Change in fair value used for measuring ineffectiveness
	P000	P000	P000	P000
Highly probable forecast sales	386	165	12	137
Highly probable forecast purchases	(99)	(110)	(9)	(31)
<insert commodity> purchases	(915)	(617)	(23)	-

	December 31, 2022		December 31, 2021	
	Cash flow hedge reserve	Cost of hedging reserve	Cash flow hedge reserve	Cost of hedging reserve
	P000	P000	P000	P000
Highly probable forecast sales		107		-
Highly probable forecast purchases		(177)		-
<insert commodity> purchases		-		-

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

103

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	P000	P000		P000	P000	
Year ended December 31, 2023						
Highly probable forecast sales	386	-		21	(283)	Revenue
Highly probable forecast purchases	(99)	-		(16)	-	
<insert commodity> purchases	(915)	65	Other operating expenses	(33)	-	
Year ended December 31, 2022						
Highly probable forecast sales					137	Revenue
Highly probable forecast purchases					(31)	Cost of sales

Fair value hedge

At December 31, 2023, the Group had an interest rate swap agreement in place with a notional amount of PHP X,XXX,XXX (PXX,XXX,XXX) (2022: PNil) whereby the Group receives a fixed rate of interest of X.XX% and pays interest at a variable rate equal to LIBOR+X.X% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate X.XX% secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

As at December 31, 2023				
Foreign exchange forward contracts	14,600	153	Other current financial assets	137
Foreign exchange forward contracts	6,950	(254)	Other current financial liabilities	(31)
The impact of hedged items on the statement of financial position is, as follows:				

102

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

	December 31, 2024		December 31, 2023	
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	Change in fair value used for measuring ineffectiveness
	P000	P000	P000	P000
Highly probable forecast sales	386	165	12	137
Highly probable forecast purchases	(99)	(110)	(9)	(31)
<insert commodity> purchases	(915)	(617)	(23)	-

	December 31, 2023		December 31, 2022	
	Cash flow hedge reserve	Cost of hedging reserve	Cash flow hedge reserve	Cost of hedging reserve
	P000	P000	P000	P000
Highly probable forecast sales		107		-
Highly probable forecast purchases		(177)		-
<insert commodity> purchases		-		-
The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:				

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	P000	P000		P000	P000	
Year ended December 31, 2024						
Highly probable forecast sales	386	-		21	(283)	Revenue
Highly probable forecast purchases	(99)	-		(16)	-	
<insert commodity> purchases	(915)	65	Other operating expenses	(33)	-	
Year ended December 31, 2023						
Highly probable forecast sales					137	Revenue
Highly probable forecast purchases					(31)	Cost of sales

103

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

The impact of the hedging instrument on the statement of financial position as at December 31, 2023, is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	<insert currency>P000	P000		P000
Interest rate swap	3,600	35	Other current financial liability	35

The impact of the hedged item on the statement of financial position as at December 31, 2023, is, as follows:

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	P000	P000		P000
			Interest-bearing loans and borrowings	
Fixed-rate borrowing	2,246	35		35

The ineffectiveness recognized in the statement of profit or loss was immaterial.

Hedge of net investments in foreign operations

Included in interest-bearing loans at December 31, 2023 was a borrowing of PHP X,XXX,XXX which has been designated as a hedge of the net investments in the two subsidiaries in <insert country>, <insert Company name> and <insert Company name>, beginning 2023. This borrowing is being used to hedge the Group's exposure to the <insert foreign currency> foreign exchange risk on these investments. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the PHP borrowing. The Group has established a hedge ratio of X:X as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instrument on the statement of financial position as at December 31, 2023, is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	<insert currency>P000	P000		P000
Foreign currency denominated borrowing	3,600	2,246	Interest-bearing loans and borrowings	278

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

The impact of the hedged item on the statement of financial position is, as follows:

Change in fair
value used for Foreign currency

19.3 Hedging activities and derivatives (continued)

Fair value hedge

At December 31, 2024, the Group had an interest rate swap agreement in place with a notional amount of PHP X,XXX,XXX (P X,XXX,XXX) (2023: PNil) whereby the Group receives a fixed rate of interest of X.XX% and pays interest at a variable rate equal to LIBOR+X.X% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate X.XX% secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the statement of financial position as at December 31, 2024, is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	<insert currency>P000	P000		P000
Interest rate swap	3,600	35	Other current financial liability	35

The impact of the hedged item on the statement of financial position as at December 31, 2024, is, as follows:

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	P000	P000		P000
			Interest-bearing loans and borrowings	
Fixed-rate borrowing	2,246	35		35

The ineffectiveness recognized in the statement of profit or loss was immaterial.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Hedge of net investments in foreign operations

Included in interest-bearing loans at December 31, 2024 was a borrowing of PHP X,XXX,XXX which has been designated as a hedge of the net investments in the two subsidiaries in <insert country>, <insert Company name> and <insert Company name>, beginning in 2024. This borrowing is being used to hedge the Group's exposure to the <insert foreign currency> foreign exchange risk on these investments. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the PHP borrowing. The Group has established a hedge ratio of X:X as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instrument on the statement of financial position as at December 31, 2024, is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	<insert currency>P000	P000		P000
Foreign currency denominated borrowing	3,600	2,246	Interest-bearing loans and borrowings	278

The impact of the hedged item on the statement of financial position is, as follows:

Change in fair
value used for Foreign currency

	measuring ineffectiveness P000	translation reserve P000
Net investment in foreign subsidiaries	278	195
The hedging gain recognized in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss.		

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve P000	Cost of hedging reserve P000	Foreign currency translation reserve P000
As at 1 January 2022	(94)	-	(327)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	137	-	-
Foreign exchange forward contracts – forecast purchases	(31)	-	-
Amount reclassified to profit or loss	(72)	-	-
Foreign currency revaluation of the net foreign operations*	-	-	(117)
Tax effect	(10)	-	-
As at January 1, 2023	(70)	-	(444)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	365	21	-
Foreign exchange forward contracts – forecast purchases	(83)	(16)	-
Commodity forward contracts	(882)	(33)	-
Amount reclassified to profit or loss	(283)	(4)	-
Amount transferred to inventories	180	3	-
Foreign currency revaluation of the <insert currency> borrowing	-	-	278
Foreign currency revaluation of the net foreign operations*	-	-	(246)
Tax effect	211	9	(83)
As at December 31, 2023	(562)	(20)	(495)

*Hedging of net investment in foreign operations only started in 2023.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Embedded derivatives

In 2023, the Group entered into long-term sale contracts with a customer in <insert country>. The functional currency of the customer is PHP. The selling price in the contracts is fixed and set in <insert currency>. The contracts require physical delivery and will be held for the purpose of the delivery of the commodity in accordance with the buyer's expected sales requirements. The contracts have embedded foreign exchange derivatives that are required to be separated.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market) with a number of suppliers in <insert country> and <insert country>. The prices in these purchase contracts are linked to the price of <insert price dependent factor>. The contracts have embedded commodity swaps that are required to be separated.

The embedded foreign currency and commodity derivatives have been separated and are carried at fair value through profit or loss. The carrying values of the embedded derivatives at December 31, 2023 amounted to PXXX,XXX (other financial assets) (2022: PNil) and PXXX,XXX (other financial liabilities) (2022: PNil). The effects on profit or loss are reflected in operating income and operating expenses, respectively.

19.4 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2023		2022	
	Carrying amount P000	Fair value P000	Carrying amount P000	Fair value P000
Financial assets				
Loans to an associate and a director	213	208	8	9
Non-listed equity investments	1,038	1,038	898	898
Listed equity investments	337	337	300	300

	measuring ineffectiveness P000	translation reserve P000
Net investment in foreign subsidiaries	278	195
The hedging gain recognized in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss.		

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve P000	Cost of hedging reserve P000	Foreign currency translation reserve P000
As at 1 January 2022	(94)	-	(327)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	137	-	-
Foreign exchange forward contracts – forecast purchases	(31)	-	-
Amount reclassified to profit or loss	(72)	-	-
Foreign currency revaluation of the net foreign operations*	-	-	(117)
Tax effect	(10)	-	-
As at January 1, 2023	(70)	-	(444)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	365	21	-
Foreign exchange forward contracts – forecast purchases	(83)	(16)	-
Commodity forward contracts	(882)	(33)	-
Amount reclassified to profit or loss	(283)	(4)	-
Amount transferred to inventories	180	3	-
Foreign currency revaluation of the <insert currency> borrowing	-	-	278
Foreign currency revaluation of the net foreign operations*	-	-	(246)
Tax effect	211	9	(83)
As at December 31, 2023	(562)	(20)	(495)

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

	Cash flow hedge reserve P000	Cost of hedging reserve P000	Foreign currency translation reserve P000
As at January 1, 2023	(94)	-	(327)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	137	-	-
Foreign exchange forward contracts – forecast purchases	(31)	-	-
Amount reclassified to profit or loss	(72)	-	-
Foreign currency revaluation of the net foreign operations*	-	-	(117)
Tax effect	(10)	-	-
As at January 1, 2024	(70)	-	(444)
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	365	21	-
Foreign exchange forward contracts – forecast purchases	(83)	(16)	-
Commodity forward contracts	(882)	(33)	-
Amount reclassified to profit or loss	(283)	(4)	-
Amount transferred to inventories	180	3	-
Foreign currency revaluation of the <insert currency> borrowing	-	-	278
Foreign currency revaluation of the net foreign operations*	-	-	(246)
Tax effect	211	9	(83)
As at December 31, 2024	(562)	(20)	(495)

*Hedging of net investment in foreign operations only started in 2024.

Embedded derivatives

In 2024, the Group entered into long-term sale contracts with a customer in <insert country>. The functional currency of the customer is PHP. The selling price in the contracts is fixed and set in <insert currency>. The contracts require physical delivery and will be held for the purpose of the delivery of the commodity in accordance with the buyer's expected sales requirements. The contracts have embedded foreign exchange derivatives that are required to be separated.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market) with a number of suppliers in <insert country> and <insert country>. The prices in these purchase contracts are linked to the price of <insert price dependent factor>. The contracts have embedded commodity swaps that are required to be separated.

The embedded foreign currency and commodity derivatives have been separated and are carried at fair value through profit or loss. The carrying values of the embedded derivatives at December 31, 2024 amounted to PXXX,XXX (other financial assets) (2023: PNil) and PXXX,XXX (other financial liabilities) (2023: PNil). The effects on profit or loss are reflected in operating income and operating expenses, respectively.

Quoted debt instruments	1,022	1,022	1,010	1,010
Foreign exchange forward contracts	640	640	-	-
Embedded derivatives	210	210	-	-
Foreign exchange forward contracts in cash flow hedges	252	252	153	153
Total	4,312	4,307	2,969	2,970
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings*	(12,666)	(12,666)	(11,877)	(11,877)
Fixed rate borrowings	(6,374)	(6,321)	(8,239)	(8,944)
Convertible preference shares	(2,778)	(2,766)	(2,644)	(2,621)
Contingent consideration	(1,072)	(1,072)	-	-
Derivatives not designated as hedges				
Foreign exchange forward contracts	(720)	(720)	-	-
Embedded derivatives	(782)	(782)	-	-
Derivatives in effective hedges	(1,185)	(1,185)	(254)	(254)
Total	(25,577)	(25,512)	(23,014)	(23,696)

107

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

* Includes an X.XX% secured loan carried at amortized cost adjusted for the fair value movement due to the hedged interest rate risk.

The fair value measurement hierarchy of all Group's financial assets and liabilities is provided in Note 11.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.
- There is an active market for the Group's listed equity investments and quoted debt instruments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Some derivative contracts are fully cash collateralized, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at December 31, 2023, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

108

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	P000	P000	P000	P000
Financial assets				
Loans to an associate and a director	213	208	8	9
Non-listed equity investments	1,038	1,038	898	898
Listed equity investments	337	337	300	300
Quoted debt instruments	1,622	1,622	1,610	1,610
Foreign exchange forward contracts	640	640	-	-
Embedded derivatives	210	210	-	-
Foreign exchange forward contracts in cash flow hedges	252	252	153	153
Total	4,312	4,307	2,969	2,970
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings*	(12,666)	(12,666)	(11,877)	(11,877)
Fixed rate borrowings	(6,374)	(6,321)	(8,239)	(8,944)
Convertible preference shares	(2,778)	(2,766)	(2,644)	(2,621)
Contingent consideration	(1,072)	(1,072)	-	-
Derivatives not designated as hedges				
Foreign exchange forward contracts	(720)	(720)	-	-
Embedded derivatives	(782)	(782)	-	-
Derivatives in effective hedges	(1,185)	(1,185)	(254)	(254)
Total	(25,577)	(25,512)	(23,014)	(23,696)

* Includes an X.XX% secured loan carried at amortized cost adjusted for the fair value movement due to the hedged interest rate risk.

The fair value measurement hierarchy of all Group's financial assets and liabilities is provided in Note 11.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

107

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.
- There is an active market for the Group's listed equity investments and quoted debt instruments.
- The Group enters into derivative financial instruments with various counterparties, principally

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

- Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralized, the Group also takes into account the counterparties' credit risks (for the embedded derivative assets) or the Group's own non-performance risk (for the embedded derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.
- The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at December 31, 2023 was assessed to be insignificant.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2023 and 2022 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-XX.X% (X.X%)	XX% (20XX: XX%) increase (decrease) in the margin would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)
			20XX: X.X%-XX.X% (X.X%)	

109

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

WACC	20XX: XX.X%-XX.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by PXX,XXX (20XX: PXX,XXX)
	20XX: XX.X%-XX.X% (X.X%)	
Discount for lack of marketability	20XX: X.X%-XX.X% (XX.X%)	X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by PX,XXX (20XX: PX,XXX).

20XX:

financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Some derivative contracts are fully cash collateralized, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at December 31, 2024, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

- Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralized, the Group also takes into account the counterparties' credit risks (for the embedded derivative assets) or the Group's own non-performance risk (for the embedded derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.
- The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at December 31, 2024 was assessed to be insignificant.

108

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2024 and 2023 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-XX.X% (X.X%)	XX% (20XX: XX%) increase (decrease) in the margin would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)
			20XX: X.X%-XX.X% (X.X%)	
		WACC	20XX: XX.X%-XX.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by PXX,XXX (20XX: PXX,XXX)
			20XX: XX.X%-XX.X% (X.X%)	
		Discount for lack of marketability	20XX: X.X%-XX.X% (XX.X%)	X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by PX,XXX (20XX: PX,XXX).

109

Non-listed equity investments <insert description> sector

DCF method

Long-term growth rate for cash flows for subsequent years

20XX: X.X%-XX.X% (XX.X%)

20XX: X.X%-X.X% (X.X%)

X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

Long-term operating margin

20XX: X.X%-X.X% (X.X%)

20XX: XX.X%-XX.X% (XX.X%)

X% (20XX: X%) increase (decrease) in the margin would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

WACC

20XX: XX.X%-XX.X% (XX.X%)

20XX: XX.X%-XX.X% (X.X%)

X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by PXX,XXX (20XX: PXX,XXX)

110

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Discount for lack of marketability

20XX: XX.X%-XX.X% (X.X%)

20XX: X.X%-XX.X% (X.X%)

X.X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by PX,XXX (20XX: PX,XXX).

Embedded derivative assets

Forward pricing model

Discount for counterparty credit risk

20XX: X.X%-XX.X% (X.X%)

20XX: X.XX%-X.XX% (X.XX%)

X.X% increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX.

Embedded derivative liabilities

Forward pricing model

Discount for non-performance risk

20XX: -

20XX: X.XX%-X.XX% (X.XX%)

X.X% increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX.

Loan to an associate and a director

DCF method

Constant payment rate

20XX: -

20XX: X.X%-X.X% (X.X%)

X% (20XX: X%) increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

Discount for non-performance risk

20XX: X.X%-X.X% (X.X%)

20XX: X.XX%

X.X% (20XX: X.X%) increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

20XX: X.XX%

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Non-listed equity investments <insert description> sector

DCF method

Long-term growth rate for cash flows for subsequent years

20XX: X.X%-XX.X% (XX.X%)

20XX: X.X%-X.X% (X.X%)

X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

Long-term operating margin

20XX: X.X%-X.X% (X.X%)

20XX: XX.X%-XX.X% (XX.X%)

X% (20XX: X%) increase (decrease) in the margin would result in an increase (decrease) in fair value by PXX,XXX (20XX: PXX,XXX)

WACC

20XX: XX.X%-XX.X% (XX.X%)

20XX: XX.X%-XX.X% (X.X%)

X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by PXX,XXX (20XX: PXX,XXX)

Discount for lack of marketability

20XX: XX.X%-XX.X% (X.X%)

20XX: X.X%-XX.X% (X.X%)

X.X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by PX,XXX (20XX: PX,XXX).

Embedded derivative assets

Forward pricing model

Discount for counterparty credit risk

20XX: X.X%-XX.X% (X.X%)

20XX: X.XX%-X.XX% (X.XX%)

X.X% increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX.

110

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Embedded derivative liabilities

Forward pricing model

Discount for non-performance risk

20XX: -

20XX: X.XX%-X.XX% (X.XX%)

X.X% increase (decrease) would result in an increase (decrease) in fair value by PXX,XXX.

Loan to an associate and a director

DCF method

Constant payment rate

20XX: -

20XX: X.X%-X.X%

X% (20XX: X%) increase (decrease) would result in

Contingent consideration liability	DCF method	Assumed probability-adjusted
------------------------------------	------------	------------------------------

20XX: XX% decrease in the assumed probability-adjusted profit before tax of <insert Company name> results in a decrease in fair value of the contingent consideration liability by ₪XXX,XXX.

20XX: - X% increase in the assumed probability-adjusted profit before tax of <insert Company name> would not change fair value of the contingent consideration liability.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19.4 Fair values (continued)

Discount rate	20XX: XX.X%	X% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by ₪XX,XXX.
	20XX: -	
Discount for own non-performance risk	20XX: X.XX%	X.X% increase (decrease) in the discount for own non-performance risk would result in an increase (decrease) in fair value of the contingent consideration liability by ₪X,XXX.
	20XX: -	

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI (Level 3):

<insert description1>	<insert description2>	Total
P000	P000	P000

As at January 1, 2023	386	502	888
Remeasurement recognized in OCI	4	6	10
Purchases	-	-	-
Sales	-	-	-
As at January 1, 2024	390	508	898
Remeasurement recognized in OCI	54	(80)	(26)
Purchases	231	293	524
Reclassified in assets held for sale	-	(308)	(308)
Sales	-	(50)	(50)
As at December 31, 2024	675	363	1,038

Sales			
As at January 1, 2024	390	508	898
Remeasurement recognized in OCI	54	(80)	(26)
Purchases	231	293	524
Reclassified in assets held for sale	-	(308)	(308)
Sales	-	(50)	(50)
As at December 31, 2024	675	363	1,038

Remeasurement recognized in OCI	4	6	10
Purchases	-	-	-
Sales	-	-	-
As at January 1, 2023	390	508	898
Remeasurement recognized in OCI	54	(80)	(26)
Purchases	231	293	524
Reclassified in assets held for sale	-	(308)	(308)
Sales	-	(50)	(50)
As at December 31, 2023	675	363	1,038

Reconciliation of fair value measurement of embedded derivative assets and liabilities:

Embedded foreign exchange derivative asset	Embedded commodity derivative liability	
	<insert commodity >1>	<insert commodity >2>
<insert currency>	1>	2>
P000	P000	P000

As at 1 January 2022	-	-	-
Remeasurement recognized in statement of profit or loss during the period	(363)	(209)	(80)
Purchases	573	809	262
As at December 31, 2023	210	600	182

19.5 Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

113

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at December 31, 2023 and 2022.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2023.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 7.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2023 and 2022 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at December 31, 2023 for the effects of the assumed changes of the underlying risk.

Reconciliation of fair value measurement of embedded derivative assets and liabilities:

112

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Embedded foreign exchange derivative asset	Embedded commodity derivative liability	
	<insert commodity >1>	<insert commodity >2>
<insert currency>	1>	2>
P000	P000	P000

As at January 1, 2023	-	-	-
Remeasurement recognized in statement of profit or loss during the period	(363)	(209)	(80)
Purchases	573	809	262
As at December 31, 2024	210	600	182

19.5 Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at December 31, 2024 and 2023.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2024.

113

TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

114

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)
19.5 Financial instruments risk management objectives and policies (continued)
Market risk (continued)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than XX%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At December 31, 2023, after taking into account the effect of interest rate swaps, approximately XX% of the Group's borrowings are at a fixed rate of interest (2022: XX%).

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax P000
2023		
Philippine peso	+45	(48)
<insert currency>	+60	(13)
Philippine peso	-45	33
<insert currency>	-60	12
2022		
Philippine peso	+10	(19)
<insert currency>	+15	-
Philippine peso	-10	12
<insert currency>	-15	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum XX-month period for hedges of fore casted sales and purchases and XX-month period for net investment hedges.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are fore casted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

115

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

Market risk (continued)

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 7.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2024 and 2023 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at December 31, 2024 for the effects of the assumed changes of the underlying risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than XX%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At December 31, 2024, after taking into account the effect of interest rate swaps, approximately XX% of the Group's borrowings are at a fixed rate of interest (2023: XX%).

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax P000
2024		
Philippine peso	+45	(48)
<insert currency>	+60	(13)
Philippine peso	-45	33
<insert currency>	-60	12
2023		
Philippine peso	+10	(19)
<insert currency>	+15	-
Philippine peso	-10	12
<insert currency>	-15	-

114

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)
19.5 Financial instruments risk management objectives and policies (continued)
Market risk (continued)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum XX-month period for hedges of fore casted sales and purchases and XX-month period for net investment hedges.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are fore casted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into Philippine peso of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At December 31, 2024 and 2023, the Group hedged XX% and XX%, for X and XX months, respectively, of its expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in <insert currency> and <insert currency> exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's net tax equity is due

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Market risk (continued)

The Group hedges its exposure to fluctuations on the translation into Philippine peso of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At December 31, 2023 and 2022, the Group hedged XX% and XX%, for X and XX months, respectively, of its expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in <insert currency> and <insert currency> exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in <insert currency>	Effect on profit before tax P000	Effect on pre-tax equity P000
-----------------------------	--	-------------------------------------

2023

+5%	(30)	(154)
-5%	20	172

2022

+4%	(40)	(146)
-4%	40	158

Change in <insert currency>	Effect on profit before tax P000	Effect on pre-tax equity P000
-----------------------------	--	-------------------------------------

2023

+5%	26	102
-5%	(15)	(113)

2022

+4%	31	92
-4%	(28)	(96)

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in Philippine Peso, where the functional currency of the entity is a currency other than Philippine Peso. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in pre-tax equity arises from changes in Philippine Peso borrowings (net of cash and cash equivalents) in the hedge of net investments in <insert country> operations and cash flow hedges. These movements will offset the translation of the <insert country> operations' net assets into Philippine peso.

116

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Market risk (continued)

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of <insert description> and therefore require a continuous supply of <insert commodity>. The Group is exposed to changes in the price of <insert commodity> on its forecast <insert commodity> purchases.

The Group's Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a XX-month forecast of the required <insert commodity> supply, the Group hedges the purchase price using forward commodity purchase contracts. The forward contracts do not result in physical delivery of <insert commodity>, but are designated as cash flow hedges to offset the effect of price changes in <insert commodity>. The Group hedges approximately XX% of its expected <insert commodity> purchases considered to be highly probable.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market). The prices in these purchase contracts are linked to the price of <insert price dependent factor>.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognized as derivatives are disclosed in Note 19.3.

Commodity price sensitivity

The following table shows the effect of price changes in <insert commodity> net of hedge accounting impact.

Change in year-end price	Effect on profit before tax P000	Effect on equity P000
--------------------------	--	--------------------------

foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in <insert currency>	Effect on profit before tax P000	Effect on pre-tax equity P000
-----------------------------	--	-------------------------------------

2024

+5%	(30)	(154)
-5%	20	172

2023

+4%	(40)	(146)
-4%	40	158

115

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Market risk (continued)

Change in <insert currency>	Effect on profit before tax P000	Effect on pre-tax equity P000
-----------------------------	--	-------------------------------------

2024

+5%	26	102
-5%	(15)	(113)

2023

+4%	31	92
-4%	(28)	(96)

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in Philippine Peso, where the functional currency of the entity is a currency other than Philippine Peso. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in pre-tax equity arises from changes in Philippine Peso borrowings (net of cash and cash equivalents) in the hedge of net investments in <insert country> operations and cash flow hedges. These movements will offset the translation of the <insert country> operations' net assets into Philippine peso.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of <insert description> and therefore require a continuous supply of <insert commodity>. The Group is exposed to changes in the price of <insert commodity> on its forecast <insert commodity> purchases.

The Group's Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a XX-month forecast of the required <insert commodity> supply, the Group hedges the purchase price using forward commodity purchase contracts. The forward contracts do not result in physical delivery of <insert commodity>, but are designated as cash flow hedges to offset the effect of price changes in <insert commodity>. The Group hedges approximately XX% of its expected <insert commodity> purchases considered to be highly probable.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market). The prices in these purchase contracts are linked to the price of <insert price dependent factor>.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognized as derivatives are disclosed in Note 19.3.

Commodity price sensitivity

The following table shows the effect of price changes in <insert commodity> net of hedge accounting impact.

116

2023

<insert commodity>

+15%

(220)

(585)

<insert commodity>

-15%

220

585

<insert commodity>

-4%

8

8

+4%

(8)

(8)

<insert commodity>

+2%

(10)

(10)

-2%

10

10

117

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2023

19

Financial assets and financial liabilities (continued)

19.5

Financial instruments risk management objectives and policies (continued)

Market risk (continued)

2024

<insert commodity>

+15%

(220)

(585)

-15%

220

585

<insert commodity>

-4%

8

8

+4%

(8)

(8)

<insert commodity>

+2%

(10)

(10)

-2%

10

10

2023

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was ₱X,XXX,XXX. Sensitivity analyses of these investments have been provided in Note 19.4.

At the reporting date, the exposure to equity investments at fair value listed on the <insert stock exchange> was ₱XXX,XXX. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the <insert stock exchange> market index, the Group has determined that an increase/(decrease) of XX% on the <insert stock exchange> market index could have an impact of approximately ₱XX,XXX increase/(decrease) on the income and equity attributable to the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

117

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2024

19

Financial assets and financial liabilities (continued)

19.5

Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At December 31, 2024, the Group had 55 customers (2023: 65) that owed it more than ₱XXX,XXX each and accounted for approximately XX% (2023: XX%) of all the receivables and contract assets outstanding. There were five customers (2023: seven customers) with balances greater than ₱X million accounting for just over XX% (2023: XX%) of the total amounts of receivable and contract assets.

118

2022

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was ₱XX,XXX,XXX. Sensitivity analyses of these investments have been provided in Note 19.4.

At the reporting date, the exposure to equity investments at fair value listed on the <insert stock exchange> was ₱XXX,XXX. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the <insert stock exchange> market index, the Group has determined that an increase/(decrease) of XX% on the <insert stock exchange> market index could have an impact of approximately ₱XX,XXX increase/(decrease) on the income and equity attributable to the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At December 31, 2023, the Group had 55 customers (2022: 65) that owed it more than ₱XXX,XXX each and accounted for approximately XX% (2022: XX%) of all the receivables and contract assets outstanding. There were five customers (2022: seven customers) with balances greater than ₱XX million accounting for just over XX% (2022: XX%) of the total amounts of receivable and contract assets.

118

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2024

19

Financial assets and financial liabilities (continued)

19.5

Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At December 31, 2024, the Group had 55 customers (2023: 65) that owed it more than ₱XXX,XXX each and accounted for approximately XX% (2023: XX%) of all the receivables and contract assets outstanding. There were five customers (2023: seven customers) with balances greater than ₱X million accounting for just over XX% (2023: XX%) of the total amounts of receivable and contract assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

At December 31, 2023, XX% (2022: XX%) of the Groups trade receivables are covered by letters of credit and other forms of credit insurance. These credit enhancements obtained by the Group resulted in a decrease in the ECL of PXX,XXX as at December 31, 2023 (2022: PXX,XXX). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

December
31,
2023

	Trade receivables						
	Days past due						
	Contract assets P000	Current P000	<30 days P000	30-60 days P000	61-90 days P000	>91 days P000	Total P000
Expected credit loss rate	0.13%	0.12%	1.50%	4.00%	7.00%	12.00%	
Estimated total gross carrying amount at default	4,547	16,787	4,864	2,700	1,151	514	26,016
Expected credit loss	6	20	73	108	81	62	344

119

subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and the calculation of impairment.

At December 31, 2024, XX% (2023: XX%) of the Groups trade receivables are covered by letters of credit and other forms of credit insurance. These credit enhancements obtained by the Group resulted in a decrease in the ECL of PXX,XXX as at December 31, 2024 (2023: PXX,XXX). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

December
31,
2024

	Trade receivables						
	Days past due						
	Contract assets P000	Current P000	<30 days P000	30-60 days P000	61-90 days P000	>91 days P000	Total P000
Expected credit loss rate	0.13%	0.12%	1.50%	4.00%	7.00%	12.00%	

118

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

December
31,
2022

	Trade receivables						
	Days past due						
	Contract assets P000	Current P000	<30 days P000	30-60 days P000	61-90 days P000	>91 days P000	Total P000
Expected credit loss rate	0.10%	0.10%	1.20%	3.00%	5.00%	10.00%	
Estimated total gross carrying amount at default	4,547	16,787	4,864	2,700	1,151	514	26,016
Expected credit loss	6	20	73	108	81	62	344

carrying

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

December
31,
2023

	Trade receivables						
	Days past due						
	Contract assets P000	Current P000	<30 days P000	30-60 days P000	61-90 days P000	>91 days P000	Total P000
Estimated total gross carrying amount at default	4,547	16,787	4,864	2,700	1,151	514	26,016
Expected credit loss	6	20	73	108	81	62	344

amount at default							
Expected credit loss	5,185	15,603	3,482	1,897	995	531	22,508
loss	5	16	42	57	50	53	218

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counter party's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit rating agency> and, therefore, are considered to be low credit risk investments. The Group recognized provision for expected credit losses on its debt instruments at fair value through OCI of ₱X,XXX in 2023 (2022: ₱X,XXX).

The Group's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2023 and 2022 is the carrying amounts as illustrated in Note 19.1 except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

120

	P000	P000	P000	P000	P000	P000	P000
Expected credit loss rate	0.10%	0.10%	1.20%	3.00%	5.00%	10.00%	
Estimated total gross carrying amount at default	5,185	15,603	3,482	1,897	995	531	22,508
Expected credit loss	5	16	42	57	50	53	218

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counter party's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit rating agency> and, therefore, are considered to be low credit risk investments. The Group recognized provision for expected credit losses on its debt instruments at fair value through OCI of ₱X,XXX in 2024 (2023: ₱X,XXX).

119

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, and lease contracts. The Group's policy is that not more than XX% of borrowings should mature in the next XX-month period.

Approximately XX% of the Group's debt will mature in less than one year at December 31, 2023 (2022: XX%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within XX months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended	Less than 3		3 to 12	1 to 5 years		> 5 years	Total
December 31, 2023	On demand	months	months	1 to 5 years	> 5 years		
	P000	P000	P000	P000	P000		P000
Interest-bearing loans and borrowings (excluding items below)	966	-	1,422	10,554	8,000		20,942
Lease liabilities (Note 30)	48	117	290	2,454	1,473		4,382
Convertible preference shares	-	-	-	676	2,324		3,000
Contingent consideration	-	-	1,125	-	-		1,125

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Credit risk (continued)

The Group's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2024 and 2023 is the carrying amounts as illustrated in Note 19.1 except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, and lease contracts. The Group's policy is that not more than XX% of borrowings should mature in the next XX-month period.

Approximately XX% of the Group's debt will mature in less than one year at December 31, 2024 (2023: XX%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within XX months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

A substantial portion of the Group's trade payables are included in the Group's supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the Group's payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing. Please refer to Note 29 for further disclosures about the arrangement.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Other financial liabilities	-	-	-	150	-	150
Trade and other payables	3,620	12,547	802	-	-	16,969
Derivatives and embedded derivatives	1,970	2,740	391	1,191	1,329	7,621

121

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

Year ended December 31, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	P000	P000	P000	P000	P000	P000
	6,604	15,404	4,030	15,025	13,126	54,189

Year ended December 31, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	P000	P000	P000	P000	P000	P000
Interest-bearing loans and borrowings (excluding items below)	2,650	-	76	8,872	11,600	23,198
Lease liabilities (Note 30)	32	90	296	2,386	1,432	4,236
Convertible preference shares	-	-	-	624	2,376	3,000
Other financial liabilities	-	-	-	202	-	202
Trade and other payables	4,321	13,959	1,743	-	-	20,023
Derivatives and embedded derivatives	549	1,255	-	-	-	1,804
	7,552	15,304	2,115	12,084	15,408	52,463

The financial derivative instruments disclosed in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

Year ended December 31, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	P000	P000	P000	P000	P000	P000
Inflows	800	1,000	250	700	950	3,700
Outflows	(1,970)	(2,740)	(391)	(1,191)	(1,329)	(7,621)
Net	(1,170)	(1,740)	(141)	(491)	(379)	(3,921)
Discounted at the applicable interbank rates	(1,170)	(1,731)	(139)	(463)	(343)	(3,846)

122

120

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

Year ended December 31, 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	P000	P000	P000	P000	P000	P000
Interest-bearing loans and borrowings (excluding items below)	966	-	1,422	10,554	8,000	20,942
Lease liabilities (Note 30)	48	117	290	2,454	1,473	4,382
Convertible preference shares	-	-	-	676	2,324	3,000
Contingent consideration	-	-	1,125	-	-	1,125
Other financial liabilities	-	-	-	150	-	150
Trade and other payables	3,620	12,547	802	-	-	16,969
Derivatives and embedded derivatives	1,970	2,740	391	1,191	1,329	7,621
	6,604	15,404	4,030	15,025	13,126	54,189

Year ended December 31, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	P000	P000	P000	P000	P000	P000
Interest-bearing loans and borrowings (excluding items below)	2,650	-	76	8,872	11,600	23,198
Lease liabilities (Note 30)	32	90	296	2,386	1,432	4,236
Convertible preference shares	-	-	-	624	2,376	3,000
Other financial liabilities	-	-	-	202	-	202
Trade and other payables	4,321	13,959	1,743	-	-	20,023
Derivatives and embedded derivatives	549	1,255	-	-	-	1,804

121

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

Year ended December 31, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	P000	P000	P000	P000	P000	P000
	7,552	15,304	2,115	12,084	15,408	52,463

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.5 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

Year ended December 31, 2022	On demand P000	Less than 3 months P000	3 to 12 months P000	1 to 5 years P000	Over 5 years P000	Total P000
Inflows	500	1,000	-	-	-	1,500
Outflows	(549)	(1,255)	-	-	-	(1,804)
Net	(49)	(255)	-	-	-	(304)
Discounted at the applicable interbank rates	(49)	(255)	-	-	-	(304)

Collateral

The Group has pledged part of its short-term deposits in order to fulfill the collateral requirements for the derivatives contracts. At December 31, 2023 and 2022, respectively, the fair values of the short-term deposits pledged were PXX,XXX,XXX and PXX,XXX,XXX, respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds a deposit in respect of derivative contracts of PXXX,XXX as at December 31, 2023 (2022: PXXX,XXX). The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

19.6 Changes in liabilities arising from financing activities

	January 1, 2023 P000	Cash flows P000	Reclassified as part of disposal group P000	Foreign exchange movement P000	Changes in fair values P000	New lease P00
Current interest-bearing loans and borrowings (excluding items listed below)	2,724	(2,032)	-	(6)	-	-
Current lease liabilities (Note 30)	418	(406)	-	-	-	4
Non-current interest-bearing loans and borrowings (excluding items listed below)	20,760	5,649	(5,809)	(51)	-	-
Non-current lease liabilities (Note 30)	2,553	-	-	-	-	55
Dividends payable	-	-	-	-	-	-
Derivatives	-	-	-	-	58	-
Total liabilities from financing activities	26,455	3,211	(5,809)	(57)	58	59

123

The financial derivative instruments disclosed in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

Year ended December 31, 2024	On demand P000	Less than 3 months P000	3 to 12 months P000	1 to 5 years P000	Over 5 years P000	Total P000
Inflows	800	1,000	250	700	950	3,700
Outflows	(1,970)	(2,740)	(391)	(1,191)	(1,329)	(7,621)
Net	(1,170)	(1,740)	(141)	(491)	(379)	(3,921)
Discounted at the applicable interbank rates	(1,170)	(1,731)	(139)	(463)	(343)	(3,846)
Year ended December 31, 2023	On demand P000	Less than 3 months P000	3 to 12 months P000	1 to 5 years P000	Over 5 years P000	Total P000
Inflows	500	1,000	-	-	-	1,500
Outflows	(549)	(1,255)	-	-	-	(1,804)
Net	(49)	(255)	-	-	-	(304)
Discounted at the applicable interbank rates	(49)	(255)	-	-	-	(304)

Collateral

The Group has pledged part of its short-term deposits in order to fulfill the collateral requirements for the derivatives contracts. At December 31, 2024 and 2023, respectively, the fair values of the short-term deposits pledged were PXX,XXX,XXX and PXX,XXX,XXX, respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds a deposit in respect of derivative contracts of PXXX,XXX as at December 31, 2024 (2023: PXXX,XXX). The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

122

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities

	January 1, 2024 P000	Cash flows P000	Reclassified as part of disposal group P000	Foreign exchange movement P000	Changes in fair values P000
Current interest-bearing loans and borrowings (excluding items listed below)	2,724	(2,032)	-	(6)	-
Current lease liabilities (Note 30)	418	(406)	-	-	-
Non-current interest-bearing loans and borrowings (excluding items listed below)	20,760	5,649	(5,809)	(51)	-
Non-current lease liabilities (Note 30)	2,553	-	-	-	-
Dividends payable	-	-	-	-	-
Derivatives	-	-	-	-	58
Total liabilities from financing activities	26,455	3,211	(5,809)	(57)	58

	New leases P000	Other P000	December 31, 2024 P000
Current interest-bearing loans and borrowings (excluding items listed below)	-	1,691	2,377
Current lease liabilities (Note 30)	42	401	455
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	(1,108)	19,441
Non-current lease liabilities (Note 30)	551	(398)	2,706
Dividends payable	-	410	410
Derivatives	-	-	58
Total liabilities from financing activities	593	996	25,447

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

19 Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	1 January 2022	Cash flows	Foreign exchange movement	New leases	Other	December 31, 2022
	P000	P000	P000	P000	P000	P000
Current interest-bearing loans and borrowings (excluding items listed below)	4,479	(4,250)	(10)	-	2,505	2,724
Current lease liabilities (Note 30)	355	(341)	-	22	382	418
Non-current interest-bearing loans and borrowings (excluding items listed below)	18,624	4,871	(57)	-	(2,678)	20,760
Non-current lease liabilities (Note 30)	2,734	-	-	203	(384)	2,553
Total liabilities from financing activities	26,192	280	(67)	225	(175)	26,455

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, the accrual of special dividends that were not yet paid at year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

20 Inventories

	2023	2022
	P000	P000
Raw materials (at cost)	6,240	7,136
Work in progress (at cost)	13,357	9,722
Finished goods (at lower of cost and net realizable value)	6,430	6,972
Total inventories at the lower of cost and net realizable value	26,027	23,830

During 2023, P[insert value1] (2022: P[insert value2]) was recognized as an expense for inventories carried at net realizable value. This is recognized in cost of sales. For a subsequent event related to inventories, refer to Note 36.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

21 Trade receivables and contract assets

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

19 Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	January 1, 2023	Cash flows	Foreign exchange movement	New leases	Other	December 31, 2023
	P000	P000	P000	P000	P000	P000
Current interest-bearing loans and borrowings (excluding items listed below)	4,479	(4,250)	(10)	-	2,505	2,724
Current lease liabilities (Note 30)	355	(341)	-	22	382	418
Non-current interest-bearing loans and borrowings (excluding items listed below)	18,624	4,871	(57)	-	(2,678)	20,760
Non-current lease liabilities (Note 30)	2,734	-	-	203	(384)	2,553
Total liabilities from financing activities	26,192	280	(67)	225	(175)	26,455

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, the accrual of special dividends that were not yet paid at year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

20 Inventories

	2024	2023
	P000	P000
Raw materials (at cost)	6,240	7,136
Work in progress (at cost)	13,357	9,722
Finished goods (at lower of cost and net realizable value)	6,430	6,972
Total inventories at the lower of cost and net realizable value	26,027	23,830

During 2024, P[insert value1] (2023: P[insert value2]) was recognized as an expense for inventories carried at net realizable value. This is recognized in cost of sales. For a subsequent event related to inventories, refer to Note 36.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

21 Trade receivables and contract assets

Trade receivables

	2023	2022
	P000	P000
Receivables from third-party customers	24,845	21,376
Receivables from an associate (Note 34)	551	582
Receivables from other related parties (Note 34)	620	550
	26,016	22,508
Allowance for expected credit losses	(344)	(218)
	25,672	22,290

Trade receivables are non-interest bearing and are generally on terms of [insert number1] to [insert number2] days.

For terms and conditions relating to related party receivables, refer to Note 34.

Contract assets

As at December 31, 2023, the Group has contract assets of P4,541,000 (2022: P5,180,000),which is net of an allowance for expected credit losses of P[insert value1] (2022: P[insert value2]).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	2023	2022
	P000	P000
As at January 1	223	244
Provisions for expected credit losses (Note 12.9)	185	76
Write-off	(54)	(95)
Foreign exchange movement	(4)	(2)
As at December 31	350	223

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 4.2 while the information about the credit exposures are disclosed in Note 19.5.

22 Prepayments

	2023	2022
	P000	P000
Prepaid insurance	168	89
Creditable withholding taxes	76	76
	244	165

In [insert year], the Group paid for an insurance policy covering three years. The prepayments pertain to the unexpired portion of the insurance.

125

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2023

23 Cash and short-term deposits

	2023	2022
	P000	P000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
	17,528	14,916

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At December 31, 2023, the Group had available P[insert value1] (2022: P[insert value2]) of undrawn committed borrowing facilities.

The Group has pledged a part of its short-term deposits to fulfill collateral requirements. Refer to Note 19.5 for further details.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at December 31:

	2023	2022
	P000	P000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
Cash at banks and short-term deposits attributable to discontinued operations	1,294	-
	18,822	14,916
Bank overdrafts	(966)	(2,650)
Cash and cash equivalents	17,856	12,266

Trade receivables

	2024	2023
	P000	P000
Receivables from third-party customers	24,845	21,376
Receivables from an associate (Note 34)	551	582
Receivables from other related parties (Note 34)	620	550
	26,016	22,508
Allowance for expected credit losses	(344)	(218)
	25,672	22,290

Trade receivables are non-interest bearing and are generally on terms of [insert number1] to [insert number2] days.

For terms and conditions relating to related party receivables, refer to Note 34.

Contract assets

As at December 31, 2024, the Group has contract assets of P4,541,000 (2023: P5,180,000),which is net of an allowance for expected credit losses of P[insert value1] (2023: P[insert value2]).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	2024	2023
	P000	P000
As at January 1	223	244
Provisions for expected credit losses (Note 26)	185	76
Write-off	(54)	(95)
Foreign exchange movement	(4)	(2)
As at December 31	350	223

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 4.2 while the information about the credit exposures are disclosed in Note 19.4.

22 Prepayments

	2024	2023
	P000	P000
Prepaid insurance	168	89
Creditable withholding taxes	76	76
	244	165

In [insert year], the Group paid for an insurance policy covering three years. The prepayments pertain to the unexpired portion of the insurance.

125

TR EXAMPLE GROUP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2024

23 Cash and short-term deposits

	2024	2023
	P000	P000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
	17,528	14,916

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At December 31, 2024, the Group had available P[insert value1] (2023: P[insert value2]) of undrawn committed borrowing facilities.

The Group has pledged a part of its short-term deposits to fulfill collateral requirements. Refer to Note 19.5 for further details.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at December 31:

	2024	2023
	P000	P000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
Cash at banks and short-term deposits attributable to discontinued operations	1,294	-
	18,822	14,916
Bank overdrafts	(966)	(2,650)
Cash and cash equivalents	17,856	12,266

24 Issued capital and reserves**Authorized shares**

	2023	2022
	Thousands	Thousands
Ordinary shares of ₱X each	22,588	20,088
X% convertible preference shares of ₱X each	2,500	2,500
	<u>25,088</u>	<u>22,588</u>

Ordinary shares issued and fully paid

	Thousands	P000
At 1 January 2022 and December 31, 2022	19,388	19,388

126

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

24 Issued capital and reserves (continued)**Ordinary shares issued and fully paid (continued)**

Issued on X XXX 20XX for acquisition of <insert Company name> (Note 7)	2,500	2,500
At December 31, 2023	<u>21,888</u>	<u>21,888</u>

During the year, the authorized share capital was increased by ₱X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of ₱X each.

Share premium

	P000
At 1 January 2022	-
Cash on exercise of share options in excess of cost of treasury shares	80
At December 31, 2022	<u>80</u>
Issuance of share capital for the acquisition of <insert Company name> (Note 7)	4,703
Cash on exercise of share options in excess of cost of treasury shares	29
Transaction costs for issued share capital	(32)
At December 31, 2023	<u>4,780</u>

Treasury shares

	Thousands	P000
At 1 January 2022	335	774
Issued for cash on exercise of share options	(65)	(120)
At December 31, 2022	<u>270</u>	<u>654</u>
Issued for cash on exercise of share options	(75)	(146)
At December 31, 2023	<u>195</u>	<u>508</u>

Share option schemes

The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain senior executives and certain other employees. Refer to Note 30 for further details.

Share options exercised in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium.

Other capital reserves

	Share-based payments	Convertible preference shares	Total
	P000	P000	P000
As at 1 January 2022	338	228	566
Share-based payments expense during the year	298	-	298
At December 31, 2022	<u>636</u>	<u>228</u>	<u>864</u>

127

24 Issued capital and reserves**Authorized shares**

	2024	2023
	Thousands	Thousands
Ordinary shares of ₱X each	22,588	20,088
X% convertible preference shares of ₱X each	2,500	2,500
	<u>25,088</u>	<u>22,588</u>

Ordinary shares issued and fully paid

	Thousands	P000
At January 1, 2023 and December 31, 2023	19,388	19,388

126

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

24 Issued capital and reserves (continued)**Ordinary shares issued and fully paid (continued)**

Issued on XXX X 20XX for <insert event> (Note 7)	2,500	2,500
At December 31, 2024	<u>21,888</u>	<u>21,888</u>

During the year, the authorized share capital was increased by ₱X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of ₱X each.

Share premium

	P000
At January 1, 2023	-
Cash on exercise of share options in excess of cost of treasury shares	80
At December 31, 2023	<u>80</u>
Issuance of share capital for investment in <insert Company name> (Note 7)	4,703
Cash on exercise of share options in excess of cost of treasury shares	29
Transaction costs for issued share capital	(32)
At December 31, 2024	<u>4,780</u>

Treasury shares

	Thousands	P000
At January 1, 2023	335	774
Issued for cash on exercise of share options	(65)	(120)
At December 31, 2023	<u>270</u>	<u>654</u>
Issued for cash on exercise of share options	(75)	(146)
At December 31, 2024	<u>195</u>	<u>508</u>

Share option schemes

The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain senior executives and certain other employees. Refer to Note 32 for further details.

Share options exercised in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium.

Other capital reserves

	Share-based payments	Convertible preference shares	Total
	P000	P000	P000
As at January 1, 2023	338	228	566
Share-based payments expense during the year	298	-	298
At December 31, 2023	<u>636</u>	<u>228</u>	<u>864</u>

127

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

24 Issued capital and reserves (continued)

Share-based payments expense during the year	307	-	307
At December 31, 2023	943	228	1,171

Nature and purpose of reserves

Other capital reserves

Share-based payments

The share-based payments reserve is used to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 30 for further details of these plans.

Convertible preference shares

The convertible preference share reserve covers the equity component of the issued convertible preference shares. The liability component is included in interest-bearing loans and borrowings (see Note 19.2).

All other reserves are as stated in the consolidated statement of changes in equity.

OCI items, net of tax:

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2023							
Net gain on a hedge of net investment	-	-	-	195	-	-	195
Exchange differences on translation of foreign operations	-	-	-	(246)	-	-	(246)
Currency forward contracts	197	4	-	-	-	-	201
							128

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2023							
Commodity forward contracts	(617)	(23)	-	-	-	-	(640)
Reclassified to statement							

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

24 Issued capital and reserves (continued)

Share-based payments expense during the year	307	-	307
At December 31, 2024	943	228	1,171

Nature and purpose of reserves

Other capital reserves

Share-based payments

The share-based payments reserve is used to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 32 for further details of these plans.

Convertible preference shares

The convertible preference share reserve covers the equity component of the issued convertible preference shares. The liability component is included in interest-bearing loans and borrowings (see Note 19.2).

All other reserves are as stated in the consolidated statement of changes in equity.

OCI items, net of tax:

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2024							
Net gain on a hedge of net investment	-	-	-	195	-	-	195
Exchange differences on translation of foreign operations	-	-	-	(246)	-	-	(246)
Currency forward contracts	197	4	-	-	-	-	201
							128

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2024							
Commodity forward contracts	(617)	(23)	-	-	-	-	(640)
Reclassified to statement							

Statement of profit or loss	(198)	(3)	(6)	-	-	-	(207)
Fair value loss on debt instruments at FVOCI	-	-	(9)	-	-	-	(9)
Fair value gain/(loss) on equity instruments designated at FVOCI	-	-	(18)	-	-	-	(18)
Share of OCI of an associate	-	-	(30)	-	30	-	-

Statement of profit or loss	(198)	(3)	(6)	-	-	-	(207)
Fair value loss on debt instruments at FVOCI	-	-	(9)	-	-	-	(9)
Fair value gain/(loss) on equity instruments designated at FVOCI	-	-	(18)	-	-	-	(18)
Share of OCI of an associate	-	-	(30)	-	30	-	-

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2023							
Revaluation of office properties in <insert country>	-	-	-	-	592	-	592
Remeasurement on defined benefit plans	-	-	-	-	-	257	257
Foreign currency translation reserve	-	-	-	-	-	-	-
	(618)	(22)	(63)	(51)	622	257	125

	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	P000	P000	P000	P000	P000
Year ended December 31, 2022					

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	P000	P000	P000	P000	P000	P000	P000
Year ended December 31, 2024							
Revaluation of office properties in <insert country>	-	-	-	-	592	-	592
Remeasurement on defined benefit plans	-	-	-	-	-	257	257
Foreign currency translation reserve	-	-	-	-	-	-	-
	(618)	(22)	(63)	(51)	622	257	125

	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	P000	P000	P000	P000	P000
Year ended December 31, 2023					

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	P000	P000	P000	P000	P000
Year ended December 31, 2022					
Exchange differences on translation of foreign operations	-	-	(117)	-	(117)
Currency forward contracts	(265)	-	-	-	(265)
Reclassification to statement of profit or loss	289	3	-	-	292
Fair value loss on debt instruments at FVOCI	-	(4)	-	-	(4)
Fair value gain/(loss) on equity instruments designated at FVOCI	-	7	-	-	7
Remeasurement on defined benefit plans	-	-	-	(273)	(273)
Foreign currency translation reserve	-	-	-	-	-
	24	6	(117)	(273)	(360)

25 Distributions made and proposed

	2023	2022
	P000	P000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	1,089	749
Interim dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	890	851
	1,979	1,600
Special cash dividends on ordinary shares declared but not paid:		
Special dividends for 20XX: X.XX cents per share (20XX: Nil)	410	-
Proposed dividends on ordinary shares:		
Final cash dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	1,087	1,082

Special dividends were approved by an extraordinary shareholders meeting on [insert date] and are included as a separate line item in the statement of financial position. Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at December 31.

131

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

26 Provisions

	Assurance-type warranties	Restructuring	commissioning	De- on share options
	P000	P000	P000	P000
At January 1, 2023	118	-	-	4
Acquisition of a subsidiary (Note 7)	-	900	1,200	-
Arising during the year	112	-	-	26
Utilized	(60)	(59)	-	(19)
Unused amounts reversed	(6)	(6)	-	-

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

24 Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	P000	P000	P000	P000	P000
Year ended December 31, 2023					
Exchange differences on translation of foreign operations	-	-	(117)	-	(117)
Currency forward contracts	(265)	-	-	-	(265)
Reclassification to statement of profit or loss	289	3	-	-	292
Fair value loss on debt instruments at FVOCI	-	(4)	-	-	(4)
Fair value gain/(loss) on equity instruments designated at FVOCI	-	7	-	-	7
Remeasurement on defined benefit plans	-	-	-	(273)	(273)
Foreign currency translation reserve	-	-	-	-	-
	24	6	(117)	(273)	(360)

25 Distributions made and proposed

	2024	2023
	P000	P000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	1,089	749
Interim dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	890	851
	1,979	1,600
Special cash dividends on ordinary shares declared but not paid:		
Special dividends for 20XX: X.XX cents per share (20XX: Nil)	410	-
Proposed dividends on ordinary shares:		
Final cash dividend for 20XX: X.XX cents per share (20XX: X.XX cents per share)	1,087	1,082

Special dividends were approved by an extraordinary shareholders meeting on [insert date] and are included as a separate line item in the statement of financial position. Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at December 31.

131

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

26 Provisions

	Assurance-type warranties	Restructuring	commissioning	De- on share options
	P000	P000	P000	P000
At January 1, 2024	118	-	-	4
Acquisition of a subsidiary (Note 7)	-	900	1,200	-
Arising during the year	112	-	-	26
Utilized	(60)	(59)	-	(19)
Unused amounts reversed	(6)	(6)	-	-

Unwinding of discount and changes in the discount rate	2	17	21	1
At December 31, 2023	166	852	1,221	12
Current	166	305	-	3
Non-current	-	547	1,221	9
	Contingent liability			
	Waste electrical and electronic equipment	recognized in a business combination	Onerous contract	Total
	P000	P000	P000	P000
At January 1, 2023	53	-	-	175
Acquisition of a subsidiary (Note 7)	-	380	-	2,480
Arising during the year	102	20	20	280
Utilized	(8)	-	-	(146)
Unused amounts reversed	-	-	-	(12)
Unwinding of discount and changes in the discount rate	2	-	-	43
At December 31, 2023	149	400	20	2,820
Current	28	400	20	922
Non-current	121	-	-	1,898
	Social security contributions			
	Assurance-type warranties	on share options	Waste electrical and electronic equipment	Total
	P000	P000	P000	P000
At 1 January 2022	66	3	31	100
Arising during the year	52	1	22	75
At December 31, 2022	118	4	53	175
Current	118	-	38	156
Non-current	-	4	15	19

132

Unwinding of discount and changes in the discount rate	2	17	21	1
At December 31, 2024	166	852	1,221	12
Current	166	305	-	3
Non-current	-	547	1,221	9
	Contingent liability			
	Waste electrical and electronic equipment	recognized in a business combination	Onerous contract	Total
	P000	P000	P000	P000
At January 1, 2024	53	-	-	175
Acquisition of a subsidiary (Note 7)	-	380	-	2,480
Arising during the year	102	20	20	280
Utilized	(8)	-	-	(146)
Unused amounts reversed	-	-	-	(12)
Unwinding of discount and changes in the discount rate	2	-	-	43
At December 31, 2024	149	400	20	2,820
Current	28	400	20	922
Non-current	121	-	-	1,898
	Social security contributions			
	Assurance-type warranties	on share options	Waste electrical and electronic equipment	Total
	P000	P000	P000	P000
At January 1, 2023	66	3	31	100
Arising during the year	52	1	22	75
At December 31, 2023	118	4	53	175
Current	118	-	38	156
Non-current	-	4	15	19

132

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

26 Provisions (continued)

Assurance-type warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Restructuring

[insert Company name] recorded a restructuring provision prior to being acquired by the Group. The provision relates principally to the elimination of certain of its product lines. The restructuring plan was drawn up and announced to the employees of [insert Company name] in 20XX when the provision was recognized in its financial statements. The restructuring is expected to be completed by 20XX.

Decommissioning

A provision has been recognized for decommissioning costs associated with a factory owned by [insert Company name]. The Group is committed to decommissioning the site as a result of the construction of the manufacturing facility for the production of [insert description].

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of January 1, 2023 to December 31, 202X.

Waste electrical and electronic equipment

The provision for waste electrical and electronic equipment is calculated based on sales after XXXX XX, 20XX (new waste) and expected disposals of historical waste (sales up to XXXX XX, 20XX).

Onerous contracts

A provision is recognized for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year.

27 Government grants

	2023	2022
	P000	P000
At January 1	1,551	1,450
Received during the year	2,951	642
Released to the statement of profit or loss	(1,053)	(541)
At December 31	3,449	1,551
Current	149	151

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

26 Provisions (continued)

Assurance-type warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Restructuring

[insert Company name] recorded a restructuring provision prior to being acquired by the Group. The provision relates principally to the elimination of certain of its product lines. The restructuring plan was drawn up and announced to the employees of [insert Company name] in 20XX when the provision was recognized in its financial statements. The restructuring is expected to be completed by 20XX.

Decommissioning

A provision has been recognized for decommissioning costs associated with a factory owned by [insert Company name]. The Group is committed to decommissioning the site as a result of the construction of the manufacturing facility for the production of [insert description].

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of January 1, 2024 to December 31, 202X.

Waste electrical and electronic equipment

The provision for waste electrical and electronic equipment is calculated based on sales after XXXX XX, 20XX (new waste) and expected disposals of historical waste (sales up to XXXX XX, 20XX).

Onerous contracts

A provision is recognized for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year.

27 Government grants

	2024	2023
	P000	P000
At January 1	1,551	1,450
Received during the year	2,951	642
Released to the statement of profit or loss	(1,053)	(541)
At December 31	3,449	1,551
Current	149	151

Non-current 3,300 1,400
Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

133

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

28 Contract liabilities

	2023	2022
	P000	P000
Long-term advances for equipment	2,820	844
Short term advances for installation services	1,374	1,258
Customer loyalty points	524	410
Service-type warranties	900	678
Equipment received from customers	224	184
Total contract liabilities (Note 4)	5,842	3,374
Current	2,880	2,486
Non-current	2,962	888

28.1 Loyalty program transactions

	2023	2022
	P000	P000
At January 1	678	551
Deferred during the year	1,381	1,256
Recognized as revenue during the year	(1,159)	(1,129)
At December 31	900	678
Current	398	346
Non-current	502	332

These amounts relate to the accrual and release of <name of the loyalty program>. As at December 31, 2023, the estimated liability for unredeemed points amounted to P[insert value1] (2022: P[insert value2]).

29 Trade and other payables

	2023	2022
	P000	P000
Trade payables	15,421	18,551
Other payables	1,465	1,181
Interest payable	43	269
Related parties	40	22
	16,969	20,023

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on XX-day terms
- Other payables are non-interest bearing and have an average term of X months
- Interest payable is normally settled quarterly throughout the financial year
- For terms and conditions with related parties, refer to Note 34

For explanations on the Group's liquidity risk management processes, refer to Note 19.5.

134

Non-current 3,300 1,400
Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

133

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

28 Contract liabilities

	2024	2023
	P000	P000
Long-term advances for equipment	2,820	844
Short term advances for installation services	1,374	1,258
Customer loyalty points	524	410
Service-type warranties	900	678
Equipment received from customers	224	184
Total contract liabilities (Note 4.2)	5,842	3,374
Current	2,880	2,486
Non-current	2,962	888

28.1 Loyalty program transactions

	2024	2023
	P000	P000
At January 1	678	551
Deferred during the year	1,381	1,256
Recognized as revenue during the year	(1,159)	(1,129)
At December 31	900	678
Current	398	346
Non-current	502	332

These amounts relate to the accrual and release of <name of the loyalty program>. As at December 31, 2024, the estimated liability for unredeemed points amounted to P[insert value1] (2023: P[insert value2]).

29 Trade and other payables

	2024	2023
	P000	P000
Trade payables	15,421	18,551
Other payables	1,508	1,450
Related parties	40	22
	16,969	20,023

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled by the Group on XX-day terms, including those trade payables that are included in the Group's supplier finance arrangement
- Other payables are non-interest bearing and have an average term of X months
- Interest payable is normally settled quarterly throughout the financial year
- For terms and conditions with related parties, refer to Note 34

For explanations on the Group's liquidity risk management processes, refer to Note 19.5.

134

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

29 Trade and other payables (continued)

The Group has established a supplier finance arrangement that is offered to some of the Group's key suppliers in insert countries. Participation in the arrangement is at the suppliers' own discretion.

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

30 Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between X and XX years, while motor vehicles and other equipment generally have lease terms between X and X years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of XX months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Plant and machinery P000	Motor Vehicles P000	Other equipment P000	Total P000
As at 1 January 2022	1,552	699	664	2,915
Additions (Note 7)	124	58	46	228
Depreciation expense	(158)	(131)	(122)	(411)
As at December 31, 2022	1,518	626	588	2,732
Additions (Note 7)	424	108	78	610
Depreciation expense	(173)	(136)	(125)	(434)
As at December 31, 2023	1,769	598	541	2,908

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2023 P000	2022 P000
As at January 1	2,971	3,089
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at December 31	3,161	2,971
Current (Note 19.2)	455	418
Non-current (Note 19.2)	2,706	2,553

The maturity analysis of lease liabilities is disclosed in Note 19.5.

The following are the amounts recognized in profit or loss:

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

30 Leases (continued)

Group as a lessee (continued)

	2023 P000	2022 P000
Depreciation expense of right-of-use assets	434	411

	December 31 2024 P000	December 31 2023 P000	January 1 2023 P000 Restated
--	--------------------------------	--------------------------------	---------------------------------------

Carrying amount of trade payables that are part of a supplier

finance arrangement	8,278	7,437	6,238
Of which suppliers have received payment	4,697	4,140	3,389

There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangement.

30 Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between X and XX years, while motor vehicles and other equipment generally have lease terms between X and X years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of XX months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Plant and machinery P000	Motor Vehicles P000	Other equipment P000	Total P000
As at January 1, 2023	1,552	699	664	2,915
Additions (Note 7)	124	58	46	228
Depreciation expense	(158)	(131)	(122)	(411)
As at December 31, 2023	1,518	626	588	2,732

135

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

30 Leases (continued)

Group as a lessee (continued)

Additions (Note 7)	424	108	78	610
Depreciation expense	(173)	(136)	(125)	(434)
As at December 31, 2024	1,769	598	541	2,908

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024 P000	2023 P000
As at January 1	2,971	3,089
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at December 31	3,161	2,971
Current (Note 19.2)	455	418
Non-current (Note 19.2)	2,706	2,553

The maturity analysis of lease liabilities is disclosed in Note 19.5.

The following are the amounts recognized in profit or loss:

	2024 P000	2023 P000
Depreciation expense of right-of-use assets	434	411
Interest expense on lease liabilities	178	185
Expense relating to short-term leases (included in cost of sales)	22	21
Expense relating to leases of low-value assets (included in administrative)	18	17
Variable lease payments (included in cost of sales)	32	28
Total amount recognized in profit	684	662

Interest expense on lease liabilities	178	185
Expense relating to short-term leases (included in cost of sales)	22	21
Expense relating to leases of low-value assets (included in administrative	18	17
Variable lease payments (included in cost of sales)	32	28
Total amount recognized in profit	684	662

The Group had total cash outflows for leases of PXXX,XXX in 2023 (PXXX,XXX in 2022). The Group also had non-cash additions to right-of-use assets and lease liabilities of PXXX,XXX in 2023 (PXXX,XXX in 2022). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33.

The Group has lease contracts for machinery that contains variable payments based on the number of units to be manufactured. These terms are negotiated by management for certain machinery that is used to manufacture products without steady customer demand. Management's objective is to align the lease expense with the units manufactured and revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed payments P000	Variable payments P000	Total P000
2023			
Fixed rent	352	-	352
Variable rent with minimum payment	176	47	223
Variable rent only	-	24	24
	528	71	599
2022			
Fixed rent	392	-	392
Variable rent with minimum payment	189	45	234
Variable rent only	-	21	21
	581	66	647

A X% increase in the units produced for the relevant products would increase total lease payments by X%.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

136

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

30 Leases (continued)

Group as a lessee (continued)

	Within five years P000	More than five years P000	Total P000
As at December 31, 2023			
Extension options expected not to be exercised	525	403	928
Termination options expected to be exercised	424	202	626
	949	605	1,554
As at December 31, 2022			
Extension options expected not to be exercised	504	398	902
Termination options expected to be exercised	388	176	564
	892	574	1,466

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings (see Note 16). These leases have terms of between X and XX years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognized by the [Group] during the year is P X,XXX,XXX (2022: P X,XXX,XXX).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2023 P000	2022 P000
Within one year	1,418	1,390
Between 1 and 2 years	1,387	1,371
Between 2 and 3 years	1,411	1,389
Between 3 and 4 years	1,452	1,420
Between 4 and 5 years	1,380	1,340

The Group had total cash outflows for leases of PXXX,XXX in 2024 (PXXX,XXX in 2023). The Group also had non-cash additions to right-of-use assets and lease liabilities of PXXX,XXX in 2024 (PXXX,XXX in 2023). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 19.5.

The Group has lease contracts for machinery that contain variable payments based on the number of units to be manufactured. These terms are negotiated by management for certain machinery that is used to manufacture products without steady customer demand. Management's objective is to align the lease expense with the units manufactured and revenue earned. The following table provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

136

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

30 Leases (continued)

Group as a lessee (continued)

	Fixed payments P000	Variable payments P000	Total P000
2024			
Fixed rent	352	-	352
Variable rent with minimum payment	176	47	223
Variable rent only	-	24	24
	528	71	599
2023			
Fixed rent	392	-	392
Variable rent with minimum payment	189	45	234
Variable rent only	-	21	21
	581	66	647

A X% increase in the units produced for the relevant products would increase total lease payments by X%.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years P000	More than five years P000	Total P000
As at December 31, 2024			
Extension options expected not to be exercised	525	403	928
Termination options expected to be exercised	424	202	626
	949	605	1,554
As at December 31, 2023			
Extension options expected not to be exercised	504	398	902
Termination options expected to be exercised	388	176	564
	892	574	1,466

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings (see Note 16). These leases have terms of between X and XX years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognized by the Group during the year is P X,XXX,XXX (2023: P X,XXX,XXX).

137

More than five years	5,901	5,864
Total expected payments	12,949	12,774

31 Pensions and other post-employment benefit plans

Net employee defined benefit liabilities

	2023	2022
	P000	P000
<insert country> post-employment health care benefit plan	339	197
<insert country> pension plan	2,711	2,780
Total	3,050	2,977

137

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

31 Pensions and other post-employment benefit plans (continued)

The Group has a defined benefit pension plan in <insert country> (funded). Also, in the <insert country>, the Group provides certain post-employment health care benefits to employees (unfunded). The Group's defined benefit pension plan is a final salary plan for <insert country> employees, which requires contributions to be made to a separately administered fund.

This plan is governed by the employment laws of <insert country>, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the <insert country> pension plan as required by <insert country>'s employment legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of a combined XX% in equity and property and XX% in debt instruments. <insert country>'s employment legislation requires the Group to clear any plan deficit (based on a valuation performed in accordance with the regulations in <insert country>) over a period of no more than five years after the period in which the deficit arises. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed in accordance with the regulations in <insert country>) will arise.

Since the pension liability is adjusted to the consumer price index, the pension plan is exposed to <insert country>'s inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include significant investments in listed equity shares of entities in <insert sector>, the Group is also exposed to equity market risk arising in the <insert sector>.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the statement of financial position for the respective plans:

Post-employment health care benefit plan

Net benefit expense (recognized in profit or loss)

	2023	2022
	P000	P000
Current service cost	142	108
Interest cost on benefit obligation	11	5
Net benefit expense	153	113

Changes in the present value of the defined benefit obligations:

138

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

30 Leases (continued)

Group as a lessor (continued)

Future undiscounted lease payments to be received under operating leases as at December 31 are as follows:

	2024	2023
	P000	P000
Within one year	1,418	1,390
Between 1 and 2 years	1,387	1,371
Between 2 and 3 years	1,411	1,389
Between 3 and 4 years	1,452	1,420
Between 4 and 5 years	1,380	1,340
More than five years	5,901	5,864
Total expected payments	12,949	12,774

31 Pensions and other post-employment benefit plans

Net employee defined benefit liabilities

	2024	2023
	P000	P000
<insert country> post-employment health care benefit plan	339	197
<insert country> pension plan	2,711	2,780
Total	3,050	2,977

The Group has a defined benefit pension plan in <insert country> (funded). Also, in the <insert country>, the Group provides certain post-employment health care benefits to employees (unfunded). The Group's defined benefit pension plan is a final salary plan for <insert country> employees, which requires contributions to be made to a separately administered fund.

This plan is governed by the employment laws of <insert country>, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the <insert country> pension plan as required by <insert country>'s employment legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of a combined XX% in equity and property and XX% in debt instruments. <insert country>'s employment legislation requires the Group to clear any plan deficit (based on a valuation performed in accordance with the regulations in <insert country>) over a period of no more than five years after the period in which the deficit arises. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed in accordance with the regulations in <insert country>) will arise.

138

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

31 Pensions and other post-employment benefit plans (continued)

Since the pension liability is adjusted to the consumer price index, the pension plan is exposed to <insert country>'s inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include significant investments in listed equity shares of entities in <insert sector>, the Group is also exposed to equity market risk arising in the <insert sector>.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the statement of financial position for the respective plans:

Post-employment health care benefit plan

Net benefit expense (recognized in profit or loss)

	2024	2023
	P000	P000
Current service cost	142	108
Interest cost on benefit obligation	11	5
Net benefit expense	153	113

Changes in the present value of the defined benefit obligations:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

31 Pensions and other post-employment benefit plans (continued)

Post-employment health care benefit plan (continued)

Changes in the present value of the defined benefit obligations: (continued)

	P000
Defined benefit obligation at 1 January 2022	88
Interest cost	5
Current service cost	108
Benefits paid	(34)
Exchange differences	30
Defined benefit obligation at December 31, 2022	197
Interest cost	11
Current service cost	142
Benefits paid	(21)
Exchange differences	10
Defined benefit obligation at December 31, 2023	339

Defined benefit obligation at January 1, 2023	88
Interest cost	5
Current service cost	108
Benefits paid	(34)
Exchange differences	30
Defined benefit obligation at December 31, 2023	197
Interest cost	11
Current service cost	142
Benefits paid	(21)
Exchange differences	10
Defined benefit obligation at December 31, 2024	339

139

139

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

31 Pensions and other post-employment benefit plans (continued)

<insert country> Plan

2023 changes in the defined benefit obligation and fair value of plan assets

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI			
	January 1, 2023	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(5,610)	(1,267)	(256)	(1,523)	868	-	211	(80)
Fair value of plan assets	2,830	-	125	125	(868)	256	-	-
Benefit liability	(2,780)			(1,398)	-	256	211	(80)

	Remeasurement gains/(losses) in OCI				Sub-Total			
	Experience adjustments	included in OCI	Contributions	December 31, 2023	Experience adjustments	included in OCI	Contributions	December 31, 2023
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(20)	111	-	(6,154)				

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

31 Pensions and other post-employment benefit plans (continued)

<insert country> Plan

2024 changes in the defined benefit obligation and fair value of plan assets

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI			
	January 1, 2024	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(5,610)	(1,267)	(256)	(1,523)	868	-	211	(80)
Fair value of plan assets	2,830	-	125	125	(868)	256	-	-
Benefit liability	(2,780)			(1,398)	-	256	211	(80)

	Remeasurement gains/(losses) in OCI				Sub-Total			
	Experience adjustments	included in OCI	Contributions	December 31, 2024	Experience adjustments	included in OCI	Contributions	December 31, 2024
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(20)	111	-	(6,154)				

Defined benefit obligation	(-)	256	1,100	(3,443)
Fair value of plan assets	-			3,443
Benefit liability	(20)	367	1,100	(2,711)

140

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

31 Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

2022 changes in the defined benefit obligation and fair value of plan assets

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI			
	1 January 2022	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(5,248)	(1,144)	(283)	(1,427)	1,166	-	(201)	70
Fair value of plan assets	2,810	-	161	161	(1,166)	(289)	-	-
Benefit liability	(2,438)			(1,266)	-	(289)	(201)	70

	Remeasurement gains/(losses) in OCI			
	Experience adjustments	Sub-Total included in OCI by employer	Contributions	December 31, 2022
	P000	P000	P000	P000
Defined benefit obligation	30	(101)	-	(5,610)
Fair value of plan assets	-	(289)	1,314	2,830
Benefit liability	30	(390)	1,314	(2,780)

141

Defined benefit obligation	(-)	256	1,100	(3,443)
Fair value of plan assets	-			3,443
Benefit liability	(20)	367	1,100	(2,711)

140

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

31 Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

2023 changes in the defined benefit obligation and fair value of plan assets

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI			
	January 1, 2023	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions
	P000	P000	P000	P000	P000	P000	P000	P000
Defined benefit obligation	(5,248)	(1,144)	(283)	(1,427)	1,166	-	(201)	70
Fair value of plan assets	2,810	-	161	161	(1,166)	(289)	-	-
Benefit liability	(2,438)			(1,266)	-	(289)	(201)	70

	Remeasurement gains/(losses) in OCI			
	Experience adjustments	Sub-Total included in OCI by employer	Contributions	December 31, 2023
	P000	P000	P000	P000
Defined benefit obligation	30	(101)	-	(5,610)
Fair value of plan assets	-	(289)	1,314	2,830
Benefit liability	30	(390)	1,314	(2,780)

141

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

31 Pensions and other post-employment benefit plans (continued)

The acquisitions of <insert Company name> in 2023 and <insert Company name> in 2022 did not affect plan assets or the defined benefit obligation, as neither of the entities had defined benefit plans.

The fair values of each major class of plan assets are as follows:

	<insert country plan>	
	2023	2022
	P000	P000
Investments quoted in active markets:		
Listed equity investments		
<insert sector>	830	655
<insert sector>	45	33
Bonds issued by <insert country> Government	1,670	1,615
Cash and cash equivalents	400	250
Unquoted investments:		
Debt instruments issued by <insert Bank name>	428	222

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

31 Pensions and other post-employment benefit plans (continued)

The acquisitions of <insert Company name> in 2024 and <insert Company name> in 2023 did not affect plan assets or the defined benefit obligation, as neither of the entities had defined benefit plans.

The fair values of each major class of plan assets are as follows:

	<insert country plan>	
	2024	2023
	P000	P000
Investments quoted in active markets:		
Listed equity investments		
<insert sector>	830	655
<insert sector>	45	33
Bonds issued by <insert country> Government	1,670	1,615
Cash and cash equivalents	400	250
Unquoted investments:		
Debt instruments issued by <insert Bank name>	428	222

Property	70	55	Property	70	55
	Total	3,443 2,830		Total	3,443 2,830
The plan assets include a property occupied by the Group with a fair value of PXX,XXX (2022: PXX,XXX).			The plan assets include a property occupied by the Group with a fair value of PXX,XXX (2023: PXX,XXX).		
The principal assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are shown below:			The principal assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are shown below:		
	2023	2022		2024	2023
	%	%		%	%
Discount rate:			Discount rate:		
<insert country> pension plan	4.9	5.5	<insert country> pension plan	4.9	5.5
Post-employment medical plan	5.7	5.9	Post-employment medical plan	5.7	5.9
Future salary increases:			Future salary increases:		
<insert country> pension plan	3.5	4.0	<insert country> pension plan	3.5	4.0
Future consumer price index increases:			Future consumer price index increases:		
<insert country> pension plan	2.1	2.1	<insert country> pension plan	2.1	2.1
Health care cost increase rate	7.2	7.4	Health care cost increase rate	7.2	7.4
		142			142
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023			TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024		
31 Pensions and other post-employment benefit plans (continued)			31 Pensions and other post-employment benefit plans (continued)		
	Years	Years		Years	Years
Life expectation for pensioners at the age of 65:			Life expectation for pensioners at the age of 65:		
<insert country> pension plan			<insert country> pension plan		
Male	20.0	20.0	Male	20.0	20.0
Female	23.0	23.0	Female	23.0	23.0
Post-employment health care benefit plan			Post-employment health care benefit plan		
Male	19.0	19.0	Male	19.0	19.0
Female	22.0	22.0	Female	22.0	22.0
Sensitivity analysis			Sensitivity analysis		
A quantitative sensitivity analysis for significant assumptions as at December 31 is, as shown below:			A quantitative sensitivity analysis for significant assumptions as at December 31 is, as shown below:		
	2023	2022		2024	2023
	P000	P000		P000	P000
Assumptions for [insert country] pension plan:			Assumptions for [insert country] pension plan:		
Future pension cost increase:			Future pension cost increase:		
X% increase	70	60	X% increase	70	60
X% decrease	(80)	(70)	X% decrease	(80)	(70)
Discount rate:			Discount rate:		
X.X% increase	(90)	(100)	X.X% increase	(90)	(100)
X.X% decrease	80	70	X.X% decrease	80	70
Future salary increases:			Future salary increases:		
X.X% increase	120	110	X.X% increase	120	110
X.X% decrease	(110)	(130)	X.X% decrease	(110)	(130)
Life expectancy of male pensioners:			Life expectancy of male pensioners:		
Increase by X year	110	100	Increase by X year	110	100
Decrease by X year	(120)	(130)	Decrease by X year	(120)	(130)
Life expectancy of female pensioners:			Life expectancy of female pensioners:		
Increase by X year	70	60	Increase by X year	70	60
Decrease by X year	(60)	(70)	Decrease by X year	(60)	(70)
Assumptions for [insert country] post-employment health care benefit plan:			Assumptions for [insert country] post-employment health care benefit plan:		
Future pension cost increase:			Future pension cost increase:		
X% increase	110	105	X% increase	110	105
X% decrease	(90)	(95)	X% decrease	(90)	(95)
Discount rate:			Discount rate:		
X.X% increase	(90)	(120)	X.X% increase	(90)	(120)
X.X% decrease	100	80	X.X% decrease	100	80
Life expectancy of male pensioners:			Life expectancy of male pensioners:		
Increase by X year	130	125	Increase by X year	130	125
Decrease by X year	(150)	(155)	Decrease by X year	(150)	(155)
Life expectancy of female pensioners:			Life expectancy of female pensioners:		
Increase by X year	90	75	Increase by X year	90	75
Decrease by X year	(80)	(60)	Decrease by X year	(80)	(60)

31Pensions and other post-employment benefit plans (continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2023	2022
	P000	P000
Within the next XX months (next annual reporting period)	1,500	1,350
Between X and X years	2,150	2,050
Between X and XX years	2,160	2,340
Beyond XX years	3,000	2,600
Total expected payments	8,810	8,340

The average duration of the defined benefit plan obligation at the end of the reporting period is XX.X years (2022: XX.X years).

32 Share-based payments

<insert name of the plan 1>

Under the <insert name of plan 1>, share options of the parent are granted to senior executives of the parent with more than XX months' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the Group's <insert condition for vesting> (non-market condition) increases by XX% within three years from the date of grant and the senior executive remains employed on such date. The share options granted will not vest if the <insert condition for vesting> performance condition is not met.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to two years after the three-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the SEP as an equity-settled plan.

31Pensions and other post-employment benefit plans (continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2024	2023
	P000	P000
Within the next XX months (next annual reporting period)	1,500	1,350
Between X and X years	2,150	2,050
Between X and XX years	2,160	2,340
Beyond XX years	3,000	2,600
Total expected payments	8,810	8,340

The average duration of the defined benefit plan obligation at the end of the reporting period is XX.X years (2023: XX.X years).

32 Share-based payments

<insert name of the plan 1>

Under the <insert name of plan 1>, share options of the parent are granted to senior executives of the parent with more than XX months' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the Group's <insert condition for vesting> (non-market condition) increases by XX% within three years from the date of grant and the senior executive remains employed on such date. The share options granted will not vest if the <insert condition for vesting> performance condition is not met.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to two years after the three-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the SEP as an equity-settled plan.

The model simulates the fair value compared against the Group of principal competitors. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Share Appreciation Rights

The Group's business development employees are granted share appreciation rights (SARs), settled in cash. The SARs vest when a specified target number of new sales contracts (non-market vesting condition) are closed within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The share options can be exercised up to three years after the three-year vesting period and therefore, the contractual term of the SARs is six years. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

The carrying amount of the liability relating to the SARs at December 31, 2023 was PXXX,XXX (2022: PXXX,XXX). No SARs had vested, granted or forfeited at December 31, 2023 and 2022, respectively.

The expense recognized for employee services received during the year is shown in the following table:

	2023	2022
	P000	P000
Expense arising from equity-settled share-based payment transactions	307	298
Expense arising from cash-settled share-based payment transactions	105	194
Total expense arising from share-based payment transactions	412	492

There were no cancellations or modifications to the awards in 2023 or 2022.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

145

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

32 Share-based payments (continued)

	2023	2023	2022	2022
	Number	WAEP	Number	WAEP
Outstanding at January 1	575,000	P2.85	525,000	P2.75
Granted during the year	250,000	P3.85	155,000	P3.13
Forfeited during the year	-	-	(25,000)	P2.33
Exercised during the year	(75,000)	P2.33	(65,000)	P3.08
Expired during the year	(25,000)	P3.02	(15,000)	P2.13
Outstanding at December 31	725,000	P3.24	575,000	P2.85
Exercisable at December 31	110,000	P2.98	100,000	P2.51

* The weighted average share price at the date of exercise of these options was PXX.XX.
* The weighted average share price at the date of exercise of these options was PXX.XX.

The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 was X.XX years (2022: X.XX years).

The weighted average fair value of options granted during the year was PXX.XX (2022: PXX.XX).

The range of exercise prices for options outstanding at the end of the year was PXX.XX to PXX.XX (2022: PXX.XX to PXX.XX).

The following tables list the inputs to the models used for the three plans for the years ended December 31, 2023 and 2022, respectively:

	2023	2023	2023
	<insert name<insert name of plan 1> of plan 1>	<insert name of plan 2>	SAR
Weighted average fair values at the measurement date	3.45	3.10	2.80
Dividend yield (%)	3.13	3.13	3.13
Expected volatility (%)	15.00	16.00	18.00
Risk-free interest rate (%)	5.10	5.10	5.10
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (P)	3.10	3.10	3.12
Model used	Binomial	Monte Carlo	Binomial

	2022	2022	2022
	<insert name<insert name of plan 1> of plan 1>	<insert name of plan 2>	SAR

The model simulates the fair value compared against the Group of principal competitors. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Share Appreciation Rights

The Group's business development employees are granted share appreciation rights (SARs), settled in cash. The SARs vest when a specified target number of new sales contracts (non-market vesting condition) are closed within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The share options can be exercised up to three years after the three-year vesting period and therefore, the contractual term of the SARs is six years. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

The carrying amount of the liability relating to the SARs at December 31, 2024 was PXXX,XXX (2023: PXXX,XXX). No SARs had vested, granted or forfeited at December 31, 2024 and 2023, respectively.

The expense recognized for employee services received during the year is shown in the following table:

	2024	2023
	P000	P000
Expense arising from equity-settled share-based payment transactions	307	298
Expense arising from cash-settled share-based payment transactions	105	194
Total expense arising from share-based payment transactions	412	492

There were no cancellations or modifications to the awards in 2024 or 2023.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

145

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

32 Share-based payments (continued)

	2024	2024	2023	2023
	Number	WAEP	Number	WAEP
Outstanding at January 1	575,000	P2.85	525,000	P2.75
Granted during the year	250,000	P3.85	155,000	P3.13
Forfeited during the year	-	-	(25,000)	P2.33
Exercised during the year	(75,000)**	P2.33	(65,000)*	P3.08
Expired during the year	(25,000)	P3.02	(15,000)	P2.13
Outstanding at December 31	725,000	P3.24	575,000	P2.85
Exercisable at December 31	110,000	P2.98	100,000	P2.51

* The weighted average share price at the date of exercise of these options was PXX.XX.
* * The weighted average share price at the date of exercise of these options was PXX.XX.

The weighted average remaining contractual life for the share options outstanding as at December 31, 2024 was X.XX years (2023: X.XX years).

The weighted average fair value of options granted during the year was PXX.XX (2023: PXX.XX).

The range of exercise prices for options outstanding at the end of the year was PXX.XX to PXX.XX (2023: PXX.XX to PXX.XX).

The following tables list the inputs to the models used for the three plans for the years ended December 31, 2024 and 2023, respectively:

	2024	2024	2024
	<insert name<insert name of plan 1> of plan 1>	<insert name of plan 2>	SAR
Weighted average fair values at the measurement date	3.45	3.10	2.80
Dividend yield (%)	3.13	3.13	3.13
Expected volatility (%)	15.00	16.00	18.00
Risk-free interest rate (%)	5.10	5.10	5.10
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (P)	3.10	3.10	3.12
Model used	Binomial	Monte Carlo	Binomial

	2023	2023	2023
	<insert name<insert name of plan 1> of plan 1>	<insert name of plan 2>	SAR

	of plan 1>	of plan 2>	SAR
Weighted average fair values at the measurement date	3.30	3.00	2.60
Dividend yield (%)	3.01	3.01	3.01
Expected volatility (%)	16.30	17.50	18.10
Risk-free interest rate (%)	5.00	5.00	5.00
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (₪)	2.86	2.86	2.88
Model used	Binomial	Monte Carlo	Binomial

146

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

32 Share-based payments (continued)

The expected life of the share options and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Modifications

The Board permitted XXX <specify, e.g. by number of employees, name or function> to retain a pro-rated (based on time and performance) portion of the awards made under the 20XX LTI plan. As the options were no longer subject to these employees employment with the Group, the expense relating to XXX <indicate the number> unvested options at departure has been accelerated and recognized in profit or loss. The incremental fair value granted as a result of this modification was XXX <indicate the amount>. This incremental fair value has been measured using the <insert description of option pricing model used and the inputs used>.

33 Commitments and contingencies

Commitments

At December 31, 2023, the Group had commitments of ₪X,XXX,XXX (2022: ₪X,XXX,XXX) including ₪X,XXX,XXX (2022: ₪Nil) relating to <insert description> and ₪XXX,XXX, (2022: ₪XXX,XXX) relating to trade purchase commitments by the Group's joint venture.

The Group has various lease contracts that have not yet commenced as at December 31, 2023. The future lease payments for these non-cancellable lease contracts are ₪XX,XXX within one year, ₪XXX,XXX within five years and ₪XXX,XXX thereafter.

Legal claim contingency

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payout is ₪XXX,XXX should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

The Group has provided the following guarantees at December 31, 2023:

- Guarantee to an unrelated party for the performance in a contract by the joint venture. No liability is expected to arise
- Guarantee of its share of ₪XX,XXX (2022: ₪XX,XXX) of the associates contingent liabilities which have been incurred jointly with other investors

Contingent liabilities

The Group recognized a contingent liability of ₪XXX,XXX in the course of the acquisition of <insert Company name> (see Notes 7 and 28).

147

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

	of plan 1>	of plan 2>	SAR
Weighted average fair values at the measurement date	3.30	3.00	2.60
Dividend yield (%)	3.01	3.01	3.01
Expected volatility (%)	16.30	17.50	18.10
Risk-free interest rate (%)	5.00	5.00	5.00
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (₪)	2.86	2.86	2.88
Model used	Binomial	Monte Carlo	Binomial

146

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

32 Share-based payments (continued)

The expected life of the share options and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Modifications

The Board permitted XXX <specify, e.g. by number of employees, name or function> to retain a pro-rated (based on time and performance) portion of the awards made under the 20XX LTI plan. As the options were no longer subject to these employees employment with the Group, the expense relating to XXX <indicate the number> unvested options at departure has been accelerated and recognized in profit or loss. The incremental fair value granted as a result of this modification was XXX <indicate the amount>. This incremental fair value has been measured using the <insert description of option pricing model used and the inputs used>.

33 Commitments and contingencies

Commitments

At December 31, 2024, the Group had commitments of ₪X,XXX,XXX (2023: ₪X,XXX,XXX) including ₪X,XXX,XXX (2023: ₪Nil) relating to <insert description> and ₪XXX,XXX, (2023: ₪XXX,XXX) relating to trade purchase commitments by the Group's joint venture.

The Group has various lease contracts that have not yet commenced as at December 31, 2024. The future lease payments for these non-cancellable lease contracts are ₪XX,XXX within one year, ₪XXX,XXX within five years and ₪XXX,XXX thereafter.

Legal claim contingency

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payout is ₪XXX,XXX should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

The Group has provided the following guarantees at December 31, 2024:

- Guarantee to an unrelated party for the performance in a contract by the joint venture. No liability is expected to arise
- Guarantee of its share of ₪XX,XXX (2023: ₪XX,XXX) of the associates contingent liabilities which have been incurred jointly with other investors

Contingent liabilities

The Group recognized a contingent liability of ₪XXX,XXX in the course of the acquisition of <insert Company name> (see Notes 7 and 28).

147

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

34 Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Year	Terms and Conditions	Sales to related parties P000	Purchases from related parties P000	Amounts owed by related parties P000	Amounts owed to related parties P000
Entity with significant influence over the Group: <insert Company name>	2023		7,115	-	620	-
	2022		5,975	-	550	-
			13,090	-	1,170	-
Associate: <insert Company name>	2023		2,900	-	551	-
	2022		2,100	-	582	-
			5,000	-	1,133	-
Joint venture in which the parent is a venturer: <insert Company name>	2023		-	590	-	30
	2022		-	430	-	12
			-	1,020	-	42

148

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2023

34 Related party disclosures (continued)

	Year	Terms and Conditions	Sales to related parties P000	Purchases from related parties P000	Amounts owed by related parties P000	Amounts owed to related parties P000
Key management personnel of the Group: Other directors' interests	2023		225	510	-	10
	2022		135	490	-	10
			360	1,000	-	20

* The amounts are classified as trade receivables and trade payables, respectively (see 5 and 31).

	Year	Terms and conditions	Interest received P000	Amounts owned by related parties P000
Loans from/to related parties Associate: <insert Company name>	2023			
			20	200

34 Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Year	Terms and Conditions	Sales to related parties P000	Purchases from related parties P000	Amounts owed by related parties P000	Amounts owed to related parties P000
Entity with significant influence over the Group: <insert Company name>	2024		7,115	-	620	-
	2023		5,975	-	550	-
			13,090	-	1,170	-
Associate: <insert Company name>	2024		2,900	-	551	-
	2023		2,100	-	582	-
			5,000	-	1,133	-
Joint venture in which the parent is a venturer: <insert Company name>	2024		-	590	-	30
	2023		-	430	-	12
			-	1,020	-	42

148

TR EXAMPLE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended December 31, 2024

34 Related party disclosures (continued)

	Year	Terms and Conditions	Sales to related parties P000	Purchases from related parties P000	Amounts owed by related parties P000	Amounts owed to related parties P000
Key management personnel of the Group: Other directors' interests	2024		225	510	-	10
	2023		135	490	-	10
			360	1,000	-	20

* The amounts are classified as trade receivables and trade payables, respectively (see 5 and 31).

	Year	Terms and conditions	Interest received P000	Amounts owned by related parties P000
Loans from/to related parties Associate: <insert Company name>	2023			
			20	200

Key management personnel of the Group: <table><tr><td>Directors' loans</td><td>2022</td><td>1</td><td>13</td></tr><tr><td></td><td>2022</td><td>-</td><td>8</td></tr></table> There were no transactions other than dividends paid between the Group and [insert Company name] , the ultimate parent during the financial year (2022: PNil). Loan to an associate The loan granted to <insert Company name> is intended to finance an acquisition of new machines for the manufacturing of <insert description>. The loan is fully-secured and repayable in full on XXXX X, 2023. Interest is charged at XX%. Terms and conditions of transactions with related parties The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2023, the Group recognized provision for expected credit losses of PX,XXX relating to amounts owed by related parties (2022: PX,XXX). 149	Directors' loans	2022	1	13		2022	-	8	Key management personnel of the Group: <table><tr><td>Directors' loans</td><td>2022</td><td>1</td><td>13</td></tr><tr><td></td><td>2022</td><td>-</td><td>8</td></tr></table> There were no transactions other than dividends paid between the Group and [insert Company name] , the ultimate parent during the financial year (2023: PNil). Loan to an associate The loan granted to <insert Company name> is intended to finance an acquisition of new machines for the manufacturing of <insert description>. The loan is fully-secured and repayable in full on XXXX X, 2024. Interest is charged at XX%. Terms and conditions of transactions with related parties The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2024, the Group recognized provision for expected credit losses of PX,XXX relating to amounts owed by related parties (2023: PX,XXX). 149	Directors' loans	2022	1	13		2022	-	8																																
Directors' loans	2022	1	13																																														
	2022	-	8																																														
Directors' loans	2022	1	13																																														
	2022	-	8																																														
TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2023				TR EXAMPLE GROUP AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended December 31, 2024																																													
34 Related party disclosures (continued) Commitments with related parties On XXXX X, 20XX, <insert Company name> entered into a two-year agreement ending XXXX XX, 20XX with <insert Company name> to purchase specific <insert description of product> that <insert Company name> uses in its production cycle. <insert Company name> expects the potential purchase volume to be PXXX,XXX in 20XX and PXXX,XXX in the first 6 months of 20XX. The purchase price is based on <insert Company name>'s actual cost plus a X% margin and will be settled in cash within XX days of receiving the inventories. The Group has provided a contractual commitment to <insert Company name>, whereby if the assets held as collateral by <insert Company name> for its borrowing fall below a credit rating of 'AA', the parent will substitute assets of an equivalent of 'AA' rating. The maximum fair value of the assets to be replaced is PXXX,XXX as at December 31, 2023 (2022: PXXX,XXX). Transactions with key management personnel Director's loans The Group offers senior management a facility to borrow up to PXX,XXX, repayable within five years from the date of disbursement. Such loans are unsecured and the interest rate is based on LIBOR plus X.X%. Any loans granted are included in financial instruments on the face of the statement of financial position. Other directors' interests During both 2023 and 2022, Group companies made purchases at market prices from <insert Company name>, of which the spouse of one of the directors of the Group is a director and controlling shareholder. One director has a XX% (2022: XX%) equity interest in <insert Company name>. The Group has a contract for the supply of <insert description of product> to <insert Company name>. During 2023 and 2022, the Group supplied <insert description of product> to <insert Company name> at market prices. Investments During the year, TR Example Group acquired an equity interest of XX% in the shares of Blister Limited, a company which is XX% owned by one of TR Example Group's directors. The amount paid for the interest acquired was XXX. Compensation of key management personnel of the Group <table><tr><th></th><th>2023</th><th>2022</th></tr><tr><th></th><th>P000</th><th>P000</th></tr><tr><td>Short-term employee benefits</td><td>435</td><td>424</td></tr><tr><td>Post-employment pension and medical benefits</td><td>110</td><td>80</td></tr><tr><td>Termination benefits</td><td>40</td><td>-</td></tr><tr><td>Share-based payment transactions</td><td>18</td><td>12</td></tr><tr><td>Total compensation paid to key management personnel</td><td>603</td><td>516</td></tr></table> The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Senior management personnel of the Group, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs, such as emission reduction targets and recycling targets, depending on their roles. Amounts awarded under this scheme are included in short-term employee benefits in the table above.					2023	2022		P000	P000	Short-term employee benefits	435	424	Post-employment pension and medical benefits	110	80	Termination benefits	40	-	Share-based payment transactions	18	12	Total compensation paid to key management personnel	603	516	34 Related party disclosures (continued) Commitments with related parties On XXXX X, 20XX, <insert Company name> entered into a two-year agreement ending XXXX XX, 20XX with <insert Company name> to purchase specific <insert description of product> that <insert Company name> uses in its production cycle. <insert Company name> expects the potential purchase volume to be PXXX,XXX in 20XX and PXXX,XXX in the first 6 months of 20XX. The purchase price is based on <insert Company name>'s actual cost plus a X% margin and will be settled in cash within XX days of receiving the inventories. The Group has provided a contractual commitment to <insert Company name>, whereby if the assets held as collateral by <insert Company name> for its borrowing fall below a credit rating of 'AA', the parent will substitute assets of an equivalent of 'AA' rating. The maximum fair value of the assets to be replaced is PXXX,XXX as at December 31, 2024 (2023: PXXX,XXX). Transactions with key management personnel Director's loans The Group offers senior management a facility to borrow up to PXX,XXX, repayable within five years from the date of disbursement. Such loans are unsecured and the interest rate is based on LIBOR plus X.X%. Any loans granted are included in financial instruments on the face of the statement of financial position. Other directors' interests During both 2024 and 2023, Group companies made purchases at market prices from <insert Company name>, of which the spouse of one of the directors of the Group is a director and controlling shareholder. One director has a XX% (2023: XX%) equity interest in <insert Company name>. The Group has a contract for the supply of <insert description of product> to <insert Company name>. During 2024 and 2023, the Group supplied <insert description of product> to <insert Company name> at market prices. Investments During the year, TR Example Group acquired an equity interest of XX% in the shares of Blister Limited, a company which is XX% owned by one of TR Example Group's directors. The amount paid for the interest acquired was XXX. Compensation of key management personnel of the Group <table><tr><th></th><th>2024</th><th>2023</th></tr><tr><th></th><th>P000</th><th>P000</th></tr><tr><td>Short-term employee benefits</td><td>435</td><td>424</td></tr><tr><td>Post-employment pension and medical benefits</td><td>110</td><td>80</td></tr><tr><td>Termination benefits</td><td>40</td><td>-</td></tr><tr><td>Share-based payment transactions</td><td>18</td><td>12</td></tr><tr><td>Total compensation paid to key management personnel</td><td>603</td><td>516</td></tr></table> The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Senior management personnel of the Group, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs, such as emission reduction targets and recycling targets, depending on their roles. Amounts awarded under this scheme are included in short-term employee benefits in the table above.					2024	2023		P000	P000	Short-term employee benefits	435	424	Post-employment pension and medical benefits	110	80	Termination benefits	40	-	Share-based payment transactions	18	12	Total compensation paid to key management personnel	603	516
	2023	2022																																															
	P000	P000																																															
Short-term employee benefits	435	424																																															
Post-employment pension and medical benefits	110	80																																															
Termination benefits	40	-																																															
Share-based payment transactions	18	12																																															
Total compensation paid to key management personnel	603	516																																															
	2024	2023																																															
	P000	P000																																															
Short-term employee benefits	435	424																																															
Post-employment pension and medical benefits	110	80																																															
Termination benefits	40	-																																															
Share-based payment transactions	18	12																																															
Total compensation paid to key management personnel	603	516																																															
150				150																																													

34 Related party disclosures (continued)

Generally, the non-executive directors do not receive pension entitlements from the Group. During 2023, an amount of PXX,XXX was paid to a director who retired from an executive director's position in 2022.

Directors' interests in the [insert name of plan]

Share options held by executive members of the Board of Directors under the [insert name of plan] to purchase ordinary shares have the following expiry dates and exercise prices:

Date of grant

	Expiry date	Exercise price	2023	2022
			Number outstanding	Number outstanding
20XX	2022	P2.33	10,000	10,000
20XX	2022	P3.13	83,000	83,000
20XX	2023	P3.85	27,000	-
Total			120,000	93,000

No share options have been granted to the non-executive members of the Board of Directors under this scheme. Refer to Note 32 for further details on the scheme.

35 Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Amendments to PAS 1: Classification of Liabilities as Current or Non-current

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively.

Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed.

151

35 Standards issued but not yet effective (continued)

Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted, and that fact must be disclosed.

36 Events after the reporting period

On XXXX XX, 20XX, a building with a net book value of PXX,XXX,XXX was severely damaged by flooding and inventories with a net book value of PXXX,XXX were destroyed. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by PXXX,XXX.

34 Related party disclosures (continued)

Generally, the non-executive directors do not receive pension entitlements from the Group. During 2024, an amount of PXX,XXX was paid to a director who retired from an executive director's position in 2023.

Directors' interests in the [insert name of plan]

Share options held by executive members of the Board of Directors under the [insert name of plan] to purchase ordinary shares have the following expiry dates and exercise prices:

Date of grant

	Expiry date	Exercise price	2024	2023
			Number outstanding	Number outstanding
20XX	2022	P2.33	10,000	10,000
20XX	2022	P3.13	83,000	83,000
20XX	2023	P3.85	27,000	-
Total			120,000	93,000

No share options have been granted to the non-executive members of the Board of Directors under this scheme. Refer to Note 32 for further details on the scheme.

35 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

Lack of exchangeability- Amendments to PAS 21

In August 2023, the PASB issued amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1 2025. Early adoption is permitted, but must be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements

PFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the PASB issued PFRS 18, which replaces PFRS 101 Presentation of Financial Statements. PFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

151

35 Standards issued but not yet effective (continued)

PFRS 18 Presentation and Disclosure in Financial Statements (continued)

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

PFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. PFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

PFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the PASB issued PFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in PFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

PFRS 19 will become effective for reporting periods beginning on or after January 1 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply PFRS 19.

36 Events after the reporting period

On XXXX XX, 20XX, a building with a net book value of ₪X,XXX,XXX was severely damaged by flooding and inventories with a net book value of ₪XXX,XXX were destroyed. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by ₪XXX,XXX.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards

1 Significant accounting policies

1.1 First-time adoption of PFRS

These financial statements, for the year ended December 31, 2023, are the first the Group has prepared in accordance with PFRS. For periods up to and including the year ended December 31, 2022, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, the Group has prepared financial statements that comply with PFRS applicable as at December 31, 2023, together with the comparative period data for the year ended December 31, 2022, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022, the Group's date of transition to PFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2022 and the financial statements as of, and for, the year ended December 31, 2022.

Exemptions applied

PFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under PFRS.

The Group has applied the following exemptions:

- PFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under PFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2022. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognized under PFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with PFRS. Assets and liabilities that do not qualify for recognition under PFRS are excluded from the opening PFRS statement of financial position. The Group did not recognize any assets or liabilities that were not recognized under the Local GAAP or exclude any previously recognized amounts as a result of PFRS recognition requirements. PFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening PFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with PFRS 1, the Group has tested goodwill for impairment at the date of transition to PFRS. There was no impairment recognized on goodwill at 1 January 2022.
- The Group has not applied PAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to PFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- Freehold land and buildings, other than investment property, were carried in the statement of financial position prepared in accordance with Local GAAP on the basis of valuations performed on <insert date>. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards

1 Material accounting policies

1.1 First-time adoption of PFRS

These financial statements, for the year ended December 31, 2024, are the first the Group has prepared in accordance with PFRS. For periods up to and including the year ended December 31, 2023, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, the Group has prepared financial statements that comply with PFRS applicable as at December 31, 2024, together with the comparative period data for the year ended December 31, 2023, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at January 1, 2023, the Group's date of transition to PFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at January 1, 2023 and the financial statements as of, and for, the year ended December 31, 2023.

Exemptions applied

PFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under PFRS.

The Group has applied the following exemptions:

- PFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under PFRS, or acquisitions of interests in associates and joint ventures that occurred before January 1, 2023. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognized under PFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with PFRS. Assets and liabilities that do not qualify for recognition under PFRS are excluded from the opening PFRS statement of financial position. The Group did not recognize any assets or liabilities that were not recognized under the Local GAAP or exclude any previously recognized amounts as a result of PFRS recognition requirements. PFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening PFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with PFRS 1, the Group has tested goodwill for impairment at the date of transition to PFRS. There was no impairment recognized on goodwill at January 1, 2023.
- The Group has not applied PAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to PFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- Freehold land and buildings, other than investment property, were carried in the statement of financial position prepared in accordance with Local GAAP on the basis of valuations performed on <insert date>. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

1 Significant accounting policies (continued)

1.1 First-time adoption of PFRS (continued)

Exemptions applied (continued)

- Certain items of property, plant and equipment have been measured at fair value at the date of transition to PFRS.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at **1 January 2022**.
- PFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before **1 January 2022**. For cash-settled share-based payment transactions, the Group has not applied PFRS 2 to liabilities that were settled before **1 January 2022**.
- The Group assessed all contracts existing at **1 January 2022** to determine whether a contract contains a lease based upon the conditions in place as at **1 January 2022**.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at **1 January 2022**. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before **1 January 2022**. The lease payments associated with leases for which the lease term ends within XX months of the date of transition to PFRS and leases for which the underlying asset is of low value have been recognized as an expense on either a straight-line basis over the lease term or another systematic basis.
- The Group has applied the transitional provisions in PAS 23 Borrowing Costs and capitalizes borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalized under Local GAAP on qualifying assets prior to the date of transition to PFRS.
- The Group has designated investments in equity instruments including unquoted equity instruments as equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at **1 January 2022**.

Estimates

The estimates at **1 January 2022** and at December 31, **2022** are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Pensions and other post employment benefits
- Share-based payment transactions
- Investments in equity instruments - unquoted equity shares

The estimates used by the Group to present these amounts in accordance with PFRS reflect conditions at **1 January 2022**, the date of transition to PFRS and as at December 31, **2022**.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at 1 January 2022 (date of transition to PFRS)

Group reconciliation of equity as at 1 January 2022 (date of transition to PFRS)		Reclassifications PFRS as at 1 January 2022		
	Notes	Local GAAP P000	remeasurements and P000	P000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m), (n), (o)	19,436	(496)	18,940
Investment properties		7,091	-	7,091

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

1 Material accounting policies (continued)

1.1 First-time adoption of PFRS (continued)

Exemptions applied (continued)

- Certain items of property, plant and equipment have been measured at fair value at the date of transition to PFRS.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at **January 1, 2023**.
- PFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before **January 1, 2023**. For cash-settled share-based payment transactions, the Group has not applied PFRS 2 to liabilities that were settled before **January 1, 2023**.
- The Group assessed all contracts existing at **January 1, 2023** to determine whether a contract contains a lease based upon the conditions in place as at **January 1, 2023**.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at **January 1, 2023**. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before **January 1, 2023**. The lease payments associated with leases for which the lease term ends within XX months of the date of transition to PFRS and leases for which the underlying asset is of low value have been recognized as an expense on either a straight-line basis over the lease term or another systematic basis.
- The Group has applied the transitional provisions in PAS 23 Borrowing Costs and capitalizes borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalized under Local GAAP on qualifying assets prior to the date of transition to PFRS.
- The Group has designated investments in equity instruments including unquoted equity instruments as equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at **January 1, 2023**.

Estimates

The estimates at **January 1, 2023** and at December 31, **2023** are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Pensions and other post employment benefits
- Share-based payment transactions
- Investments in equity instruments - unquoted equity shares

The estimates used by the Group to present these amounts in accordance with PFRS reflect conditions at **January 1, 2023**, the date of transition to PFRS and as at December 31, **2023**.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at January 1, 2023 (date of transition to PFRS)

Group reconciliation of equity as at January 1, 2023 (date of transition to PFRS)				
		Local GAAP	Reclassifications and remeasurements	PFRS as at January 1, 2023
	Notes	P000	P000	P000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m),	19,436	(496)	18,940
Investment properties	(n), (o)	7,091	-	7,091

Start-up expenses	(a)	300	(300)	-
Intangible assets	(f)	2,114	-	2,114
Right-of-use assets	(o)	-	2,915	2,915
Investment in subsidiaries		1,878	-	1,878
Investment in an associate and a joint venture	(b)	2,123	-	2,123
Non-current financial assets		321	150	471
		33,263	2,269	35,532
Current assets				
Inventories	(p)	25,152	(856)	24,296
Right of return assets	(p)	-	856	856
Trade receivables	(c), (r)	29,115	(3,578)	25,537
Contract assets	(r)	-	3,450	3,450
Prepayments		226	-	226
Other current financial assets	(d)	-	137	137
Cash and short-term deposits	(s)	11,066	-	11,066
		65,559	9	65,568
		98,822	2,278	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Treasury shares		(774)	-	(774)
Other capital reserves	(j)	228	338	566
Retained earnings		25,615	(4,033)	21,582
Other components of equity	(b), (d), (i), (k)	(706)	288	(418)
Reserves of a disposal group held for sale		-	-	-
Equity attributable to equity holders of the parent		43,751	(3,407)	40,344
Non-controlling interests		198	10	208
Total equity		43,949	(3,397)	40,552
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	20,247	1,111	21,358
Provisions	(h)	140	(125)	15
Government grants		1,300	-	1,300
Deferred revenue	(r)	692	(692)	-
Contract liabilities	(r)	-	692	692
Net employee defined benefit liabilities	(g)	-	2,526	2,526
Deferred tax liabilities	(i)	(727)	1,507	780

155

Start-up expenses	(a)	300	(300)	-
Intangible assets	(f)	2,114	-	2,114
Right-of-use assets	(o)	-	2,915	2,915
Investment in subsidiaries		1,878	-	1,878
Investment in an associate and a joint venture	(b)	2,123	-	2,123
Non-current financial assets		321	150	471
		33,263	2,269	35,532
Current assets				
Inventories	(p)	25,152	(856)	24,296
Right of return assets	(p)	-	856	856
Trade receivables	(c), (r)	29,115	(3,578)	25,537
Contract assets	(r)	-	3,450	3,450
Prepayments		226	-	226
Other current financial assets	(d)	-	137	137
Cash and short-term deposits	(s)	11,066	-	11,066
		65,559	9	65,568
		98,822	2,278	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Treasury shares		(774)	-	(774)
Other capital reserves	(j)	228	338	566
Retained earnings		25,615	(4,033)	21,582
Other components of equity	(b), (d), (i), (k)	(706)	288	(418)
Reserves of a disposal group held for sale		-	-	-
Equity attributable to equity holders of the parent		43,751	(3,407)	40,344
Non-controlling interests		198	10	208
Total equity		43,949	(3,397)	40,552
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	20,247	1,111	21,358
Provisions	(h)	140	(125)	15
Government grants		1,300	-	1,300
Deferred revenue	(r)	692	(692)	-
Contract liabilities	(r)	-	692	692
Net employee defined benefit liabilities	(g)	-	2,526	2,526
Deferred tax liabilities	(i)	(727)	1,507	780

155

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at 1 January 2022 (date of transition to PFRS)

		Reclassifications PFRS as at 1 and January 2022		
	Notes	Local GAAP P000	remeasurements P000	PFRS as at January 1, 2023 P000
		21,652	5,019	26,671
Current liabilities				
Trade and other payables	(e), (p), (q)	21,993	(3,745)	18,248
Deferred revenue	(r)	1,836	(1,836)	-
Contract liabilities	(r)	-	1,836	1,836
Refund liabilities	(p), (q)	-	3,796	3,796
Interest-bearing loans and borrowings	(o)	4,500	334	4,834
Other current financial liabilities	(d)	32	271	303
Government grants		150	-	150
Income tax payable		4,625	-	4,625
Provisions		85	-	85
		33,221	656	33,877
Total liabilities		54,873	5,675	60,548
Total liabilities and equity		98,822	2,278	101,100

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at January 1, 2023 (date of transition to PFRS)

		Reclassifications PFRS as at 1 and January 1, 2023		
	Notes	Local GAAP P000	remeasurements P000	PFRS as at January 1, 2023 P000
		21,652	5,019	26,671
Current liabilities				
Trade and other payables	(e), (p), (q)	21,993	(3,745)	18,248
Deferred revenue	(r)	1,836	(1,836)	-
Contract liabilities	(r)	-	1,836	1,836
Refund liabilities	(p), (q)	-	3,796	3,796
Interest-bearing loans and borrowings	(o)	4,500	334	4,834
Other current financial liabilities	(d)	32	271	303
Government grants		150	-	150
Income tax payable		4,625	-	4,625
Provisions		85	-	85
		33,221	656	33,877
Total liabilities		54,873	5,675	60,548
Total liabilities and equity		98,822	2,278	101,100

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at December 31, 2022

Notes	Reclassifications and remeasurements		PFRS as at December 31, 2022
	Local GAAP P000	P000	P000
Assets			
Non-current assets			
Property, plant and equipment (l), (m), (n), (o)	24,797	(468)	24,329
Investment properties	7,983	-	7,983
Start-up expenses (a)	200	(200)	-
Intangible assets (f)	2,461	-	2,461
Right-of-use assets (o)	-	2,732	2,732
Investment in an associate and a joint venture (b)	2,516	-	2,516
Non-current financial assets	2,691	125	2,816
	40,648	2,189	42,837
Current assets			
Inventories (p)	24,759	(929)	23,830
Right of return assets (p)	-	929	929
Trade receivables (c), (r)	27,604	(5,314)	22,290
Contract assets (r)	-	5,180	5,180
Prepayments	165	-	165
Other current financial assets (d)	-	153	153
Cash and short-term deposits (s)	14,916	-	14,916
	67,444	19	67,463
	108,092	2,208	110,300
Total assets			
Equity and liabilities			
Equity			
Issued capital	19,388	-	19,388
Share premium	80	-	80
Treasury shares	(654)	-	(654)
Other capital reserves (j)	294	570	864
Retained earnings	30,673	(4,744)	25,929
Other components of equity (b), (d), (i), (k)	(798)	293	(505)
Reserves of a disposal group held for sale	-	-	-
Equity attributable to equity holders of the parent	48,983	(3,881)	45,102
Non-controlling interests	728	12	740
Total equity	49,711	(3,869)	45,842
Non-current liabilities			
Interest-bearing loans and borrowing (o)	22,222	1,091	23,313
Provisions (h)	144	(125)	19
Government grants	1,400	-	1,400
Deferred revenue (r)	888	(888)	-
Contract liabilities (r)	-	888	888
Net employee defined benefit liabilities (g)	-	2,977	2,977
Deferred tax liabilities (i)	(671)	1,278	607

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at December 31, 2022

Reclassifications PFRS as at

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at December 31, 2023

Notes	Reclassifications and remeasurements		PFRS as at December 31, 2023
	Local GAAP P000	P000	P000
Assets			
Non-current assets			
Property, plant and equipment (l), (m), (n), (o)	24,797	(468)	24,329
Investment properties	7,983	-	7,983
Start-up expenses (a)	200	(200)	-
Intangible assets (f)	2,461	-	2,461
Right-of-use assets (o)	-	2,732	2,732
Investment in an associate and a joint venture (b)	2,516	-	2,516
Non-current financial assets	2,691	125	2,816
	40,648	2,189	42,837
Current assets			
Inventories (p)	24,759	(929)	23,830
Right of return assets (p)	-	929	929
Trade receivables (c), (r)	27,604	(5,314)	22,290
Contract assets (r)	-	5,180	5,180
Prepayments	165	-	165
Other current financial assets (d)	-	153	153
Cash and short-term deposits (s)	14,916	-	14,916
	67,444	19	67,463
	108,092	2,208	110,300
Total assets			
Equity and liabilities			
Equity			
Issued capital	19,388	-	19,388
Share premium	80	-	80
Treasury shares	(654)	-	(654)
Other capital reserves (j)	294	570	864
Retained earnings	30,673	(4,744)	25,929
Other components of equity (b), (d), (i), (k)	(798)	293	(505)
Reserves of a disposal group held for sale	-	-	-
Equity attributable to equity holders of the parent	48,983	(3,881)	45,102
Non-controlling interests	728	12	740
Total equity	49,711	(3,869)	45,842
Non-current liabilities			
Interest-bearing loans and borrowing (o)	22,222	1,091	23,313
Provisions (h)	144	(125)	19
Government grants	1,400	-	1,400
Deferred revenue (r)	888	(888)	-
Contract liabilities (r)	-	888	888
Net employee defined benefit liabilities (g)	-	2,977	2,977
Deferred tax liabilities (i)	(671)	1,278	607

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of equity as at December 31, 2023

Reclassifications PFRS as at

		Local GAAP	remeasurements	and December 31, 2022
	Notes	P000	P000	P000
Current liabilities		23,983	5,221	29,204
Trade and other payables	(e), (p),			
Deferred revenue	(q)	25,518	(5,495)	20,023
Contract liabilities	(r)	2,486	(2,486)	-
Refund liabilities	(r)	-	2,486	2,486
Interest-bearing loans and borrowings	(p), (q)	-	5,844	5,844
Other current financial liabilities	(o)	2,840	302	3,142
Government grants	(d)	49	205	254
Income tax payable		151	-	151
Provisions		3,563	-	3,563
		156	-	156
		34,763	856	35,619
Total liabilities		58,746	6,077	64,823
Total liabilities and equity		108,457	2,208	110,665

158

		Local GAAP	remeasurements	and December 31, 2023
	Notes	P000	P000	P000
Current liabilities		23,983	5,221	29,204
Trade and other payables	(e), (p),			
Deferred revenue	(q)	25,518	(5,495)	20,023
Contract liabilities	(r)	2,486	(2,486)	-
Refund liabilities	(r)	-	2,486	2,486
Interest-bearing loans and borrowings	(p), (q)	-	5,844	5,844
Other current financial liabilities	(o)	2,840	302	3,142
Government grants	(d)	49	205	254
Income tax payable		151	-	151
Provisions		3,563	-	3,563
		156	-	156
		34,763	856	35,619
Total liabilities		58,746	6,077	64,823
Total liabilities and equity		108,457	2,208	110,665

158

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of total comprehensive income for the year ended December 31, 2022

		Local GAAP	Remeasurements	PFRS for the year ended December 31, 2022
	Notes	P000	P000	P000
Continuing operations				
Revenue from contracts with customers	(q)	159,719	(631)	159,088
Rental income		1,377	-	1,377
Revenue		161,096	(631)	160,465
Cost of sales	(l), (m),			
	(n), (o)	(128,274)	(112)	(128,386)
Gross profit/(loss)		32,822	(743)	32,079
Other operating income		2,548	-	2,548
Selling and distribution expenses	(c), (g)	(12,885)	(79)	(12,964)
Administrative expenses	(j), (p)	(11,748)	(263)	(12,011)
Other operating expenses	(a)	(453)	100	(353)
Operating profit/(loss)		10,284	(985)	9,299
Finance costs	(o)	(1,156)	(112)	(1,268)
Finance income		145	-	145
Other income		66	-	66
Share of profit of an associate and a joint venture		638	-	638
Profit/(loss) before tax from continuing operations		9,977	(1,097)	8,880
Income tax expense	(i)	(2,345)	112	(2,233)
Profit/(loss) for the year from continuing operations		7,632	(985)	6,647
Profit/(loss) after tax for the year from discontinued operations		(188)	-	(188)

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of total comprehensive income for the year ended December 31, 2023

		Local GAAP	Remeasurements	PFRS for the year ended December 31, 2023
	Notes	P000	P000	P000
Continuing operations				
Revenue from contracts with customers	(q)	159,719	(631)	159,088
Rental income		1,377	-	1,377
Revenue		161,096	(631)	160,465
Cost of sales	(l), (m),			
	(n), (o)	(128,274)	(112)	(128,386)
Gross profit/(loss)		32,822	(743)	32,079
Other operating income		2,548	-	2,548
Selling and distribution expenses	(c), (g)	(12,885)	(79)	(12,964)
Administrative expenses	(j), (p)	(11,748)	(263)	(12,011)
Other operating expenses	(a)	(453)	100	(353)
Operating profit/(loss)		10,284	(985)	9,299
Finance costs	(o)	(1,156)	(112)	(1,268)
Finance income		145	-	145
Other income		66	-	66
Share of profit of an associate and a joint venture		638	-	638
Profit/(loss) before tax from continuing operations		9,977	(1,097)	8,880
Income tax expense	(i)	(2,345)	112	(2,233)
Profit/(loss) for the year from continuing operations		7,632	(985)	6,647
Profit/(loss) after tax for the year from discontinued operations		(188)	-	(188)

Profit/(loss) for the year	7,444	(985)	6,459
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	(117)	-	(117)
Net gain/(loss) on cash flow hedges (d)	-	24	24
Net loss on debt instruments at fair value through other comprehensive income	(1)	-	(1)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(118)	24	(94)

159

Profit/(loss) for the year	7,444	(985)	6,459
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	(117)	-	(117)
Net gain/(loss) on cash flow hedges (d)	-	24	24
Net loss on debt instruments at fair value through other comprehensive income	(1)	-	(1)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(118)	24	(94)

159

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of total comprehensive income for the year ended December 31, 2022

Notes	PFRS for the year ended December 31, 2022		
	Local GAAP P000	Remeasurements P000	P000
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	(b) 32	(25)	7
Remeasurement gain/(loss) on defined benefit plans	(g) -	(273)	(273)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	32	(298)	(266)
Other comprehensive loss for the year, net of tax	(86)	(274)	(360)
Total comprehensive income/(loss) for the year, net of tax	7,358	(1,259)	6,099

Notes to the reconciliation of equity as at 1 January 2022 and December 31, 2022 and total comprehensive income for the year ended December 31, 2022

a Start-up expenses

Under Local GAAP, the Group capitalized the cost of incorporation of a new subsidiary and depreciated this on a straight-line basis over five years. As such cost does not qualify for recognition as an asset under PFRS, this asset is derecognized against retained earnings.

b Equity instrument as at fair value through other comprehensive income

Under Local GAAP, the Group accounted for investments in unquoted equity shares as financial instruments measured at cost. Under PFRS, the Group has designated such investments as an equity instrument as at fair value through other comprehensive income. At the date of transition to PFRS, the fair value of these assets is ₱X,XXX,XXX and their previous Local GAAP carrying amount was ₱XXX,XXX. The ₱XXX,XXX difference between the instruments' fair value and Local GAAP carrying amount has been recognized as other components of equity, in fair value reserve of financial assets at FVOCI, net of related deferred taxes.

c Trade and other receivables

The adoption of PFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Local GAAP with a forward-looking expected credit loss (ECL) approach. PFRS requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to PFRS, the Group recognized additional impairment on its Trade receivables of ₱XXX,XXX (December 31, 2022: ₱XXX,XXX), which resulted in a decrease in retained earnings by the same amount.

160

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Group reconciliation of total comprehensive income for the year ended December 31, 2023

Notes	PFRS for the year ended December 31, 2023		
	Local GAAP P000	Remeasurements P000	P000
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	(b) 32	(25)	7
Remeasurement gain/(loss) on defined benefit plans	(g) -	(273)	(273)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	32	(298)	(266)
Other comprehensive loss for the year, net of tax	(86)	(274)	(360)
Total comprehensive income/(loss) for the year, net of tax	7,358	(1,259)	6,099

Notes to the reconciliation of equity as at January 1, 2023 and December 31, 2023 and total comprehensive income for the year ended December 31, 2023

a Start-up expenses

Under Local GAAP, the Group capitalized the cost of incorporation of a new subsidiary and depreciated this on a straight-line basis over five years. As such cost does not qualify for recognition as an asset under PFRS, this asset is derecognized against retained earnings.

b Equity instrument as at fair value through other comprehensive income

Under Local GAAP, the Group accounted for investments in unquoted equity shares as financial instruments measured at cost. Under PFRS, the Group has designated such investments as an equity instrument as at fair value through other comprehensive income. At the date of transition to PFRS, the fair value of these assets is ₱X,XXX,XXX and their previous Local GAAP carrying amount was ₱XXX,XXX. The ₱XXX,XXX difference between the instruments' fair value and Local GAAP carrying amount has been recognized as other components of equity, in fair value reserve of financial assets at FVOCI, net of related deferred taxes.

c Trade and other receivables

The adoption of PFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Local GAAP with a forward-looking expected credit loss (ECL) approach. PFRS requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to PFRS, the Group recognized additional impairment on its Trade receivables of ₱XXX,XXX (December 31, 2023: ₱XXX,XXX), which resulted in a decrease in retained earnings by the same amount.

160

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at 1 January 2022 and December 31, 2022 and total comprehensive income for the year ended December 31, 2022 (continued)

d Other financial assets and liabilities

The fair value of forward foreign exchange contracts is recognized under PFRS, and was not recognized under Local GAAP. The contracts have been designated as at the date of transition to PFRS as hedging instruments in cash flow hedges of either expected future sales, for which the group has firm commitments, or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognized as a separate component of equity, in the cash flow hedge reserve.

e Trade and other payables

Under Local GAAP, proposed dividends are recognized as a liability in the period to which they relate, irrespective of when they are declared. Under PFRS, a proposed dividend is recognized as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognized against retained earnings.

f Intangible assets

Under Local GAAP, the Group recognized indefinite lived intangible assets amounting to PXX,XXX on a business combination that does not qualify for recognition under PFRS. These intangible assets have been reclassified as part of goodwill on transition to PFRS. Goodwill has been presented within Intangible assets on the Statement of Financial Position.

g Defined benefit obligation

Under Local GAAP, the Group recognized costs related to its pension plan on a cash basis. Under PFRS, defined benefit plan obligations are recognized and are measured using the projected unit credit method. The pension liability has been recognized in full against retained earnings.

h Provisions

Under Local GAAP, a restructuring provision has been recorded relating to downsizing head office activities. The provision does not qualify for recognition as a liability according to PAS 37, and has been derecognized against retained earnings.

i Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in Note 2.3, the Group has to recognize the tax effects of such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

j Share-based payments

Under Local GAAP, the Group recognized only the cost for the long-term incentive plan as an expense. PFRS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period. An additional expense of PXXX,XXX has been recognized in profit or loss for the year ended December 31, 2022. Share options with grant date fair value totaling PXXX,XXX, which were granted before and still vesting at 1 January 2022, have been recognized as a separate component of equity against retained earnings at 1 January 2022.

161

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at 1 January 2022 and December 31, 2022 and total comprehensive income for the year ended December 31, 2022 (continued)

k Foreign currency translation

Under Local GAAP, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2022. The resulting adjustment was recognized against retained earnings.

l Property, plant and equipment

The group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to PFRS. At the date of transition to PFRS, the aggregate of those fair values was PXX,XXX,XXX and an increase of PXXX,XXX (December 31, 2022: PXXX,XXX) was recognized in property, plant and equipment. This amount has been recognized against retained earnings.

m Depreciation of property, plant and equipment

PAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. As explained in Note 2.3, the cost of major inspections is capitalized and depreciated separately over the period to the next major inspection. At the date of transition to PFRS, an increase of PXXX,XXX (December 31, 2022: PXXX,XXX) was recognized in property, plant and equipment net of accumulated depreciation due to separate depreciation of significant components of property, plant and equipment. This amount has been recognized against retained earnings.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at January 1, 2023 and December 31, 2023 and total comprehensive income for the year ended December 31, 2023 (continued)

d Other financial assets and liabilities

The fair value of forward foreign exchange contracts is recognized under PFRS, and was not recognized under Local GAAP. The contracts have been designated as at the date of transition to PFRS as hedging instruments in cash flow hedges of either expected future sales, for which the group has firm commitments, or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognized as a separate component of equity, in the cash flow hedge reserve.

e Trade and other payables

Under Local GAAP, proposed dividends are recognized as a liability in the period to which they relate, irrespective of when they are declared. Under PFRS, a proposed dividend is recognized as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognized against retained earnings.

f Intangible assets

Under Local GAAP, the Group recognized indefinite lived intangible assets amounting to PXX,XXX on a business combination that does not qualify for recognition under PFRS. These intangible assets have been reclassified as part of goodwill on transition to PFRS. Goodwill has been presented within Intangible assets on the Statement of Financial Position.

g Defined benefit obligation

Under Local GAAP, the Group recognized costs related to its pension plan on a cash basis. Under PFRS, defined benefit plan obligations are recognized and are measured using the projected unit credit method. The pension liability has been recognized in full against retained earnings.

h Provisions

Under Local GAAP, a restructuring provision has been recorded relating to downsizing head office activities. The provision does not qualify for recognition as a liability according to PAS 37, and has been derecognized against retained earnings.

i Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in Note 2.3, the Group has to recognize the tax effects of such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

j Share-based payments

Under Local GAAP, the Group recognized only the cost for the long-term incentive plan as an expense. PFRS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period. An additional expense of PXXX,XXX has been recognized in profit or loss for the year ended December 31, 2023. Share options with grant date fair value totaling PXXX,XXX, which were granted before and still vesting at January 1, 2023, have been recognized as a separate component of equity against retained earnings at January 1, 2023.

161

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at January 1, 2023 and December 31, 2023 and total comprehensive income for the year ended December 31, 2023 (continued)

k Foreign currency translation

Under Local GAAP, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at January 1, 2023. The resulting adjustment was recognized against retained earnings.

l Property, plant and equipment

The group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to PFRS. At the date of transition to PFRS, the aggregate of those fair values was PXX,XXX,XXX and an increase of PXXX,XXX (December 31, 2023: PXXX,XXX) was recognized in property, plant and equipment. This amount has been recognized against retained earnings.

m Depreciation of property, plant and equipment

PAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. As explained in Note 2.3, the cost of major inspections is capitalized and depreciated separately over the period to the next major inspection. At the date of transition to PFRS, an increase of PXXX,XXX (December 31, 2023: PXXX,XXX) was recognized in property, plant and equipment net of accumulated depreciation due to separate depreciation of significant components of property, plant and equipment. This amount has been recognized against retained earnings.

n Impairment of property, plant and equipment

Under Local GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. For the purposes of assessing impairment, assets were grouped at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets. If the estimated undiscounted cash flows for the asset group were less than the asset group's carrying amount, the impairment loss was measured as the excess of the carrying value over fair value. Under PFRS, as explained in Note 2.3), impairment of assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, is assessed at the CGU level based on the CGU's recoverable amount. At the date of transition to PFRS, as a result of the changes in methodology, the Group determined that the recoverable amount of its manufacturing plant, which is considered a CGU was less than its carrying amount. The recoverable amount was ₪X,XXX,XXX, based on the CGU's value in use using a pre-tax discount rate of X%. This resulted in an impairment loss of ₪XXX,XXX being recognized as at 1 January 2022. This amount has been recognized against retained earnings. Additionally, depreciation for the year ended December 31, 2022 was reduced by ₪XX,XXX.

162

TR Example Group

Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of equity as at 1 January 2022 and December 31, 2022 and total comprehensive income for the year ended December 31, 2022 (continued)

o Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under PFRS, as explained in Note 2.3), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to PFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to PFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognized an increase of ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX) of lease liabilities included under interest-bearing loans and borrowings and ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognized in retained earnings. Under Local GAAP, assets held under finance leases are capitalized and included in property, plant and equipment. Under PFRS, they are presented in right-of-use assets. At the date of transition to PFRS, ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX) was reclassified from property, plant and equipment to right-of-use assets. Additionally, depreciation increased by ₪XX,XXX (₪XX,XXX was included in cost of sales, ₪XX,XXX was included in administrative expenses) and finance costs increased by ₪XXX,XXX for the year ended December 31, 2022.

p Rights of return

Under Local GAAP, the amount of revenue related to the expected returns was deferred and recognized in the statement of financial position within trade and other payables with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in Inventories. Under PFRS, the consideration received from the customer is variable because the contract allows the customer to return the products. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. At the date of transition to PFRS, the Group reclassified trade and other payables of ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX) to refund liabilities and Inventories of ₪XXX,XXX (December 31, 2022: ₪XXX,XXX) to right of return assets.

q Volume rebates

Under Local GAAP, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in trade and other payables. Under PFRS, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. At the date of transition to PFRS, the Group recognized refund liabilities of ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX) for the expected future rebates. The Group also derecognized the provision included in trade and other payables of ₪X,XXX,XXX (December 31, 2022: ₪X,XXX,XXX), and reduced the retained earnings for the difference of ₪XXX,XXX (December 31, 2022: ₪X,XXX,XXX). Additionally, revenue from contracts with customers for the year ended December 31, 2022 was reduced by ₪XXX,XXX.

n Impairment of property, plant and equipment

Under Local GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. For the purposes of assessing impairment, assets were grouped at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets. If the estimated undiscounted cash flows for the asset group were less than the asset group's carrying amount, the impairment loss was measured as the excess of the carrying value over fair value. Under PFRS, as explained in Note 2.3), impairment of assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, is assessed at the CGU level based on the CGU's recoverable amount. At the date of transition to PFRS, as a result of the changes in methodology, the Group determined that the recoverable amount of its manufacturing plant, which is considered a CGU was less than its carrying amount. The recoverable amount was ₪X,XXX,XXX, based on the CGU's value in use using a pre-tax discount rate of X%. This resulted in an impairment loss of ₪XXX,XXX being recognized as at January 1, 2023. This amount has been recognized against retained earnings. Additionally, depreciation for the year ended December 31, 2023 was reduced by ₪XX,XXX.

162

TR Example Group

Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of equity as at January 1, 2023 and December 31, 2023 and total comprehensive income for the year ended December 31, 2023 (continued)

o Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under PFRS, as explained in Note 2.3), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to PFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to PFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognized an increase of ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX) of lease liabilities included under interest-bearing loans and borrowings and ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognized in retained earnings. Under Local GAAP, assets held under finance leases are capitalized and included in property, plant and equipment. Under PFRS, they are presented in right-of-use assets. At the date of transition to PFRS, ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX) was reclassified from property, plant and equipment to right-of-use assets. Additionally, depreciation increased by ₪XX,XXX (₪XX,XXX was included in cost of sales, ₪XX,XXX was included in administrative expenses) and finance costs increased by ₪XXX,XXX for the year ended December 31, 2023.

p Rights of return

Under Local GAAP, the amount of revenue related to the expected returns was deferred and recognized in the statement of financial position within trade and other payables with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in Inventories. Under PFRS, the consideration received from the customer is variable because the contract allows the customer to return the products. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. At the date of transition to PFRS, the Group reclassified trade and other payables of ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX) to refund liabilities and Inventories of ₪XXX,XXX (December 31, 2023: ₪XXX,XXX) to right of return assets.

q Volume rebates

Under Local GAAP, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in trade and other payables. Under PFRS, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. At the date of transition to PFRS, the Group recognized refund liabilities of ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX) for the expected future rebates. The Group also derecognized the provision included in trade and other payables of ₪X,XXX,XXX (December 31, 2023: ₪X,XXX,XXX), and reduced the retained earnings for the difference of ₪XXX,XXX (December 31, 2023: ₪X,XXX,XXX). Additionally, revenue from contracts with customers for the year ended December 31, 2023 was reduced by ₪XXX,XXX.

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at 1 January 2022 and December 31, 2022 and total comprehensive income for the year ended December 31, 2022 (continued)

r Contract assets and contract liabilities

Under Local GAAP, the Group recognized trade receivables, even if the receipt of the total consideration was conditional on successful completion of installation services. Under PFRS, any earned consideration that is conditional should be recognized as a contract asset rather than a receivable. Therefore, at the date of transition to PFRS, the Group reclassified P~~X,XXX,XXX~~ (December 31, 2022: P~~X,XXX,XXX~~) from trade receivables to contract assets. Under Local GAAP, the Group recognized deferred revenue for an obligation to transfer goods or services to a customer for which the entity has received consideration or the amount is due from the customer. Under PFRS, the obligation should be recognized as a contract liability rather than deferred revenue. Therefore, at the date of transition to PFRS, the Group reclassified P~~X,XXX,XXX~~ (December 31, 2022: P~~X,XXX,XXX~~) from deferred revenue to contract liabilities.

s Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under PFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognizes lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by P~~XXX,XXX~~ and cash outflows from financing activities increased by the same amount for the year ended December 31, 2022.

Appendix 2 – Simple revenue disclosure by “Type of revenue”.

1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For year ended December 31, 2023 P000	For year ended December 31, 2022 P000
<i>Revenue from contracts with customers</i>		
Sale of goods	154,701	137,452
Rendering of services	24,357	21,636
Total revenue from contracts with customers	179,058	159,088
	December 31, 2023 P000	December 31, 2022 P000
<i>Other revenue</i>		
Rent from investment properties	1,404	1,377
Other revenue	-	-
Total revenue from contracts with customers	1,404	1,377
Total revenue from continuing operations	180,462	160,465

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure

Consolidated statement of financial position as at December 31, 2023

	Notes	2023 P000	2022 P000 Restated (Note 2.5)	2021 P000 Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in associates and joint ventures	9, 40	2,487	2,546	4,878

TR Example Group
Appendix 1 – PFRS 1 First-time Adoption of International Financial Reporting Standards
(continued)

Notes to the reconciliation of equity as at January 1, 2023 and December 31, 2023 and total comprehensive income for the year ended December 31, 2023 (continued)

r Contract assets and contract liabilities

Under Local GAAP, the Group recognized trade receivables, even if the receipt of the total consideration was conditional on successful completion of installation services. Under PFRS, any earned consideration that is conditional should be recognized as a contract asset rather than a receivable. Therefore, at the date of transition to PFRS, the Group reclassified P~~X,XXX,XXX~~ (December 31, 2023: P~~X,XXX,XXX~~) from trade receivables to contract assets. Under Local GAAP, the Group recognized deferred revenue for an obligation to transfer goods or services to a customer for which the entity has received consideration or the amount is due from the customer. Under PFRS, the obligation should be recognized as a contract liability rather than deferred revenue. Therefore, at the date of transition to PFRS, the Group reclassified P~~X,XXX,XXX~~ (December 31, 2023: P~~X,XXX,XXX~~) from deferred revenue to contract liabilities.

s Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under PFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognizes lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by P~~XXX,XXX~~ and cash outflows from financing activities increased by the same amount for the year ended December 31, 2023.

Appendix 2 – Simple revenue disclosure by “Type of revenue”.

1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For year ended December 31, 2024 P000	For year ended December 31, 2023 P000
<i>Revenue from contracts with customers</i>		
Sale of goods	154,701	137,452
Rendering of services	24,357	21,636
Total revenue from contracts with customers	179,058	159,088
	December 31, 2024 P000	December 31, 2023 P000
<i>Other revenue</i>		
Rent from investment properties	1,404	1,377
Other revenue	-	-
Total revenue from contracts with customers	1,404	1,377
Total revenue from continuing operations	180,462	160,465

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure

Consolidated statement of financial position as at December 31, 2024

	Notes	2024 P000	2023 P000 Restated (Note 2.5)	2022 P000 Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in associates and joint ventures	9, 40	2,487	2,546	4,878

Investment in an associate and a joint venture	9, 10	3,107	2,510	1,070
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
		58,136	43,202	35,532
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	67,463	65,568
Assets held for sale	13	13,554	-	-
		89,241	67,463	65,568
		147,377	110,665	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital	24	21,888	19,388	19,388
Share premium	24	4,780	80	-
Treasury shares	24	(508)	(654)	(774)
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
		58,357	45,102	40,344
Equity attributable to equity holders of the parent		2,410	740	208
Non-controlling interests				
Total equity		60,767	45,842	40,552

165

Investment in an associate and a joint venture	9, 10	3,107	2,510	1,070
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
		58,136	43,202	35,532
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	67,463	65,568
Assets held for sale	13	13,554	-	-
		89,241	67,463	65,568
		147,377	110,665	101,100
Total assets				
Equity and liabilities				
Equity				
Issued capital	24	21,888	19,388	19,388
Share premium	24	4,780	80	-
Treasury shares	24	(508)	(654)	(774)
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
		58,357	45,102	40,344
Equity attributable to equity holders of the parent		2,410	740	208
Non-controlling interests				
Total equity		60,767	45,842	40,552

165

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at December 31, 2023 (continued)

Notes	2023	2022	2021
	P000	P000	P000
		Restated (Note 2.5)	Restated (Note 2.5)
Non-current liabilities			
Interest-bearing loans and borrowings	19	19,441	20,760
Lease liabilities	30	2,706	2,553
Other non-current financial liabilities	19	806	-
Provisions	26	1,898	19
Government grants	27	3,300	1,400
Contract liabilities	4, 28	2,962	888
Net employee defined benefit liabilities	31	3,050	2,977
Deferred tax liabilities	14	2,454	607
		36,617	29,204
Current liabilities			
Trade and other payables	29	16,969	20,023
Contract liabilities	4, 28	2,880	2,486
Refund liabilities	4	6,242	5,844
Interest-bearing loans and borrowings	19	2,377	2,724
Lease liabilities	30	455	418
Other current financial liabilities	19	2,953	254
Government grants	27	149	151
Income tax payable		3,511	3,563
Provisions	26	922	156
Dividends payable	25	410	-
		36,868	35,619
Liabilities directly associated with the assets held for sale	13	13,125	-
		49,993	35,619
		86,610	60,548
Total liabilities			
Total liabilities and equity		147,377	110,665

1 Financial assets and financial liabilities

1.1 Financial liabilities: Interest-bearing loans and borrowings

Interest rate	Maturity	2023	2022
%		P000	P000

Current interest-bearing loans and

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at December 31, 2024 (continued)

Notes	2024	2023	2022
	P000	P000	P000
		Restated (Note 2.5)	Restated (Note 2.5)
Non-current liabilities			
Interest-bearing loans and borrowings	19	19,441	20,760
Lease liabilities	30	2,706	2,553
Other non-current financial liabilities	19	806	-
Provisions	26	1,898	19
Government grants	27	3,300	1,400
Contract liabilities	4, 28	2,962	888
Net employee defined benefit liabilities	31	3,050	2,977
Deferred tax liabilities	14	2,454	607
		36,617	29,204
Current liabilities			
Trade and other payables	29	16,969	20,023
Contract liabilities	4, 28	2,880	2,486
Refund liabilities	4	6,242	5,844
Interest-bearing loans and borrowings	19	2,377	2,724
Lease liabilities	30	455	418
Other current financial liabilities	19	2,953	254
Government grants	27	149	151
Income tax payable		3,511	3,563
Provisions	26	922	156
Dividends payable	25	410	-
		36,868	35,619
Liabilities directly associated with the assets held for sale	13	13,125	-
		49,993	35,619
		86,610	60,548
Total liabilities			
Total liabilities and equity		147,377	110,665

1 Financial assets and financial liabilities

1.1 Financial liabilities: Interest-bearing loans and borrowings

Interest rate	Maturity	2024	2023
%		P000	P000

Current interest-bearing loans and

borrowings				
Bank overdrafts	XX	On demand	966	2,650
₱X,XXX,XXX bank loan	XX	XXX X 20XX	1,411	-
₱X,XXX,XXX bank loan	XX	XXX XX 20XX	-	74
Total current interest-bearing loans and borrowings			2,377	2,724

166

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

1 Financial assets and financial liabilities (continued)

1.1 Financial liabilities: Interest-bearing loans and borrowings (continued)

	Interest rate	Maturity	2023	2022
	%		P000	P000
Non-current interest-bearing loans and borrowings				
X% debentures	X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of ₱X,XXX,XXX	*XX	XXX XX 20XX	2,246	-
Secured bank loan	XX	XXX XX 20XX	3,479	3,489
₱X,XXX,XXX bank loan (2023: ₱X,XXX,XXX)	XX	XXX XX 20XX	-	1,357
₱X,XXX,XXX bank loan (2023: ₱X,XXX,XXX)	XX	20XX-20XX	2,486	2,229
₱X,XXX,XXX bank loan	XX	XXX XX 20XX	2,078	2,078
₱X,XXX,XXX bank loan	X.X	XXX X 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			19,441	20,760
Total interest-bearing loans and borrowings			21,818	23,484

*Includes the effects of related interest rate swaps.

2 Leases

Group as a lessee

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023	2022
	P000	P000
As at January 1	2,971	3,089
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at December 31	3,161	2,971

167

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

2 Leases (continued)

Group as a lessee (continued)

borrowings				
Bank overdrafts	XX	On demand	966	2,650
₱X,XXX,XXX bank loan	XX	XXX X 20XX	1,411	-
₱X,XXX,XXX bank loan	XX	XXX XX 20XX	-	74
Total current interest-bearing loans and borrowings			2,377	2,724

166

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

1 Financial assets and financial liabilities (continued)

1.1 Financial liabilities: Interest-bearing loans and borrowings (continued)

	Interest rate	Maturity	2024	2023
	%		P000	P000
Non-current interest-bearing loans and borrowings				
X% debentures	X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of ₱X,XXX,XXX	*XX	XXX XX 20XX	2,246	-
Secured bank loan	XX	XXX XX 20XX	3,479	3,489
₱X,XXX,XXX bank loan (2024: ₱X,XXX,XXX)	XX	XXX XX 20XX	-	1,357
₱X,XXX,XXX bank loan (2024: ₱X,XXX,XXX)	XX	20XX-20XX	2,486	2,229
₱X,XXX,XXX bank loan	XX	XXX XX 20XX	2,078	2,078
₱X,XXX,XXX bank loan	X.X	XXX X 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			19,441	20,760
Total interest-bearing loans and borrowings			21,818	23,484

*Includes the effects of related interest rate swaps.

2 Leases

Group as a lessee

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
	P000	P000
As at January 1	2,971	3,089
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at December 31	3,161	2,971

167

TR Example Group
Appendix 3 – Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

2 Leases (continued)

Group as a lessee (continued)

Interest rate Maturity					Interest rate Maturity				
%			2023	2022	%			2024	2023
			P000	P000				P000	P000
Current lease liabilities					Current lease liabilities				
Lease liabilities			X.X-X.X	20XX	455	418	Lease liabilities		
Total current lease liabilities			455	418	Total current lease liabilities			455	418
Non-current lease liabilities					Non-current lease liabilities				
Lease liabilities			X.X-X.X	20XX-20XX	2,706	2,553	Lease liabilities		
Total non-current lease liabilities			2,706	2,553	Total non-current lease liabilities			2,706	2,553
Total lease liabilities			3,161	2,971	Total lease liabilities			3,161	2,971
Appendix 4 – Material accounting policy information – an illustrative example					Appendix 4 – Material accounting policy information – an illustrative example				
Note 2.3 b) Investment in associates and joint ventures					Note 2.3 b) Investment in associates and joint ventures				
As explained in the introduction to this publication, the primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements can be met. Therefore, they include disclosures that may, in practice, be deemed not material to the Group. To illustrate how the PAS 1 amendments could be applied in practice to a specific accounting policy, we have included the table below relevant considerations in a materiality analysis in the context of the wording included in Note 2.3 b) above regarding investment in associates and joint ventures. In preparing the analysis, the assumption is made that the application of the equity method is not considered to be complex, as PAS 1.117B (e) could otherwise have suggested that further disclosures about the application of the equity method are required. Furthermore, it is assumed that users of financial statements in the relevant market are familiar with PFRS as other entities in the same market are also preparing financial statements in compliance with PFRS and have done so for over an extended period of time (PS 2.88F). These assumptions are, however, specific to the Group, and must be assessed by each entity considering their specific facts and circumstances. For further information on the amendments and how to apply them, please refer to our publication Applying PFRS: Disclosure of accounting policy information.					As explained in the introduction to this publication, the primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements can be met. Therefore, they include disclosures that may, in practice, be deemed not material to the Group. To illustrate how the requirement in PAS 1 to disclose material accounting policy information could be applied in practice to a specific accounting policy, we have included the table below relevant considerations in a materiality analysis in the context of the wording included in Note 2.3 b) above regarding investment in associates and joint ventures. In preparing the analysis, the assumption is made that the application of the equity method is not considered to be complex, as PAS 1.117B (e) could otherwise have suggested that further disclosures about the application of the equity method are required. Furthermore, it is assumed that users of financial statements in the relevant market are familiar with PFRS accounting standards as other entities in the same market are also preparing financial statements in compliance with PFRS accounting standards and have done so for over an extended period of time (PS 2.88F). These assumptions are, however, specific to the Group, and must be assessed by each entity considering their specific facts and circumstances. For further information on the amendments and how to apply them, please refer to our publication Applying PFRS: Disclosure of accounting policy information.				
Wording in Note 2.3 b)			Alternative wording	Commentary	Wording in Note 2.3 b)			Alternative wording	Commentary
168					168				
TR Example Group					TR Example Group				
Appendix 4 – Material accounting policy information – an illustrative example (continued)					Appendix 4 – Material accounting policy information – an illustrative example (continued)				
Note 2.3 b) Investment in associates and joint ventures (continued)					Note 2.3 b) Investment in associates and joint ventures (continued)				
The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.	The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.	New paragraph added in Note 2.3 b) in this version of the Group to provide entity-specific context to the accounting policy disclosure.			The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.	The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.	New paragraph added in Note 2.3 b) in this version of the Group to provide entity-specific context to the accounting policy disclosure.		
An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.		As the paragraph summarizes the requirements of PAS 28 <i>Investments in Associates and Joint Ventures</i> , rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included). PAS 1.117C clarifies that standardized information.			An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.		As the paragraph summarizes the requirements of PAS 28 <i>Investments in Associates and Joint Ventures</i> , rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included). PAS 1.117C clarifies that standardized information.		

		or information that only duplicates or summarizes the requirements of the PFRSs is less useful than entity-specific information.
--	--	---

169

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)
Note 2.3 b) Investment in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.		As the paragraph summarizes the requirements of PFRS 11 Joint Arrangements, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group 's investment in its associate and joint venture are accounted for using the equity method.		As the paragraph does not provide entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The aggregate of the Group 's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	The aggregate of the Group 's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	Policy derived from principles of PAS 1 and PAS 8 – presenting the Group 's share of profit or loss of an associate and a joint venture outside operating profit. PAS 1.117B c) suggests that this may be an example of information that would likely be considered to be material accounting policy information.If disposals are made in the period, disclosure of the policy for presenting gains and losses may also be material information.

170

		or information that only duplicates or summarizes the requirements of the PFRS accounting standards is less useful than entity-specific information.
--	--	---

169

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)
Note 2.3 b) Investment in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.		As the paragraph summarizes the requirements of PFRS 11 Joint Arrangements, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group 's investment in its associate and joint venture are accounted for using the equity method.		As the paragraph does not provide entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The aggregate of the Group 's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	The aggregate of the Group 's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	Policy derived from principles of PAS 1 and PAS 8 – presenting the Group 's share of profit or loss of an associate and a joint venture outside operating profit. PAS 1.117B c) suggests that this may be an example of information that would likely be considered to be material accounting policy information.If disposals are made in the period, disclosure of the policy for presenting gains and losses may also be material information.

170

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)

Note 2.3 b) Investment in associates and joint ventures (continued)

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	The first two sentences of the wording in Note 2.3 b) primarily summarize the requirements of PAS 28 and may therefore not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, they have not been included). The third sentence reflects relevant context. In the alternative wording and in Note 2.3 b), an explanation has been included to further explain the implications of the policy, and also the presentation policy has been disclosed since it is not specifically prescribed under PFRS, and, therefore, is developed in accordance with PAS 8.
The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

171

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)

Note 2.3 b) Investment in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)

Note 2.3 b) Investment in associates and joint ventures (continued)

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	The first two sentences of the wording in Note 2.3 b) primarily summarize the requirements of PAS 28 and may therefore not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, they have not been included). The third sentence reflects relevant context. In the alternative wording and in Note 2.3 b), an explanation has been included to further explain the implications of the policy, Also the presentation policy has been disclosed since it is not specifically prescribed under PFRS accounting standards, and, therefore, is developed in accordance with PAS 8.
The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

171

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)

Note 2.3 b) Investment in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group.		As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
---	--

172

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)
Note 2.3 b) Investment in associates and joint ventures (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.	As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
--	--

Appendix 5 – Example of a "Auditors' remuneration Note"

Auditors' remuneration

Fees to other overseas member firms of <insert Auditors>
Fees for auditing the financial report of any controlled entities

173

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
---	--

172

TR Example Group
Appendix 4 – Material accounting policy information – an illustrative example (continued)
Note 2.3 b) Investment in associates and joint ventures (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.	As the paragraph summarizes the requirements of PAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
--	--

Appendix 5 – Example of a "Auditors' remuneration Note"

Auditors' remuneration

	2024	2023
	P000	P000
Fees to <insert Auditors>		
Fees for auditing the statutory financial report and auditing the statutory financial reports		
Fees for assurance services that are required by legislation to be provided by the auditor:		
Assurance related		
Special audits as required by jurisdictional regulators		
Fees for other services		
Total fees to <insert Auditors>		
Fees for other assurances and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
[List where appropriate]		
Assurance compliance procedures		
Fees for other services		
Taxation services		
Other non-audit services		
Total fees to overseas member firms of <insert Auditors>		
Total auditor's remuneration		
Appendix 6 – Illustrative disclosure about Pillar Two taxes		
As the Group's consolidated revenues are less than EUR 750 million, the equivalent of which translated is XXX in <Currency>, it is not in the scope of the Pillar Two model rules. Therefore, neither the mandatory recognition and disclosure exception in PAS 12.4A nor the disclosure requirements in PAS 12.88A-88D apply to the Group. If the Group had annual revenues in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, and Pillar Two model rules were (substantively) enacted in some or all of the jurisdictions it operates:		

173

TR Example Group
Appendix 6 – Illustrative disclosure about Pillar Two taxes (continued)

Pillar Two rules
The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform-Pillar Two Model Rules - Amendments to PAS 12 (the Amendments). The Amendments clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

And

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two model rules were adopted in <intert country> at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning January 1, 2024.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates is above 15%. However, the Group has recognised a Pillar Two current tax expense of €78,000, the equivalent of which translated is XXX in <Currency>, that arises in <insert country> - which is not subject to the transitional safe harbour relief- because of low statutory tax rates.

TR Example Group
Appendix 6 – Illustrative disclosure about Pillar Two taxes (continued)

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

TR Example Group
Appendix – GAAP overlay 1

Impact of Republic Act (RA) 11534 otherwise known as CREATE Act disclosure

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It **takes** effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group **<include only those provisions which are relevant to the Group>**:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for **domestic** and **resident foreign** corporations. For **domestic** corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for **nonresident foreign corporation** is reduced from 30% to 25%.
- Preferential income tax rate for **proprietary educational institutions and hospitals** which are nonprofit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2022, **regional operating headquarters (ROHQ)** currently enjoying 10% preferential income tax rate shall be subject to RCIT.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- **Foreign-sourced dividends** received by domestic corporations are **exempt** from income tax subject to the following conditions:
 - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:

TR Example Group
Appendix – GAAP overlay 1

Impact of Republic Act (RA) 11534 otherwise known as CREATE Act disclosure

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It **took** effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group **<include only those provisions which are relevant to the Group>**:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for **domestic** and **resident foreign** corporations. For **domestic** corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for **nonresident foreign corporation** is reduced from 30% to 25%.
- Preferential income tax rate for **proprietary educational institutions and hospitals** which are nonprofit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2022, **regional operating headquarters (ROHQ)** currently enjoying 10% preferential income tax rate shall be subject to RCIT.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- **Foreign-sourced dividends** received by domestic corporations are **exempt** from income tax subject to the following conditions:
 - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:

- Registered business enterprises (RBEs) granted only an ITH - can continue with the availment of the ITH for the remaining period of the ITH.
- RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

174

- Registered business enterprises (RBEs) granted only an ITH - can continue with the availment of the ITH for the remaining period of the ITH.
- RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

176

TR Example Group
Appendix – GAAP overlay 1 (continued)

Impact of RA No. 12066 otherwise known as Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinigorating the Economy (CREATE MORE)

President Ferdinand R. Marcos Jr. signed Republic Act No. 12066, known as the "Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinigorating the Economy," last November XX, 20XX.

The law aims to define, enhance, and simplify the tax incentive regime introduced under the CREATE Act, and address ambiguities therein. Furthermore, it seeks to enhance the Philippines' attractiveness as an investment destination, encourage the creation of jobs, and stimulate Philippine economic growth. This will take effect 15 days after its publication in the Official Gazette

Amount the salient provisions are as follows which have an impact on the Group <include only those provisions which are relevant to the Group>:

- Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime shall be taxed at rate equivalent to twenty percent (20%) on their taxable income derived from registered projects or activities during each taxable year.
- Input tax paid on local purchases attributable to VAT-Exempt sales as deductions from the gross income of the taxpayer.
- The following proposed amendments were made in relation to EDR:
 - One hundred percent (100%) additional deduction on power expense incurred in the taxable year;
 - Deduction for reinvestment allowance to manufacturing and tourism industries- no more than fifty percent (50%) of the amount reinvested shall be allowed as a deduction from its taxable income within a period of five (5) years from the time of such reinvestment;
 - Fifty percent (50%) additional deduction on expenses relating to exhibitions, trade missions, or trade fairs;
 - Enhanced Net Operating Loss Carry-Over (NOLCO) - The net operating loss of the registered project or activity during the first three (3) years from the start of commercial operation, which had not been previously offset as deduction from gross income, may be carried over as deduction from gross income within the next five (5) consecutive taxable years immediately following the last year of the ITH entitlement period of the project;
 - RBE Local Tax - the concerned local government unit may impose an RBE local tax at the rate of not more than two percent (2%) of RBE's gross income, during the ITH and EDR, which shall be in lieu of all local taxes and local fees and charges imposed by the local government. The RBE local tax shall not be imposed on RBEs under SCIT.

▪ Transitory Provisions: Income Tax Incentives

Current Incentives	Transitory Period
A. Granted with ITH only	Finish remaining ITH period
B. Granted with ITH and 5% GIT* after ITH	5% GIT until December 31, 2034
C. Currently availing of 5% GIT*	5% GIT until December 31, 2034

* Including all corresponding exemptions from national taxes, local taxes, and local fees and charges

- All taxpayers required to issue and those who voluntarily choose to issue electronic invoices and electronically report their sales data to the BIR shall be granted, in addition to the allowable deduction provided under Section 34(A)(1), the following allowable deductions:

177

TR Example Group
Appendix – GAAP overlay 1 (continued)

- (1) For micro and small taxpayers - an additional deduction from taxable income of one hundred percent (100%) of the total cost for setting up an electronic sales reporting system.
- (2) For medium and large taxpayers - an additional deduction from taxable income of fifty percent (50%) of the total cost for setting up an electronic sales reporting system.

[Note: Client to also disclose if there are other changes brought about by the CREATE Act that would significantly impact the Group moving forward (e.g., foreign sourced dividends and ITH)]

[Note: Client to also disclose if there are other changes brought about by the CREATE Act and CRETAE MORE that would significantly impact the Group moving forward (e.g., foreign sourced dividends and ITH)]

TR Example Group
Appendix – GAAP overlay 3
1 Selling and distribution expenses

	2023	2022
	P000	P000
Employee benefits expense (Note 12.7)	12,770	12,093
Selling commission	320	280
Marketing supplies expense	210	190
Advertising	352	215
Freight out	256	136
Sales staff training and welfare	93	50
Total selling and distribution expenses	14,001	12,964

TR Example Group
Appendix – GAAP overlay 3
1 Selling and distribution expenses

	2024	2023
	P000	P000
Employee benefits expense (Note 12.7)	12,770	12,093
Selling commission	320	280
Marketing supplies expense	210	190
Advertising	352	215
Freight out	256	136
Sales staff training and welfare	93	50
Total selling and distribution expenses	14,001	12,964

TR Example Group
Appendix – GAAP overlay 4
1 Cost of Sales

	2023	2022
	P000	P000
Costs of inventories recognized as an expense	131,107	121,298
Employee benefits expense (Note 12.7)	7,706	7,628
Depreciation	3,802	3,063
Impairment of property, plant and equipment (Note 15)	-	301
Amortization and impairment of intangible assets (Note 17)	325	174
Net foreign exchange differences	(65)	(40)
Warranty provision (Note 26)	106	52
Variable lease payments (Note 30)	71	66
Expense relating to short-term leases (Note 29)	42	21
Others	(6,525)	(4,177)
Total cost of sales	136,569	128,386

TR Example Group
Appendix – GAAP overlay 4
1 Cost of Sales

	2024	2023
	P000	P000
Costs of inventories recognized as an expense	131,107	121,298
Employee benefits expense (Note 12.7)	7,706	7,628
Depreciation	3,802	3,063
Impairment of property, plant and equipment (Note 15)	-	301
Amortization and impairment of intangible assets (Note 17)	325	174
Net foreign exchange differences	(65)	(40)
Warranty provision (Note 26)	106	52
Variable lease payments (Note 30)	71	66
Expense relating to short-term leases (Note 30)	42	21
Others	(6,525)	(4,177)
Total cost of sales	136,569	128,386

TR Example Group
Appendix – GAAP overlay 6

PFRS 17 Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023, to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Amendments to PAS 21, Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

1 Deferred Activity

The new and amended standards and interpretations that are issued, but deferred, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments of PFRS 10 and PAS 28

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

178

TR Example Group
Appendix – GAAP overlay 6 (continued)

1 Deferred Activity (continued)

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

TR Example Group
Appendix – GAAP overlay 6

Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments

The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met

The amendments clarify how to assess the contractual characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

The amendments clarify the treatment of non-recourse assets and contractually linked instruments.

The amendments require additional disclosures in PFRS 7 for financial assets and liabilities with contractual terms that reference to a contingent event, and equity instruments classified at fair value through other comprehensive income.

Early adoption is permitted for amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

Amendments of PFRS 10 and PAS 28

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

Early adoption is permitted and must be disclosed.

181

TR Example Group
Appendix – GAAP overlay 7

Amendments to PAS 1, Presentation of Financial Statements

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current.

The amendments also clarify the following:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments must be applied retrospectively. Hence, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa

Amendments to PAS 12 International Tax Reform – Pillar Two Model Rules

