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S.E.C. Registration Number

E M P E R A D O R I N C .

(Company's Full Name)

7 / F 1 8 8 0 E A S T W O O D A V E N U E ,
E A S T W O O D C I T Y C Y B E R P A R K ,
B A G U M B A Y A N , Q U E Z O N C I T Y

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

1 7 - Q

FORM TYPE

(QUARTERLY REPORT FOR SEPTEMBER 30, 2024)

0 5 3rd Monday

Month Day
Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended.....**September 30, 2024**
2. Commission identification number..... **A200117595**
3. BIR Tax Identification No.....**214-815-715-000**
4. Exact name of issuer as specified in its charter....**EMPERADOR INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave.,
Bagumbayan, Quezon City** **1110**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code.....**632-870920-38 to -41**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding As of September 30, 2024
Common issued	16,242,391,176
Less Treasury	505,919,938
Outstanding	15,736,471,238

11. Are any or all of the securities listed on a Stock Exchange? If yes, state the name of such Stock Exchange and the class/es of securities listed therein.

Yes [] No [] **PHILIPPINE STOCK EXCHANGE, INC. Common Shares**
SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED (secondary listing) Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I - FINANCIAL INFORMATION

1. Financial Statements

The following interim financial statements, notes and schedules are submitted as part of this report:

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to Interim Consolidated Financial Statements
- Schedule of Financial Soundness Indicators
- Aging of Trade and Other Receivables

The interim consolidated financial statements (“ICFS”) have been prepared in accordance with the Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, the ICFS do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as of and for the year ended December 31, 2023 (“ACFS”). The accounting policies and methods of computations used are consistent with those applied in the ACFS. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The amendments to existing standards adopted by the Group effective January 1, 2024 do not have material impact on the Group’s ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

Business Segments

Emperador Inc. and its subsidiaries (“the Group”) is organized into two segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the UK operations and the rest fall under Brandy. The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations.

A comprehensive list of subsidiaries, associates and joint venture is in Note 1 to ICFS and ACFS..

2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Five Key Performance Indicators

- Revenue growth – measures the percentage change in revenues over a designated period
- Net profit growth – the percentage change in net profit over a designated period
- Gross profit rate (“GPR”) – computed as percentage of gross profit [which is sales less cost of sales] to sales – gives indication of pricing, cost structure and production efficiency.
- Net profit rate (“NPR”) – computed as percentage of net profit to revenues – measures the operating efficiency and success of maintaining satisfactory control of costs

- Return on assets (“ROA”) – the ratio of net profit to total assets - measures the degree of efficiency in the use of resources to generate net profit
- Current ratio – computed as current assets divided by current liabilities – measures the ability of the business to meet its current obligations. To measure immediate liquidity, quick assets [cash, marketable securities, accounts receivables] is divided by current liabilities.
- Interest rate coverage ratio – computed as profit before tax, interest expense and depreciation and amortization (“EBITDA”) divided by interest expense - measures the business’ ability to meet its interest payments.

	M9	M9	Q3	Q3	Q2	Q2	Q1	Q1
<i>In Million Pesos</i>	2024	2023	2024	2023	2024	2023	2024	2023
Revenues and other income	43,199	47,084	14,555	15,975	15,521	15,518	13,123	15,591
Net profit [“NP”]	4,890	6,933	1,017	2,114	2,115	2,477	1,757	2,342
NP to owners [“NPO”]	4,787	6,784	981	2,051	2,068	2,414	1,738	2,318
Revenue growth	-8.3%	10.4%	-8.9%	9.5%	0	-1%	-15.8%	26.4%
NP growth	-29.5%	-4.7%	-51.9%	7.3%	-14.6%	-22%	-25.0%	10.0%
NPO growth	-29.4%	-5.6%	-52.2%	5.4%	-14.3%	-23%	-25.0%	10.5%
GPR	31.9%	35.2%	29.5%	35.6%	33.4%	36.7%	32.8%	33.4%
NPR	11.3%	14.7%	7.0%	13.2%	13.6%	16.0%	13.4%	15.0%
NPOR	11.1%	14.4%	6.7%	12.8%	13.3%	15.6%	13.3%	14.9%
ROA	3.0%	4.9%	0.6%	1.5%	1.3%	1.8%	1.1%	1.6%
EBITDA	8,367	10,426	2,235	3,404	3,256	3,606	2,876	3,416
Interest expense	1,206	1,134	423	377	395	476	388	282
Interest cover	6.94x	9.20x	5.29x	9.04x	8.2x	7.6x	7.41x	12.13x
	Sept 30, 2024	Dec 31, 2023			June 30, 2024		March 31, 2024	
Quick assets	30,637	29,966			29,751		33,194	
Current assets	85,478	79,459			83,732		84,618	
Current liabilities	37,116	29,232			34,779		33,328	
Total Assets	161,333	148,709			157,267		155,704	
Current ratio	2.3x	2.7x			2.4x		2.5x	
Quick ratio	0.8x	1.0x			0.9x		1.0x	

Results of Operations – First Nine Months 2024 vs 2023

The global spirits sector, and global beverage alcohol markets, face softening of demand during the current interim period as cost-of-living pressures¹ mounted due to inflationary rising prices^{2,3}. Amid this backdrop, the Group’s revenues and other income slipped 8% year-on-year (“YoY”) to P43.2 billion for the first nine months (“M9”), with net profit (“NP”) and net profit to owners (“NPO”) receding 29% YoY to P4.9 billion and P4.8 billion, respectively. The Group recorded gross profit rate (“GPR”) of 32% and NP rate (“NPR”) of 11% in the current period which were still considerably healthy. The Group remained resilient due to its diversified product portfolio, which covers numerous price points, and its wide distribution reach in over 100 global markets.

¹ Households remain under considerable financial pressure. Latest report from IWSR showed that consumers are cutting back on alcohol spending or shifting on to more affordable alternative as cost-of-living pressures eat into their disposable income. *Source: theiwsr.com*

² Consumer price index (“CPI”) has been rising worldwide, particularly in major countries where the Group has presence. ~ *Source: tradingeconomics.com*

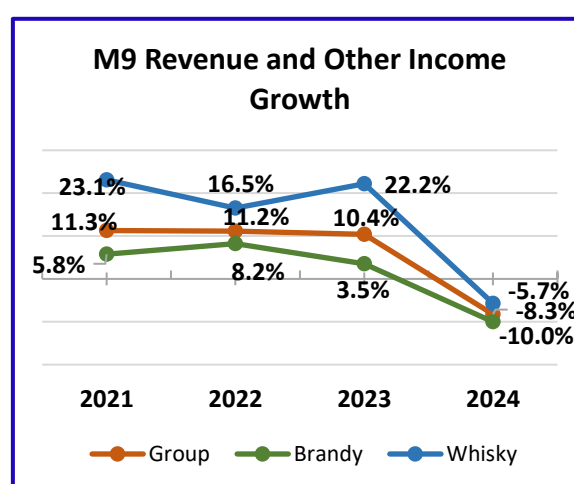
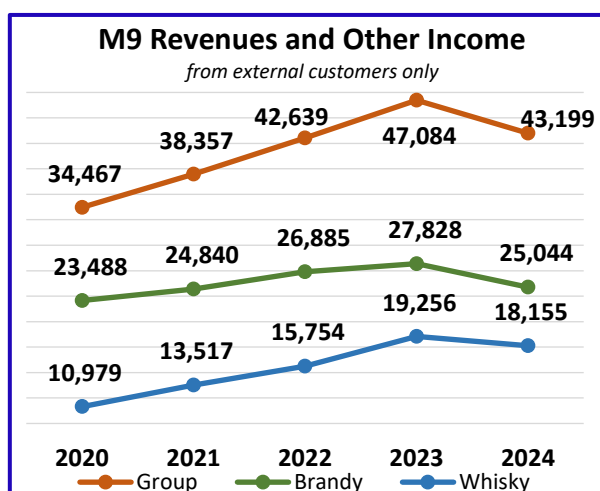
³ The world food price index has risen from 117.7 points in January 2024 to 118.8 points in March and further rising to 121.0 points in June to 124.9 points in September to 127.4 points in October 2024. ~ *Source: Food and Agriculture Organization of UN*

While GP margins were easily swayed by product-sales mix, the Group's GPR managed to stay above 30% of sales, amid the global rise in prices of inputs. The Group kept prudent watch of its operating expenses, maintaining these expenses at just about 16% of revenues and other income for both comparable periods, thereby showing a reduction of 9% YoY. Interest expense went up slightly (+P0.07 billion), driven by higher interest rates (EURIBOR and SONIA) on a higher principal base than a year ago. EBITDA⁴ rate was posted at 19% for M9 this year as compared to 22% a year ago.

The Brandy segment turned over revenues and other income from its external customers in M9 of P25.0 billion, which was 10% adverse to same period last year. There was weakness in most global markets in M9, including Spain, Mexico and Philippines, as consumers shifted to affordable alternatives. Latin America and North America, however, remained to be stable markets for the Segment's products. GPR was relatively steady at 23% in M9 this year, lower than a year ago due to high costs of inputs on product mix. Operating expenses for M9 scaled down 17% YoY (-P0.6 billion) to P3.2 billion from reduced selling and distribution expenses. Interest expense went down 15% YoY (-P0.1 billion) due to variable interest on ELS from a year ago⁵. Consequently, both NP and NPO were respectively lower by about 37% YoY registering NPR and NPOR of 7% and EBITDA rate reaching 15%.

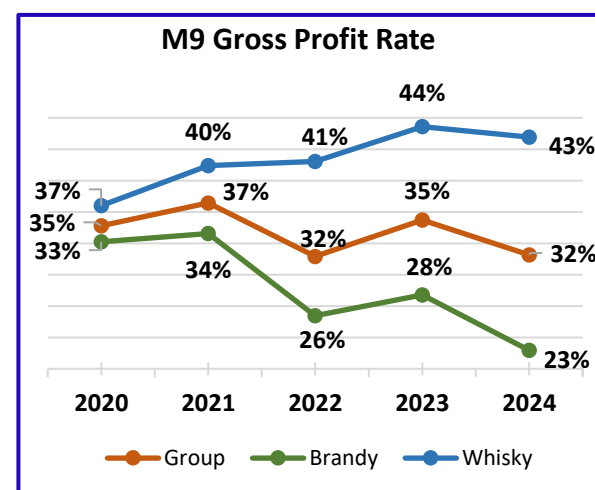
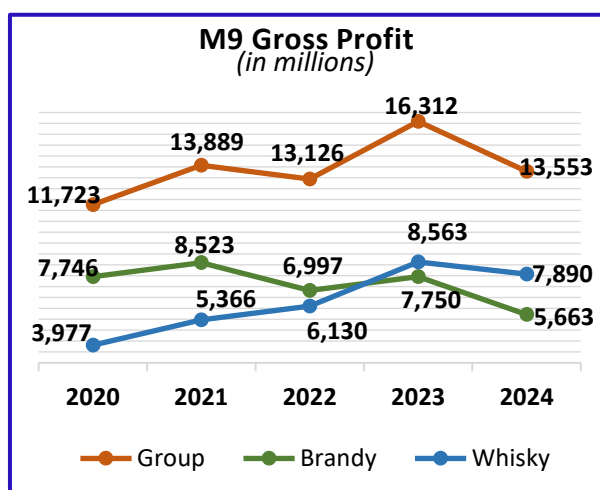
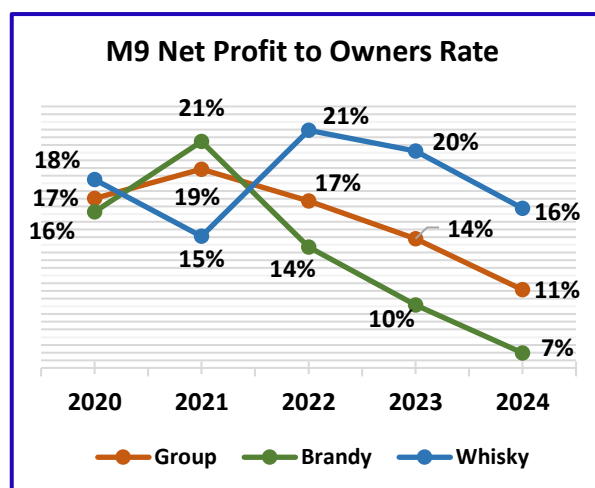
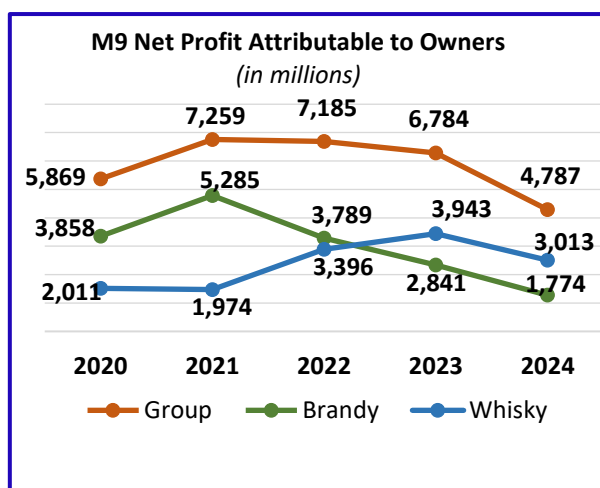
The Scotch Whisky segment turned over revenues and other income from its external customers in M9 of P18.2 billion, which was 6% behind from a year ago. The industry slowdown in the category, and in spirits and luxury goods more generally, continued across multiple markets worldwide. The tough trading situation in China and in US impacted the Scotch Whisky sales in Asia-Pacific and North American regions. Latin America, Middle East/Africa and Global Travel Retail, on the other hand, continued to forge ahead. GPR remained healthy at 43% for M9 this year as compared to 44% of a year ago, due to product-sales mix. Operating expenses for M9 were maintained comparatively at same level, while interest expense doubled YoY (+P0.2 billion) from additional loan drawdowns for the Segment's ongoing expansion during the current interim period. Consequently, NP (which is same as its NPO) lagged 24% YoY, with NPR of 16% as compared to 20% from a year ago. EBITDA rate reached 24% in M9 from 26% a year ago.

Comparative results by segment are shown in the following graphs and tables. Segment Revenues presented were from external customers only.



⁴ EBITDA refers to profit before interest expense, income tax, depreciation and amortization.

⁵ This current year's variable interest followed the last year-end presentation under Equity.



In Million Pesos	M9 2024	M9 2023	YoY	%	Q3 2024	Q3 2023	YoY %	Q2 2024	Q2 2023	YoY %	Q1 2024	Q1 2023	YoY %
Revenue and other income	43,199	47,084	(3,885)	(8.3%)	14,555	15,975	(8.9%)	15,521	15,518	0.0%	13,123	15,591	(15.8%)
Brandy*	25,044	27,828	(2,785)	(10.0%)	8,330	9,204	(9.5%)	8,836	8,866	(0.3%)	7,878	9,758	(19.3%)
Whisky*	18,155	19,256	(1,101)	(5.7%)	6,225	6,771	(8.1%)	6,685	6,652	0.5%	5,245	5,833	(10.1%)
Gross profit ["GP"]	13,553	16,312	(2,759)	(16.9%)	4,210	5,667	(25.7%)	5,129	5,542	(7.5%)	4,215	5,103	(17.4%)
Brandy	5,663	7,750	(2,087)	(26.9%)	1,608	2,639	(39.1%)	2,176	2,734	(20.4%)	1,880	2,376	(20.9%)
Whisky	7,890	8,563	(672)	(7.9%)	2,602	3,028	(14.1%)	2,953	2,808	5.2%	2,335	2,727	(14.4%)
NP before tax	6,073	8,252	(2,179)	(26.4%)	1,477	2,674	(44.8%)	2,466	2,788	(11.5%)	2,130	2,790	(23.7%)
Brandy	2,276	3,628	(1,353)	(37.3%)	204	1,243	(83.6%)	1,046	1,149	(8.9%)	1,026	1,237	(17.1%)
Whisky	3,797	4,624	(826)	(17.9%)	1,273	1,431	(11.0%)	1,420	1,639	(13.4%)	1,104	1,553	(28.9%)
Tax expense	1,183	1,319	(136)	(10.3%)	460	560	(18.0%)	351	311	12.9%	373	448	(16.8%)
Brandy	399	638	(239)	(37.5%)	132	305	(56.6%)	83	103	(19.3%)	184	231	(20.3%)
Whisky	784	681	103	15.2%	327	255	28.2%	268	208	28.8%	189	217	(13.1%)
NP	4,890	6,933	(2,043)	(29.5%)	1,017	2,114	(51.9%)	2,115	2,477	(14.6%)	1,757	2,342	(25.0%)
Brandy	1,877	2,990	(1,114)	(37.2%)	71	938	(92.4%)	963	1,046	(7.9%)	842	1,006	(16.3%)
Whisky	3,013	3,943	(930)	(23.6%)	946	1,176	(19.5%)	1,152	1,431	(19.5%)	915	1,336	(31.5%)
NP to owners ["NPO"]	4,787	6,784	(1,996)	(29.4%)	981	2,051	(52.2%)	2,068	2,414	(14.3%)	1,738	2,318	(25.0%)
Brandy	1,774	2,841	(1,067)	(37.6%)	35	875	(96.0%)	916	983	(6.8%)	823	982	(16.2%)
Whisky	3,013	3,943	(930)	(23.6%)	946	1,176	(19.5%)	1,152	1,431	(19.5%)	915	1,336	(31.5%)
EBITDA	8,367	10,426	(2,059)	(19.8%)	2,235	3,404	(34.4%)	3,256	3,606	(9.7%)	2,876	3,416	(15.8%)

In Million Pesos	M9 2024	M9 2023	YoY	%	Q3 2024	Q3 2023	YoY %	Q2 2024	Q2 2023	YoY %	Q1 2024	Q1 2023	YoY %
Brandy	3,870	5,331	(1,461)	(27.4%)	692	1,783	(61.2%)	1,598	1,818	(12.1%)	1,580	1,730	(8.7%)
Whisky	4,497	5,095	(598)	(11.7%)	1,543	1,621	(4.8%)	1,658	1,788	(7.3%)	1,296	1,685	(23.1%)
GPR**	31.87%	35.23%			29.45%	35.63%		33.39%	36.65%		32.77%	33.43%	
Brandy	22.76%	28.07%			19.50%	28.79%		24.43%	30.87%		24.31%	24.80%	
Whisky	43.16%	44.15%			41.96%	43.12%		43.64%	43.34%		43.96%	46.27%	
NP rate ["NPR"]	11.32%	14.72%			6.99%	13.23%		13.63%	15.96%		13.39%	15.02%	
Brandy	7.38%	10.61%			0.85%	10.07%		10.64%	11.64%		10.54%	10.19%	
Whisky	16.37%	20.11%			14.98%	16.95%		17.00%	21.20%		17.22%	22.56%	
NPO rate ["NPOR"]	11.08%	14.41%			6.74%	12.84%		13.32%	15.56%		13.25%	14.87%	
Brandy	6.98%	10.08%			0.42%	9.39%		10.12%	10.94%		10.30%	9.95%	
Whisky	16.37%	20.11%			14.98%	16.95%		17.00%	21.20%		17.22%	22.56%	
EBITDA margin	19.37%	22.14%			15.35%	21.31%		20.98%	23.24%		21.91%	21.91%	
Brandy	15.22%	18.92%			8.25%	19.14%		17.65%	20.23%		19.78%	17.52%	
Whisky	24.43%	25.98%			24.44%	23.36%		24.48%	26.51%		24.38%	28.45%	

Brandy Segment													
In Million Pesos	M9 2024	M9 2023	YoY	YoY%	Q3 2024	Q3 2023	YoY %	Q2 2024	Q2 2023	YoY%	Q1 2024	Q1 2023	YoY %
REVENUES AND OTHER INCOME- External	25,044	27,828	(2,785)	(10.0%)	8,330	9,204	(9.5%)	8,836	8,866	(0.3%)	7,878	9,758	(19.3%)
Intersegment	392	352	39	11.1%	61	112	(45.6%)	220	120	83.0%	111	120	(7.7%)
Total	25,436	28,180	(2,745)	(9.7%)	8,391	9,316	(9.9%)	9,056	8,986	0.8%	7,989	9,878	(19.1%)
Cost of Goods Sold - External	18,970	19,506	(536)	(2.7%)	6,549	6,359	3.0%	6,638	6,030	10.1%	5,782	7,117	(18.8%)
Intersegment	248	352	(103)	(29.4%)	89	167	(47.0%)	90	95	(5.2%)	70	90	(22.2%)
Total	19,218	19,858	(640)	(3.2%)	6,638	6,526	1.7%	6,728	6,125	9.8%	5,852	7,207	(18.8%)
Gross Profit ["GP"]	5,663	7,750	(2,087)	(26.9%)	1,608	2,639	(39.1%)	2,176	2,734	(20.4%)	1,880	2,376	(20.9%)
Other operating expenses	3,165	3,809	(644)	(16.9%)	1,333	1,232	8.2%	1,014	1,372	(26.1%)	818	1,205	(32.1%)
Selling and distribution	2,092	2,868	(775)	(27.0%)	1,062	956	11.0%	566	1,008	(43.9%)	465	904	(48.6%)
General and admin.	1,073	941	131	13.9%	272	276	(1.5%)	448	365	22.9%	353	301	17.2%
Interest and other charges	777	885	(108)	(12.3%)	216	316	(31.7%)	268	339	(21.1%)	293	229	27.5%
NP before tax	2,276	3,628	(1,353)	(37.3%)	204	1,243	(83.6%)	1,046	1,149	(8.9%)	1,026	1,237	(17.1%)
Tax expense	399	638	(239)	(37.5%)	132	305	(56.6%)	83	103	(19.3%)	184	231	(20.3%)
NP	1,877	2,990	(1,114)	(37.2%)	71	938	(92.4%)	963	1,046	(7.9%)	842	1,006	(16.3%)
NPO	1,774	2,841	(1,067)	(37.6%)	35	875	(96.0%)	916	983	(6.8%)	823	982	(16.2%)
EBITDA	3,870	5,331	(1,461)	(27.4%)	692	1,783	(61.2%)	1,598	1,818	(12.1%)	1,580	1,730	(8.7%)
GPR %	22.76	28.07			19.50	28.79		24.43	30.87		24.31	24.80	
NPOR %	6.98	10.08			0.42	9.39		10.12	10.94		10.30	9.95	
EBITDA Margin %	15.22	18.92			8.25	19.14		17.65	20.23		19.78	17.52	

Scotch Whisky Segment													
In Million Pesos	M9 2024	M9 2023	YoY	YoY %	Q3 2024	Q3 2023	YoY %	Q2 2024	Q2 2023	YoY%	Q1 2024	Q1 2023	YoY %
REVENUES AND OTHER INCOME- External	18,155	19,256	(1,101)	(5.7%)	6,225	6,771	(8.1%)	6,685	6,652	0.5%	5,245	5,833	(10.1%)
Intersegment	248	352	(103)	(29.4%)	89	167	(47.0%)	90	95	(5.2%)	70	90	(22.2%)
Total	18,403	19,608	(1,204)	(6.1%)	6,314	6,938	(9.0%)	6,775	6,747	0.4%	5,315	5,923	(10.3%)
Cost of Goods Sold - External	9,999	10,479	(480)	(4.6%)	3,539	3,881	(8.8%)	3,594	3,551	1.2%	2,866	3,047	(5.9%)
Intersegment	392	352	39	11.1%	61	112	(45.6%)	220	120	83.0%	111	120	(7.7%)
Total	10,391	10,831	(441)	(4.1%)	3,600	3,994	(9.9%)	3,814	3,671	3.9%	2,977	3,167	(6.0%)
Gross Profit ["GP"]	7,890	8,563	(672)	(7.9%)	2,602	3,028	(14.1%)	2,953	2,808	5.2%	2,335	2,727	(14.4%)
Other operating expenses	3,786	3,804	(17)	(0.5%)	1,256	1,379	(9.0%)	1,395	1,274	9.5%	1,135	1,151	(1.3%)
Selling and distribution	2,870	2,716	154	5.7%	939	990	(5.1%)	1,052	916	14.8%	879	810	8.6%
General and admin.	916	1,088	(172)	(15.8%)	317	389	(18.6%)	343	358	(4.1%)	256	341	(24.8%)
Interest and other charges	429	349	80	23.0%	185	134	38.2%	146	163	(10.6%)	98	52	88.9%
NP before tax	3,797	4,624	(826)	(17.9%)	1,273	1,431	(11.0%)	1,420	1,639	(13.4%)	1,104	1,553	(28.9%)
Tax expense	784	681	103	15.2%	327	255	28.2%	268	208	28.8%	189	217	(13.1%)
NP	3,013	3,943	(930)	(23.6%)	946	1,176	(19.5%)	1,152	1,431	(19.5%)	915	1,336	(31.5%)
NPO	3,013	3,943	(930)	(23.6%)	946	1,176	(19.5%)	1,152	1,431	(19.5%)	915	1,336	(31.5%)

Scotch Whisky Segment													
In Million Pesos	M9 2024	M9 2023	YoY	YoY %	Q3 2024	Q3 2023	YoY %	Q2 2024	Q2 2023	YoY%	Q1 2024	Q1 2023	YoY %
EBITDA	4,497	5,095	(598)	(11.7%)	1,543	1,621	(4.8%)	1,658	1,788	(7.3%)	1,296	1,685	(23.1%)
GPR %	43.16	44.15			41.96	43.12		43.64	43.34		43.96	46.27	
NPOR %	16.37	20.11			14.98	16.95		17.00	21.20		17.22	22.56	
EBITDA Margin %	24.43	25.98			24.44	23.36		24.48	26.51		24.38	28.45	

Financial Condition

Total assets amounted to P161.3 billion at September 30, 2024, an 8% increase (+P12.6 billion) from P148.7 billion at December 31, 2023. Total liabilities expanded 17% (+P8.9 billion) to P62.2 billion at end of the interim period, which represent 39% of total assets as compared to 36% at beginning of the year. The Group is strongly liquid with current assets exceeding current liabilities 2.3 times and 2.7 times at the end and beginning of the period, respectively.

Explanations on accounts with at least +/-5% changes during the year are as follows:

Cash and cash equivalents sank 15% (-P1.6 billion) to P8.9 billion at end of interim period, mainly due to dividends paid during the interim period. Cash flows from operations and financing activities were also used for capital expenditures, loan repayments and laying up of inventories.

Trade and other receivables went up 11% (+P2.0 billion) due to increase in trade receivables (+P2.8 billion) less collection of advances to suppliers (-P0.8 billion).

Financial assets at fair value through profit or loss went up by 0.2 billion due to translation adjustment and acquisition in the interim period.

Inventories climbed 12% (+P5.7 billion) primarily due to laying down of liquid holding for future sales (especially, aging for Scotch Whisky) and producing ahead to fulfill customer orders on time without any disruption through the supply chain.

Prepayments and other current assets went down 10% (-P0.3 billion), mainly due to timing of prepayments for insurance, taxes and general prepayments from beginning of the year, as reduced by additional input vat in the interim.

Property, plant and equipment increased 15% (+P5.0 billion) mainly from capital expenditures during the interim period, mainly in offshore subsidiaries, particularly in the ongoing expansion relating to Scotch Whisky business.

Investment in a joint venture rose 5% (+P0.2 billion) mainly due to share in NP and translation gain adjustment recorded during the period.

Retirement benefit assets surged 231% (+P0.6 billion) to P0.8 billion due to changes in financial assumptions and foreign exchange adjustments.

Deferred tax assets increased 13% (+P0.02 billion) to P0.2 billion due to movements in timing differences.

Other non-current assets increased 19% (+P0.02 billion) to P0.1 billion due to increase in advances to suppliers and refundable security deposits.

Current Interest-bearing loans soared 86% (+P5.9 billion) to P12.6 billion while non-current portion went up 2% (+P0.4 billion) to P19.6 billion due to drawdowns in Scotland loan facility and changes in translation of Euro and GBP loans, reduced by repayments of bank loans.

Trade and other payables went up 15% (+P3.0 billion) to P22.7 billion due to timing of purchases for production and accruals of expenses.

Current lease liabilities fell 25% (-P0.04 billion) to P0.1 billion and non-current lease liabilities jumped 4% (+P0.02 billion) to P0.5 billion primarily due to translation adjustments and interest amortization.

Income tax payable went down 35% (-P0.9 billion) to P1.7 billion mainly from payment of last fourth quarter income tax that fell due within Q2 as well as the low taxable income in current interim.

Deferred tax liabilities increased 15% (+P0.6 billion) due to movements in timing differences.

Equity attributable to owners went up 4% (+P4.1 billion) to P98.1 billion from net profit during the period (+P4.8 billion), translation gain in translating financial statements of foreign subsidiaries (+P2.3 billion) and other reserves (+P0.9 billion) reduced by the amount of dividends declared and paid during the interim period (-P3.9 billion).

Non-controlling interest pertains primarily to the minority interest in DBLC and Boozylife. The decrease of P0.4 billion pertains to share in translation adjustment and in net loss of non-controlling shareholders recorded during the current period.

Financial Soundness Indicators

Please see submitted schedule attached to this report.

<i>In Million Pesos</i>	Sept 30,	June 30,	Mar 31,	Dec 31
	2024	2024	2024	2023
Debt [Loans]	32,262	30,686	28,158	25,967
Equity	99,095	97,581	98,301	95,408
Total Capitalization	131,357	128,267	126,459	121,375
Total Liabilities	62,239	59,686	57,404	53,301
Debt-to-equity ratio	0.33	0.31	0.29	0.27
Liabilities-to-equity ratio	0.63	0.61	0.58	0.56
Current ratio	2.30x	2.41x	2.54x	2.72x
Quick ratio	0.83x	0.86x	1.00x	1.03x
Return on assets	3.03%	2.46%	1.13%	6.01%
	9mos.	6mos.	3mos.	1yr
Solvency ratio [EBITDA/Debt]	26%	20%	10%	53%
	9mos.	6mos.	3mos.	1yr

Other Required Disclosures

As of September 30, 2024, except for what has been noted, there were no other known items – such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no other known material events subsequent to the end of the interim period that would have a material impact in the interim period.

There are no other known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

The Group does not have nor anticipate having any cash flow or liquidity problems within the year.

The Group is not in default or breach of any note, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no other known events that will trigger direct or contingent financial obligation that is currently considered material to the Group, including any default or acceleration of an obligation.

There are no other material off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are also no known events that will cause material change in the relationship between costs and revenues. There are no other significant elements of income or loss that did not arise from continuing operations.

There were no other material issuances, repurchases or repayments of debt and equity securities.

The business has no seasonal aspects that had a material effect on the financial condition and results of operations of the Group.

(Below is intentionally left blank.)

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
SEPTEMBER 30, 2024

	09/30/24	12/31/23
Current ratio	2.30	2.72
Quick ratio	0.83	1.03
Liabilities-to-equity ratio	0.63	0.56
Debt-to-equity ratio	0.33	0.27
Asset -to-equity ratio	1.63	1.56
	M9 2024	M9 2023
Net profit margin	11%	15%
Return on assets	3%	5%
Return on equity/investment	5%	7%
Solvency Ratio	26%	42%
Interest rate coverage ratio	6.04	8.28

LIQUIDITY RATIOS measure the business' ability to pay short-term obligations.

Current ratio - computed as current assets divided by current liabilities

Quick ratio - computed a cash, marketable securities, accounts receivable divided by current liabilities.

SOLVENCY RATIOS measure the business' ability to meet its long-term debt obligations.

Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.

Debt-to-equity ratio - computed as total interest-bearing loans [debt] divided by stockholders'equity.

Solvency ratio - computed as EBITDA divided by total debt [loans]

INTEREST RATE COVERAGE RATIO measures the business' ability to meet its interest payments.

It is computed as profit before income tax and interest expense ("EBIT") divided by interest.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as average total assets divided by stockholders'equity.

PROFITABILITY RATIOS measure the business' ability to generate earnings.

Net profit margin - computed as net profit divided by revenues

Return on assets - net profit divided by average assets

Return on equity investment - net profit divided by total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>September 30, 2024</u> <u>(UNAUDITED)</u>	<u>December 31, 2023</u> <u>(AUDITED)</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 8,917,179,233	P 10,513,125,613
Trade and other receivables - net	6	21,132,883,189	19,097,681,408
Financial assets at fair value through profit or loss	24.2	586,654,893	355,505,670
Inventories - net	7	52,052,359,105	46,393,208,336
Prepayments and other current assets	10.1	2,789,089,235	3,099,233,593
Total Current Assets		85,478,165,655	79,458,754,620
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	39,255,610,685	34,211,767,973
Intangible assets - net	9	31,778,013,170	30,985,814,991
Investment in a joint venture	11	3,669,786,231	3,504,392,773
Retirement benefit asset - net		799,223,202	241,317,197
Deferred tax assets - net	18	235,885,738	209,113,132
Other non-current assets - net	10.2	116,811,986	98,057,885
Total Non-current Assets		75,855,331,012	69,250,463,951
TOTAL ASSETS		P 161,333,496,667	P 148,709,218,571
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	12	P 12,633,752,629	P 6,781,720,685
Trade and other payables	14	22,702,065,373	19,720,624,174
Lease liabilities	8.3	123,539,236	164,031,838
Income tax payable		1,656,634,858	2,565,374,355
Total Current Liabilities		37,115,992,096	29,231,751,052
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	19,628,499,800	19,185,583,420
Lease liabilities	8.3	463,687,089	447,170,215
Provisions		298,571,241	306,194,770
Deferred tax liabilities - net	18	4,731,900,500	4,130,626,820
Total Non-current Liabilities		25,122,658,630	24,069,575,225
Total Liabilities	25	62,238,650,726	53,301,326,277
EQUITY			
Equity attributable to owners of the parent company	25	98,056,838,141	93,924,858,639
Non-controlling interest		1,038,007,800	1,483,033,655
Total Equity		99,094,845,941	95,407,892,294
TOTAL LIABILITIES AND EQUITY		P 161,333,496,667	P 148,709,218,571

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	Nine Months		Quarter	
		2024	2023	2024	2023
REVENUES AND OTHER INCOME	15	P 43,198,689,211	P 47,083,902,210	P 14,554,970,491	P 15,974,909,288
COSTS AND EXPENSES					
Costs of goods sold	16	28,968,539,074	29,985,090,246	10,088,073,672	10,240,205,053
Selling and distribution expenses	17	4,962,346,407	5,583,477,168	2,000,289,520	1,945,635,985
General and administrative expenses	17	1,989,142,481	2,029,503,273	588,568,127	665,136,003
Interest expense	12,13	1,205,746,227	1,133,878,395	422,712,579	376,530,206
Other charges - net		-	100,071,013	(21,654,548)	73,307,137
		37,125,774,189	38,832,020,095	13,077,989,350	13,300,814,384
PROFIT BEFORE TAX		6,072,915,022	8,251,882,115	1,476,981,141	2,674,094,904
TAX EXPENSE	18	1,183,091,063	1,318,927,100	459,708,225	560,417,791
NET PROFIT		4,889,823,959	6,932,955,015	1,017,272,916	2,113,677,113
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified subsequently to profit or loss					
Translation gain		1,798,968,649	1,940,605,234	327,424,361	804,311,879
Items that will not be reclassified subsequently to profit or loss					
Net actuarial gain (loss) on retirement benefit plan		506,109,000	221,765,996	206,877,000	(92,938,000)
Tax income (expense) on remeasurement of retirement benefit plan		(126,527,250)	(55,441,500)	(51,719,250)	23,234,500
		379,581,750	166,324,496	155,157,750	(69,703,500)
Total Other Comprehensive Income		2,178,550,399	2,106,929,730	482,582,111	734,608,379
TOTAL COMPREHENSIVE INCOME		P 7,068,374,358	P 9,039,884,745	P 1,499,855,027	P 2,848,285,492
Net profit attributable to:					
Owners of the parent company		P 4,787,132,440	P 6,783,617,968	P 980,923,199	P 2,051,121,677
Non-controlling interest		102,691,519	149,337,047	36,349,717	62,555,436
		P 4,889,823,959	P 6,932,955,015	P 1,017,272,916	P 2,113,677,113
Total comprehensive income (loss) attributable to:					
Owners of the parent company		P 7,513,400,213	P 8,793,889,880	P 1,711,951,902	P 2,765,155,883
Non-controlling interest		(445,025,855)	245,994,865	(212,096,875)	83,129,609
		P 7,068,374,358	P 9,039,884,745	P 1,499,855,027	P 2,848,285,492
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic	21	P 0.31	P 0.43	P 0.06	P 0.13
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Diluted	21	P 0.29	P 0.42	P 0.06	P 0.13

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company													Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription - ELS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Other Reserves	Retained Earnings			Total		
										Appropriated	Unappropriated	Total			
Balance at January 1, 2024	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 318,710,397	(P 1,017,004,922)	(P 705,719,200)	P 828,321,157	P 1,200,000,000	P 55,167,247,701	P 56,367,247,701	P 93,924,858,639	P 1,483,033,655	P 95,407,892,294
Movements during the year	-	-	-	-	-	-	-	-	509,332,386	-	-	-	509,332,386	-	509,332,386
Transfer to equity reserves	-	-	-	-	-	-	-	-	23,444,627	-	(23,444,627)	(23,444,627)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	2,346,686,023	379,581,750	-	-	4,787,132,440	4,787,132,440	7,513,400,213	(445,025,855)	7,068,374,358
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	(3,890,753,097)	(3,890,753,097)	(3,890,753,097)	-	(3,890,753,097)
Balance at September 30, 2024	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 318,710,397	P 1,329,681,101	(P 326,137,450)	P 1,361,098,170	P 1,200,000,000	P 56,040,182,417	P 57,240,182,417	P 98,056,838,141	P 1,038,007,800	P 99,094,845,941
Balance at January 1, 2023	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 260,187,993	(P 3,562,632,158)	(P 490,095,980)	P 435,975,889	P 1,200,000,000	P 51,415,199,973	P 52,615,199,973	P 87,391,939,223	P 1,197,483,893	P 88,589,423,116
Movements during the year	-	-	-	-	-	-	-	-	320,789,599	-	-	-	320,789,599	-	320,789,599
Transfer to equity reserves	-	-	-	-	-	-	-	-	57,363,857	-	(57,363,857)	(57,363,857)	-	-	-
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	(4,563,576,659)	(4,563,576,659)	(4,563,576,659)	-	(4,563,576,659)
Total comprehensive income for the year	-	-	-	-	-	-	1,843,947,416	166,324,496	-	-	6,783,617,968	6,783,617,968	8,793,889,880	245,994,865	9,039,884,745
Balance at September 30, 2023	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 260,187,993	(P 1,718,684,742)	(P 323,771,484)	P 814,129,345	P 1,200,000,000	P 53,577,877,425	P 54,777,877,425	P 91,943,042,043	P 1,443,478,758	P 93,386,520,801

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 6,072,915,022	P 8,251,882,115
Adjustments for:			
Depreciation and amortization	8	1,088,318,169	1,039,932,855
Interest expense	12	1,205,746,227	1,133,878,395
Interest income	15	(296,565,482)	(334,495,293)
Share in net profit of a joint venture	15	(48,579,944)	(95,493,689)
Provisions	17	(36,500,000)	-
Impairment losses on trade and other receivables	6	4,956,385	-
Amortization of trademarks	9	-	538,464
Operating profit before working capital changes		7,990,290,377	9,996,242,847
Decrease (increase) in trade and other receivables		(1,803,745,288)	5,597,416,429
Increase in financial instruments			
at fair value through profit or loss		(210,683,927)	(212,322,510)
Increase in inventories		(4,211,643,118)	(4,345,945,443)
Decrease in prepayments and other current assets		495,800,335	25,568,298
Increase in other non-current assets		(18,419,845)	(5,530,534,687)
Decrease (increase) in trade and other payables		3,047,248,002	(57,132,717)
Decrease (increase) in retirement benefit asset		(51,797,005)	10,146,629
Cash generated from operations		5,237,049,531	5,483,438,846
Cash paid for income taxes		(1,854,114,222)	(1,681,674,681)
Net Cash From Operating Activities		3,382,935,309	3,801,764,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(5,817,116,749)	(3,283,128,984)
Proceeds from sale of property, plant and equipment	8	276,652	341,868,776
Interest received	5	309,437,608	8,116,312
Net Cash Used in Investing Activities		(5,507,402,489)	(2,933,143,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	6,368,542,456	4,864,928,847
Repayments of interest-bearing loans	12	(995,184,560)	(4,480,508,538)
Interest paid		(954,083,999)	(683,804,723)
Dividends paid	20.2	(3,890,753,097)	(4,563,576,659)
Net Cash From (Used in) Financing Activities		528,520,800	(4,862,961,073)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,595,946,380)	(3,994,340,804)
CASH AND CASH EQUIVALENTS AT JANUARY 1		10,513,125,613	12,738,118,244
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30		P 8,917,179,233	P 8,743,777,440

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SELECTED EXPLANATORY NOTES TO INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(With Comparative Audited Figures for December 31, 2023)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

Emperador Inc. (“EMI” or “EMP” or “the Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on November 26, 2001. It presently operates as a holding company of a global conglomerate in the distilled spirits and other alcoholic beverages business.

EMI is a subsidiary of Alliance Global Group, Inc. (“AGI” or “the Ultimate Parent Company”), a publicly-listed domestic holding company with diversified investments in real estate development, food and beverage, quick-service restaurants, and leisure-entertainment and hospitality businesses.

The registered principal office of EMI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, where the registered office of AGI is also presently located.

The common shares of EMI and AGI were first listed for trading in the Philippine Stock Exchange (PSE) on December 19, 2011 and April 19, 1999, respectively. The EMI shares were secondary listed and started trading on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on July 14, 2022.

1.1 Subsidiaries

EMI holds beneficial equity ownership in entities operating in an integrated business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages from the Philippines and Europe (collectively referred to herein as “the Group”), as follows:

Names of Subsidiaries	Percentage of Effective Ownership	
	September 30, 2024	December 31, 2023
EDI and subsidiaries (EDI Group)		
Emperador Distillers, Inc. (“EDI”)	100%	100%
Anglo Watsons Glass, Inc. (“AWGI”)	100%	100%
Alcazar De Bana Holdings Company, Inc.	100%	100%
<i>Progreen Agricornp Inc. (“Progreen”)</i>	100%	100%
<i>South Point Science Park Inc.</i>	100%	100%
<i>Ocean One Transport Inc.</i>	100%	100%
The Bar Beverage, Inc.	100%	100%
Tradewind Estates, Inc. (“TEI”)	100%	100%
<i>Boozylife Inc. (“Boozylife”)</i>	87%	62%
Cocos Vodka Distillers Philippines, Inc.	100%	100%
Zabana Rum Company, Inc.	100%	100%
The World’s Finest Liquor Inc.	100%	100%

<u>Names of Subsidiaries and Joint Venture</u>	Percentage of Effective Ownership	
	<u>September 30, 2024</u>	<u>December 31, 2023</u>
EIL and offshore subsidiaries and joint venture:		
Emperador International Ltd. (“EIL”)	100%	100%
Emperador Holdings (GB) Limited (“EGB”)	100%	100%
<i>Emperador UK Limited</i> (“EUK”)	100%	100%
<i>Whyte and Mackay Group Limited</i> (“WMG”)	100%	100%
<i>Whyte and Mackay Global Limited</i> (“WMGL”)	100%	100%
<i>Whyte and Mackay Limited</i> (“WML”)	100%	100%
<i>Whyte and Mackay Warehousing Limited</i> (“WMWL”)	100%	100%
Emperador Asia Pte. Ltd. (“EA”)	100%	100%
Grupo Emperador Spain, S.A. (“GES”)	100%	100%
<i>Bodega San Bruno, S.L.</i> (“BSB”)	100%	100%
<i>Bodegas Fundador, S.L.U.</i> (“BFS”)	100%	100%
<i>Grupo Emperador Gestion S.L.</i> (“GEG”)	100%	100%
<i>Stillman Spirits, S.L.</i> (“Stillman”)	100%	100%
<i>Domecq Bodega Las Copas, S.L.</i> (“DBLC”)	50%	50%
<i>Bodegas Las Copas, S.L.</i> (“BLC”)	50%	50%
Emperador Europe Sarl (“EES”)	100%	100%

Please refer to Note 1.1 to the audited consolidated financial statements as of and for the year ended December 31, 2023 for information on these entities.

1.2 Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements (unaudited) of the Group as of and for the nine months ended September 30, 2024 (including the comparative financial information as of December 31, 2023 and for the nine months ended September 30, 2023) were authorized for issue by the Parent Company’s Board of Directors (“BOD”) through the Audit Committee on November 12, 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent audited consolidated financial statements as of and for the year ended December 31, 2023 except for the application of amendments to standards that became effective on January 1, 2024 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These interim consolidated financial statements for the nine months ended September 30, 2024 and 2023 (“ICFS”) have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as of and for the year ended December 31, 2023.

These ICFS are presented in Philippine pesos, the Group’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of Amended Standards

(a) Effective in 2024 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2024. These do not have material impact on the ICFS as these pronouncements merely clarify existing requirements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements- Classification of Liabilities as Current or Non-current*
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements- Non-current Liabilities with Covenants*
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures- Supplier Finance Arrangements*
- (iv) PAS 16 (Amendments), *Leases- Lease Liability in a Sale and Leaseback*

(b) Effective Subsequent to 2024 but not Adopted Early

PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates* (effective from January 1, 2025) are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FRSC. Management will adopt the said relevant amendments in accordance with their transitional provisions; and, unless otherwise stated, are not expected to have significant impact on the Group's ICFS.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the ICFS, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's most recent annual consolidated financial statements as of and for the year ended December 31, 2023 ("ACFS").

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as of September 30, 2024 and as of December 31, 2023, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

There had been no changes during the nine-month period of 2024 in the commitments and contingencies disclosed in the ACFS (see Note 23.11). Except also for the provisions for onerous lease and dilapidations recognized, there are no other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the ICFS. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's ICFS.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into two business segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the United Kingdom (“UK”) operations and the rest fall under Brandy. This is also the basis of the Group’s executive committee for its strategic decision-making activities, including the financial performance evaluation of the operating segments or resource allocation decisions.

The Group disaggregates revenues recognized from contracts with customers into these two segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The same disaggregation is used in earnings releases, annual reports and investor presentations.

4.2 Segment Assets and Liabilities

Segment assets and segment liabilities represent the assets and liabilities reported in the interim consolidated statements of financial position of the companies included in each segment.

4.3 Intersegment Transactions

Intersegment transactions, such as intercompany sales and purchases, and receivables and payables, are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the nine months ended September 30, 2024 and 2023 and as of December 31, 2023 (in millions) are presented below.

	BRANDY		SCOTCH WHISKY		SEGMENT TOTALS	
	September 30		September 30		September 30	
	2024	2023	2024	2023	2024	2023
REVENUES AND OTHER INCOME						
External Customers	P 25,044	P 27,828	P 18,155	P 19,256	P 43,199	P 47,084
Intersegment sales*	<u>392</u>	<u>352</u>	<u>248</u>	<u>352</u>	<u>640</u>	<u>704</u>
	25,436	28,180	18,403	19,608	43,839	47,788
COSTS AND EXPENSES						
Cost of goods sold	18,970	19,506	9,999	10,479	28,969	29,985
Intersegment cost of goods sold*	248	352	392	352	640	704
Selling and distribution expenses	2,092	2,868	2,870	2,716	4,962	5,584
General and administrative expenses	1,073	941	916	1,088	1,989	2,029
Interest expense and other charges	<u>777</u>	<u>885</u>	<u>429</u>	<u>349</u>	<u>1,206</u>	<u>1,234</u>
	<u>23,160</u>	<u>24,552</u>	<u>14,606</u>	<u>14,984</u>	<u>37,766</u>	<u>39,536</u>
SEGMENT PROFIT BEFORE TAX	2,276	3,628	3,797	4,624	6,073	8,252
TAX EXPENSE	399	638	784	681	1,183	1,319
SEGMENT NET PROFIT	<u>P 1,877</u>	<u>P 2,990</u>	<u>P 3,013</u>	<u>P 3,943</u>	<u>P 4,890</u>	<u>P 6,933</u>
Depreciation and Amortization	818	790	270	250	1,088	1,040
Interest expense	776	912	430	222	1,206	1,134
Share in net profit of JV	49	95	-	-	49	95
	Sept 30,	Dec31,	Sept 30,	Dec31,	Sept 30,	Dec31,
	2024	2023	2024	2023	2024	2023
TOTAL ASSETS	P 147,257	P 150,747	P 78,102	P 67,607	P 225,359	P 218,354
TOTAL LIABILITIES	53,285	55,604	23,602	17,485	76,887	73,089

*Intersegment sales and cost of goods sold are eliminated in consolidation. Numbers may not add up due to rounding. See reconciliation in Note 4.5.

The Group’s revenues and other income in the periods presented range from 61% to 62% from the Asia Pacific, 25% to 27% from Europe and the remaining portion from North and Latin Americas, Middle East and Africa and other countries.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the periods presented.

4.5 Reconciliations

The reconciliation of total segment balances presented for the Group's operating segments to the Group's consolidated balances as presented in the interim consolidated financial statements are as follows (in millions):

	<u>Segment Totals</u>	<u>Intercompany Accounts</u>	<u>Consolidated Balances</u>
September 2024			
Revenues and other income	P 43,839	P (640)	P 43,199
Cost and expenses	37,766	(640)	37,126
Total assets	225,359	(64,025)	161,333
Total liabilities	76,887	(14,648)	62,239
Other segment information:			
Depreciation and amortization	1,088	-	1,088
Interest expense	1,206	-	1,206
Share in net profit of JV	49	-	49
September 2023			
Revenues and other income	47,788	(704)	47,084
Cost and expenses	39,536	(704)	38,832
Other segment information:			
Depreciation and amortization	1,040	-	1,040
Interest expense	1,134	-	1,134
Share in net profit of joint venture	95	-	95
December 2023			
Total assets	218,354	(69,645)	148,709
Total liabilities	73,089	(19,787)	53,301

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Cash on hand and in banks	P 4,291,213,056	P 4,286,286,543
Short-term placements	4,625,966,177	6,226,839,070
	<u>P 8,917,179,233</u>	<u>P 10,513,125,613</u>

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 27 to 64 days and earn effective annual interest rates ranging from 2.8% to 6.3% in the first nine months of 2024 and from 5.2% to 6.1% in the first nine months of 2023. Interest earned amounted to P296.6 million and P334.5 million in the first nine months of 2024 and 2023, respectively, and is presented as part of Other income under the Revenues and Other Income account in the interim consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	19.3	P 16,816,257,602	P 14,044,982,841
Advances to suppliers		4,001,950,562	4,843,852,140
Advances to officers and employees	19.4	605,233,251	359,591,136
Accrued interest receivable		2,260,941	15,133,067
Other receivables		<u>3,653,737</u>	<u>131,711,247</u>
		21,429,356,093	19,395,270,431
Allowance for impairment		(<u>296,472,904</u>)	(<u>297,589,023</u>)
		<u>P 21,132,883,189</u>	<u>P 19,097,681,408</u>

Advances to suppliers pertain to downpayments made primarily for the purchase of goods from suppliers.

All of the Group's trade and other receivables have been assessed for impairment using the expected credit loss ("ECL") model adopted by the Group and adequate amounts of allowance for impairment have been recognized in 2024 and 2023 for those receivables found to be impaired (see Note 22.2). A reconciliation of the allowance for impairment is shown below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P 297,589,023	P 180,655,094
Recoveries	(9,785,139)	(7,358,400)
Impairment losses	4,956,385	120,264,334
Translation adjustment	<u>3,712,635</u>	<u>4,027,995</u>
Balance at end of period	<u>P 296,472,904</u>	<u>P 297,589,023</u>

Recoveries pertain to collections of certain receivables previously provided with allowance. There were no write-offs of receivables in 2024 and 2023.

The carrying amounts of these financial assets are a reasonable approximation of their fair values due to their short-term duration.

7. INVENTORIES

Inventories, except for certain finished goods and packaging materials, are all stated at cost, which is lower than their net realizable values. The details of inventories are shown below.

	<u>Notes</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
At cost:			
Finished goods	16, 19	P 7,898,731,747	P 7,265,045,032
Work-in-process	16, 19	34,376,656,963	30,562,603,015
Raw materials	16, 19	6,450,158,600	5,684,271,416
Packaging materials	16, 19	532,467,712	462,510,960
Machinery spare parts, consumables and factory supplies		<u>410,306,433</u>	<u>412,219,373</u>
		<u>49,668,321,455</u>	<u>44,386,649,796</u>
At net realizable value:			
Finished goods			
Cost	16, 19	2,050,179,669	1,816,416,980
Allowance for impairment		(287,019,429)	(288,866,970)
Packaging materials			
Cost	16, 19	732,214,236	613,129,580
Allowance for impairment		(111,336,826)	(134,121,050)
		<u>2,384,037,650</u>	<u>2,006,558,540</u>
		<u>P 52,052,359,105</u>	<u>P 46,393,208,336</u>

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P28.8 billion and P25.2 billion as of September 30, 2024 and December 31, 2023, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the nine months ended September 30, 2024 and 2023 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

The carrying amount of this account is composed of the following:

	<u>Notes</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Property, plant and equipment	8.1	P 38,714,894,004	P 33,651,737,301
Right-of-use assets	8.2	<u>540,716,681</u>	<u>560,030,672</u>
		<u>P 39,255,610,685</u>	<u>P 34,211,767,973</u>

8.1 Carrying Values of Property, Plant and Equipment

The gross carrying amounts and accumulated depreciation and amortization of property, plant and equipment at the beginning and end of the reporting periods are shown below.

	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Cost	P 59,199,967,498	P 52,266,692,077
Accumulated depreciation and amortization	(20,485,073,494)	(18,614,954,776)
Net carrying amount	<u>P 38,714,894,004</u>	<u>P 33,651,737,301</u>

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting periods is as follows:

	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Balance at beginning of the period, net of accumulated depreciation and amortization	P 33,651,737,301	P 28,859,820,438
Additions during the period	5,779,219,402	4,784,942,658
Translation adjustment	789,448,173	858,748,170
Disposal during the period	(276,652)	(9,804,991)
Reclassifications from non-current assets classified as held for sale	-	961,744,740
Reclassifications	(81,469,506)	-
Derecognition	-	(945,857)
Depreciation and amortization charges for the period	(1,423,764,714)	(1,802,767,857)
Balance at the end of the period, net of accumulated depreciation and amortization	<u>P 38,714,894,004</u>	<u>P 33,651,737,301</u>

The amount of depreciation and amortization is allocated as follows:

		<u>For the Nine Months Ended</u>	
	<u>Notes</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>September 30, 2023</u> <u>(Unaudited)</u>
Costs of goods sold	16	P 796,756,718	P 787,316,489
Selling and distribution expenses	17	78,265,739	70,713,152
General and administrative expenses	17	144,611,264	113,580,406
		1,019,633,721	971,610,047
Capitalized to inventories		404,130,993	324,300,345
		<u>P 1,423,764,714</u>	<u>P 1,295,910,392</u>

The capitalized amounts form part of the work-in-process inventory and represent depreciation expense on barrels and warehouse buildings wherein the maturing bulk stocks of whisky are held, which can reach periods of up to 60 years.

8.2 Right-of-use Assets

The Group has leases for certain manufacturing plant, warehouses, building space, commercial building, and vehicles, fittings and equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the interim consolidated statements of financial position as Right-of-use assets under the Property, Plant and Equipment account and Lease Liabilities account.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For certain leases, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The carrying amounts and the movements of the Group's right-of-use assets are shown below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost	P 1,553,861,985	P 1,487,902,049
Accumulated amortization	(1,013,145,304)	(927,871,377)
Net carrying amount	P 540,716,681	P 560,030,672

A reconciliation of the carrying amounts at the beginning and end of the reporting periods is shown below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of the period, net of accumulated amortization	P 560,030,672	P 396,200,194
Amortization charges for the period	(68,684,448)	(103,587,271)
Translation adjustment	11,473,110	7,829,041
Additions during the period	37,897,347	259,588,708
Balance at the end of the period, net of accumulated amortization	P 540,716,681	P 560,030,672

The amount of amortization in 2024 and 2023 is allocated as follows:

		For the Nine Months Ended	
	Notes	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Costs of goods sold	16	P 28,432,777	P 25,180,976
General and administrative expenses	17	40,251,671	43,141,832
		P 68,684,448	P 68,322,808

8.3 Lease Liabilities

Lease liabilities are presented in the interim consolidated statements of financial position as follows:

	<u>September 30, 2024</u> (Unaudited)	<u>December 31, 2023</u> (Audited)
Current	P 123,539,236	P 164,031,838
Non-current	<u>463,687,089</u>	<u>447,170,215</u>
	<u>P 587,226,325</u>	<u>P 611,202,053</u>

The lease liabilities are secured by the related underlying assets and by a property mortgage. The movements of lease liabilities are as follows:

	<u>September 30, 2024</u> (Unaudited)	<u>December 31, 2023</u> (Audited)
Beginning lease liabilities	P 611,202,053	P 594,378,028
Translation adjustment	(50,872,084)	(26,269,368)
Interest amortization	<u>26,896,356</u>	<u>43,093,393</u>
Ending lease liabilities	<u>P 587,226,325</u>	<u>P 611,202,053</u>

9. INTANGIBLE ASSETS

This account is composed of the following:

	<u>September 30, 2024</u> (Unaudited)	<u>December 31, 2023</u> (Audited)
Indefinite useful lives		
Trademarks – net	P 21,592,632,170	P 21,125,928,781
Goodwill	<u>10,185,381,000</u>	<u>9,859,886,210</u>
	<u>P 31,778,013,170</u>	<u>P 30,985,814,991</u>

Goodwill represents the excess of the cost of acquisition of the Group over the fair value of the net assets acquired at the date of acquisition and relates mainly to strengthen the Group's position in the global drinks market, the synergies and economies of scale expected from combining the operations of the Group, WMG and BFS, and the value attributable to their respective workforce. This is from the acquisition of WMG in 2014 and BFS in 2016.

Management believes that both the goodwill and trademarks are not impaired as of September 30, 2024 and December 31, 2023 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	<u>September 30, 2024</u> <u>(Unaudited)</u>		<u>December 31, 2023</u> <u>(Audited)</u>
Prepaid taxes	P 2,002,670,263	P	1,770,166,012
Prepaid expenses	582,476,205		1,071,452,939
Deferred input value-added tax ("VAT")	977,260		163,328,227
Refundable security deposits	9,566,194		16,439,451
Others	<u>193,399,313</u>		<u>77,846,964</u>
	<u>P 2,789,089,235</u>	P	<u>3,099,233,593</u>

Prepaid taxes pertain to payments made by the Group for the withholding taxes and other government-related obligations. It also includes purchase of labels and advance payment of excise tax for both the local production and importation of alcoholic beverage products.

Prepaid expenses include prepayments of advertising, rentals and general prepayments.

10.2 Other Non-current Assets

This account is composed of the following:

	<u>Note</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>		<u>December 31, 2023</u> <u>(Audited)</u>
Advances to suppliers		P 37,547,213	P	19,022,978
Deferred input VAT		12,845,386		17,437,970
Refundable security deposits	19.2	53,593,883		40,479,622
Others		<u>12,825,504</u>		<u>21,117,315</u>
		<u>P 116,811,986</u>	P	<u>98,057,885</u>

Management assessed that the impact of discounting the value of the refundable security deposits is not significant; hence, was no longer recognized in the Group's interim consolidated financial statements.

11. INVESTMENT IN A JOINT VENTURE

The carrying amount of the investment in BLC, a joint venture with Gonzales Byass S.A., accounted for under the equity method in these interim consolidated financial statements, are as follows:

	<u>September 30, 2024</u> <u>(Unaudited)</u>		<u>December 31, 2023</u> <u>(Audited)</u>
Acquisition costs	P 2,845,367,065	P	2,845,367,065
Accumulated share in net profit:			
Balance at beginning of the period	659,025,708		434,304,054
Share in net profit for the period	48,579,944		111,644,188
Translation adjustment	<u>116,813,514</u>		<u>113,077,466</u>
Balance at end of the period	<u>824,419,166</u>		<u>659,025,708</u>
	<u>P 3,669,786,231</u>	P	<u>3,504,392,773</u>

The share in net profit is recorded under the Revenues and Other Income section in the interim consolidated statements of comprehensive income (see Note 15).

12. INTEREST-BEARING LOANS

The composition of the Group's outstanding foreign bank loans is as follows:

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Current	P 12,633,752,629	P 6,781,720,685
Non-current	19,628,499,800	19,185,583,420
	P 32,262,252,429	P 25,967,304,105

Interest expense on the above loans for the periods ended September 30, 2024 and 2023 amounted to P1.2 billion and 1.0 billion, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the interim consolidated statements of comprehensive income.

13. EQUITY-LINKED SECURITIES

As of September 30, 2024 and December 31, 2023, the outstanding balance of the equity-linked securities instrument ("ELS") amounting to P3.4 billion represents Tranche 2 Conversion into 475,000,000 common shares ("Tranche 2 Shares") which would be issued to Arran Investment Private Limited ("Arran"), the Holder, by EMI within the agreed Conversion Period which was last agreed to be until February 12, 2025 or such other date as may be mutually agreed in writing between the Holder and EMI. Upon the actual conversion and issuance of Tranche 2 Shares, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

The ELS also bears variable interest in an amount equal to the dividend rate applied to the number of Conversion Shares and at the same time as when dividends were paid to stockholders. Variable interest during the nine months ended September 30, 2024 and September 30, 2023 amounted to P114.0 million and P137.8 million, respectively, and are presented as part of Cash Dividends Declared during the year in the 2024 interim consolidated statements of changes in equity and as part of the Interest expense account under the Cost and Expenses section of the 2023 interim consolidated statement of comprehensive income, respectively.

The ELS is presented as Deposit on Future Stock Subscription – Equity-linked Securities in the interim consolidated statements of changes in equity.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	<u>Notes</u>	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Trade payables	19.1	P 12,374,897,533	P 7,669,062,776
Accrued expenses		9,381,277,554	10,834,307,832
Output VAT payable		746,626,322	887,752,755
Others		199,263,964	329,500,811
		<u>P 22,702,065,373</u>	<u>P 19,720,624,174</u>

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

	<u>Notes</u>	<u>For the Nine Months Ended</u>	
		<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>September 30, 2023</u> <u>(Unaudited)</u>
Sales	19.3	<u>P 42,522,003,921</u>	P 46,297,555,706
Others:			
Share in net profit of joint venture	11	48,579,944	95,493,689
Others	5	628,105,346	690,852,815
		<u>676,685,290</u>	<u>786,346,504</u>
		<u>P 43,198,689,211</u>	<u>P 47,083,902,210</u>

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Nine Months Ended	
		September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Finished goods, beginning	7	P 9,081,462,012	P 7,144,431,089
Finished goods purchased	19.1	1,941,114,409	2,257,007,682
Cost of goods manufactured			
Raw and packaging materials, beginning	7	6,759,911,956	6,555,198,631
Net purchases	19.1	27,174,594,706	28,264,582,856
Raw and packaging materials, end	7	(7,714,840,548)	(7,105,676,486)
Raw materials used		P 26,219,666,114	P 27,714,105,001
Work-in-process, beginning	7	30,562,603,015	25,603,632,966
Direct labor		1,518,869,706	1,418,696,386
Manufacturing overhead:			
Depreciation and amortization	8	825,189,495	812,497,465
Taxes and licenses		461,323,908	372,917,603
Outside services		249,497,498	279,421,754
Communication, light, and water		260,708,667	315,223,597
Fuel and lubricants		180,971,279	277,801,623
Repairs and maintenance		323,635,427	369,953,780
Commission		317,743,304	332,936,730
Rentals		229,113,664	255,285,847
Labor		238,791,177	108,060,817
Waste disposal		35,392,405	38,080,323
Insurance		66,582,281	45,111,265
Transportation		168,248,303	17,970,448
Meals		35,275,753	15,631,570
Gasoline and oil		76,419,175	39,901,892
Miscellaneous		471,244,640	185,105,039
Work-in-process, end	7	(34,376,656,963)	(28,921,676,502)
		27,894,874,069	29,280,657,604
Finished goods, end	7	(9,948,911,416)	(8,697,006,129)
		P 28,968,539,074	P 29,985,090,246

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Nine Months Ended	
		September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Advertising and promotions		P 3,159,250,517	P 3,106,797,107
Salaries and employee benefits		1,744,815,015	1,720,386,224
Professional fees and outside services		449,921,277	395,191,466
Freight and handling		178,129,317	408,445,565
Travel and transportation		383,454,183	426,666,161
Other services		20,823,963	272,673,841
Depreciation and amortization	8	263,128,674	227,435,390
Taxes and licenses		113,400,407	166,805,285
Fuel and oil		29,948,572	73,395,502
Repairs and maintenance		77,292,526	105,058,366
Representation		168,354,055	163,631,724
Rentals		68,047,761	33,629,994
Insurance		20,575,508	40,568,372
Supplies		39,574,380	35,953,763
Communication, light, and water		33,969,754	28,680,478
Meals		4,406,993	23,549,299
Amortization of trademarks	9	-	538,464
Provisions*		(36,500,000)	-
Others		232,895,986	383,573,440
		P 6,951,488,888	P 7,612,980,441

*Reversal of onerous lease provision

These expenses are classified in profit or loss in the interim consolidated statements of comprehensive income as follows:

	For the Nine Months Ended	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Selling and distribution expenses	P 4,962,346,407	P 5,583,477,168
General and administrative expenses	1,989,142,481	2,029,503,273
	P 6,951,488,888	P 7,612,980,441

18. TAXES

EMI and its Philippine subsidiaries (“Philippine Group”) are subject to the higher of regular corporate income tax (“RCIT”) at 25% of net taxable income, or minimum corporate income tax (“MCIT”) at 2% in 2024 and 1% in 2023 of gross income for, as defined under the Philippine tax regulations. The Philippine Group declared RCIT for the nine months ended September 30, 2024 and 2023 as RCIT was higher in those periods, except for TEI.

The Philippine Group opts to claim itemized deductions in computing its income tax due, except for EDI, Progreen and AWGI which opt to claim optional standard deduction during the same taxable periods. Taxes also include the final tax withheld on interest income.

EMI’s foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

The components of tax expense as reported in the interim consolidated statements of comprehensive income are as follows:

	For the Nine Months Ended	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
<i>Reported in profit or loss:</i>		
Current tax expense		
RCIT at 19% and 25%	P 861,122,583	P 1,081,422,456
Final tax on interest	21,907,258	30,831,825
MCIT	-	2,979,782
	883,029,841	1,115,234,063
Deferred tax expense relating to origination and reversal of other temporary differences	300,061,222	203,693,037
	P 1,183,091,063	P 1,318,927,100
<i>Reported in other comprehensive income or loss –</i>		
Deferred tax expense relating to retirement benefit obligation re-measurement	P 126,527,250	P 55,441,500

The deferred tax assets and liabilities relate to the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Brand valuation	(P 3,417,241,557)	(P 3,063,799,036)
Fair value adjustment	(530,012,764)	(475,193,974)
Short-term temporary differences	(399,987,467)	(372,747,454)
Retirement benefit asset	(199,329,050)	(60,329,300)
PFRS 16 impact	11,580,680	11,580,680
Capitalized borrowing costs	(37,380,745)	(37,380,745)
NOLCO	23,615,923	23,615,923
Allowance for impairment	52,740,218	52,740,218
Net deferred tax liabilities	(P 4,496,014,762)	(P 3,921,513,688)

These are presented in the interim consolidated statements of financial position as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax liabilities - net	(P 4,731,900,500)	(P 4,130,626,820)
Deferred tax assets - net	235,885,738	209,113,132
	(P 4,496,014,762)	(P 3,921,513,688)

19. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate parent company, stockholders, officers and employees, and other related parties under common ownership.

The summary of the Group's significant transactions with its related parties for the nine months ended September 30, 2024 and 2023 and the related outstanding balances as of September 30, 2024 and December 31, 2023 are shown below.

Related Party Category	Notes	Amount of Transaction For the Nine Months Ended		Outstanding Receivable (Payable)	
		September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Ultimate Parent Company:					
Dividends	20.2	3,001,910,544	3,627,308,574	-	-
Lease of properties	19.2(a)	20,868,750	19,875,000	(6,956,250)	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	848,557,964	888,935,906	(23,887,448)	(176,251,132)
Purchase of finished goods	19.1	403,041,625	417,366,353	(98,599,371)	(78,257,097)
Lease of properties	19.2(b),(c)	90,871,384	98,601,134	-	(1,026,000)
Sale of goods	19.3	47,633,541	41,480,999	94,400,954	141,254,679
Management services earned	19.5	25,286,573	60,000,000	-	-
Refundable deposits	19.2(b),(c)	-	-	8,891,363	8,418,273
Stockholder -					
Advances obtained (paid)		-	(3,070,715)	-	-
Officers and Employees -					
Advances granted (collected)	19.4	245,642,115	367,662,086	605,233,251	359,591,136

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized in the first nine months of 2024 and 2023 for related party receivables.

19.1 Purchase of Goods

The Group imports raw materials such as alcohol, flavorings and other items, and finished goods through Andresons Global, Inc. ("AGL"), a related party under common ownership. These purchases are generally being paid directly to the suppliers within 30 to 90 days. The Group imports raw materials from Alcoholera dela Mancha Vinicola, S.L., a wholly-owned subsidiary of BLC, which is considered a related party under joint control (see Note 11) and finished goods from Great American Foods, Inc. ("GAFI"), a related party under common ownership and the manufacturer of Piknik.

The related unpaid purchases as of September 30, 2024 and December 31, 2023 are shown as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.2 Lease Agreements

The Group recognized right-of-use assets ("ROUA") and lease liabilities from lease agreements, which will be amortized and paid, respectively, over the lease term in lieu of the annual rent expense. Amortization of ROUA and interest expense recognized from the lease liabilities are presented as part of Depreciation and amortization under the Costs of Goods Sold and General and Administrative Expenses accounts(see Notes 16 and 17) and as part of Interest Expense account in the interim consolidated statements of comprehensive income, respectively.

The outstanding ROUA and lease liabilities from these lease agreements are presented as part of Property, Plant, and Equipment – net account and Lease Liabilities account, respectively, in the interim consolidated statements of financial position (see Note 8).

(a) *AGI*

AWGI leases the glass manufacturing plant located in Laguna from AGI. The amount of rental is mutually agreed upon by the parties at the start of each year, as provided in their lease contract.

The outstanding balance as of September 30, 2024 is presented as part of Trade and other payables account in the interim consolidated statement of financial position. There were no outstanding balances or refundable security deposits as of December 31, 2023.

(b) *Megaworld Corporation*

EDI, TWFLI, PAI and AWGI have lease contracts with Megaworld Corporation, a related party under common ownership, for the head office space of the Group. The Group paid P64.2 million and P52.7 million in rentals for the first nine months of 2024 and 2023, respectively.

The refundable security deposits paid to the lessors are shown as part of Other Non-current Assets account in the interim consolidated statements of financial position (see Note 10.2).

(c) *Empire East Land Holdings, Inc.*

EDI has a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its office and warehouse. The Group paid P26.6 million and P43.9 million in rentals for the first nine months of 2024 and 2023, respectively.

19.3 *Sale of Goods*

The Group sold finished goods to related parties. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods are generally noninterest-bearing, unsecured and settled through cash within three to six months. These receivables are presented as part of Trade receivables under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

19.4 *Advances to Officers and Employees*

In the normal course of business, the Group grants noninterest-bearing, unsecured, and payable on demand or subject to liquidation cash advances to certain officers and employees. The outstanding balance arising from these transactions is presented as Advances to officers and employees under the Trade and Other Receivables account in the interim consolidated statements of financial position (see Note 6).

The movements in the balance of Advances to officers and employees are as follows:

	September 30, 2024		December 31, 2023
	(Unaudited)		(Audited)
Balance at beginning of period	P 359,591,136	P	682,693,841
Additions	509,391,679		1,126,387,308
Payment	(263,749,564)	(1,449,490,013)
Balance at end of period	P 605,233,251	P	<u>359,591,136</u>

19.5 Management Services

EDI has a management agreement with GAFI for the rendering of management and administration services presented as part of Other income under the Revenues and Other Income section of the interim consolidated statements of comprehensive income (see Note 15).

20. EQUITY

20.1 Treasury Shares

A series of buy-back programs were authorized by the Parent Company's BOD that lasted from May 16, 2017 up to December 31, 2021. The last approved allotment was fully used up by the end of June 30, 2021. As of September 30, 2024 and December 31, 2023, the Parent Company has 505.92 million shares amounting to P4.28 billion in treasury and presented under Treasury Shares account in the interim consolidated statement of changes in equity.

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired.

The 65.48 million shares held by a subsidiary amounting to P467.60 million were also reported as part of Treasury Shares.

20.2 Declaration of Dividends

The Parent's Company's cash dividend declaration in the years reported are as follows:

Date of Declaration	Date of Stockholders' Record	Payable Date	Dividend per Share	Total
April 1, 2024	May 2, 2024	May 24, 2024	P0.2400	P3,890,753,097
March 30, 2023	May 2, 2023	May 25, 2023	P0.2900	P4,563,567,659

The Parent Company's retained earnings is restricted for distribution as dividends up to the cost of the Parent Company's treasury shares (see Note 20.1).

20.3 Subsidiaries with Non-controlling Interest

The composition of non-controlling interest account is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
DBLC	P 1,064,374,696	P 1,508,248,078
Boozylife	(26,366,896)	(25,214,423)
	<u>P 1,038,007,800</u>	<u>P 1,483,033,655</u>

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Nine Months Ended	
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Consolidated net profit attributable to owners of parent company	P 4,787,132,440	P 6,783,617,968
Divided by weighted average number of outstanding common shares	<u>15,670,991,338</u>	<u>15,670,991,338</u>
Basic earnings per share	<u>P 0.31</u>	<u>P 0.43</u>
Consolidated net profit attributable to owners of parent company	P 4,787,132,440	P 6,783,617,968
Divided by weighted average number of potential dilutive shares	<u>16,327,991,338</u>	<u>16,327,991,338</u>
Diluted earnings per share	<u>P 0.29</u>	<u>P 0.42</u>

The treasury shares under the buy-back program (see Note 20.1) and those held by a subsidiary do not form part of outstanding shares.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks which result from its operating activities. The main types of risks are market risk, credit risk, liquidity risk and price risk. There have been no significant changes in the Group's financial risk management objectives and policies during the period.

The Group's risk management is coordinated with AGI, in close cooperation with the BOD appointed by AGI, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding paragraphs.

22.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, United States ("US") dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's interim consolidated financial statements. EDI has cash and cash equivalents in US dollars as of September 30, 2024 and December 31, 2023 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

Foreign currency-denominated financial assets and financial liabilities with exposure to foreign currency risk, translated into Philippine pesos at the closing rate, are as follows:

	<u>September 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Financial assets	P 992,959,259	P 336,571,093
Financial liabilities	(1,876,794,245)	(1,308,929,501)
	<u>(P 883,834,986)</u>	<u>(P 972,358,408)</u>

The following table illustrates the sensitivity of the Group's consolidated profit before tax with respect to changes in Philippine pesos against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 68% confidence level.

	<u>Reasonably possible change in rate</u>	<u>Effect in consolidated profit before tax</u>	<u>Effect in consolidated equity</u>
September 30, 2024	4.61%	<u>(P 40,744,793)</u>	<u>(P 30,558,595)</u>
December 31, 2023	5.31%	<u>(P 51,632,231)</u>	<u>(P 38,724,174)</u>

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

(b) Interest Rate Risk

As at September 30, 2024 and December 31, 2023, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on Euro Interbank Offered Rate ("EURIBOR") and Sterling Overnight Index Average ("SONIA"). The Group does not see a material interest rate risk here in the short-term. The sensitivity of the Group's profit before tax on its loans arising from EURIBOR is analyzed based on a reasonably possible change in interest rates of +/-1.15% in 2024 and +/-0.94% in 2023. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if EURIBOR increased by 1.15% and 0.94% in September 30, 2024 and December 31, 2023, profit before tax would have decreased by P220.8 million and P174.7 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in September 30, 2024 and December 31, 2023 would have been higher by the same amounts.

The sensitivity of the Group's profit before tax on its loans arising from SONIA is analyzed based on a reasonably possible change in interest rates of +/-0.33% in 2024 and +/-2.14% in 2023. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if SONIA increased by 0.33% and 2.14% in September 30, 2024 and December 31, 2023, profit before tax would have decreased by P39.7 million and P126.1 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in September 30, 2024 and December 31, 2023 would have been higher by the same amounts.

(c) *Other Price Risk*

The Group was exposed to other price risk in respect of its financial instruments at fair value through profit or loss (“FVTPL”), which pertain to marketable equity securities and derivative instruments arising from foreign exchange margins trading spot and forward contracts. These financial instruments will continue to be measured at fair value based on quoted market prices and the index reference provided by certain foreign financial institution and through reference to quoted bid prices, respectively. The Group believes that the change in foreign exchange rate related to foreign exchange margins trading spot rate and forward contracts will not materially affect the interim consolidated financial statements.

22.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting advances and selling goods to customers including related parties and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group’s policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the interim consolidated statements of financial position or in the detailed analysis provided in the notes to the interim consolidated financial statements, as presented below.

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	5	P 8,917,179,233	P 10,513,125,613
Trade and other receivables – net	6	16,525,699,376	13,894,238,132
Refundable security deposits	10	63,160,077	56,919,073
		<u>P 25,506,038,686</u>	<u>P 24,464,282,818</u>

The Group’s management considers that all the above financial assets that are not impaired as at the end of reporting period under review are of good credit quality.

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash and cash equivalents include cash in banks and short-term placements in the Philippines which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables and Refundable Security Deposits*

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

Based on application of ECL methodology on the trade receivables, the allowance for impairment is deemed to be adequate; hence, no further credit losses were recognized.

Management believes that any additional expected credit losses from the application of the ECL methodology would not be material to the Group’s interim consolidated financial statements.

For the advances to related parties and refundable security deposits, the lifetime ECL rate is assessed at 0%, as there was no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position and sufficient liquidity to settle its obligations to the Group once they become due.

22.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash out flows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 60-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The contractual maturities of Trade and Other Payables (except for output VAT payable, withholding tax payables and advances from suppliers under Others) and Interest-bearing Loans reflect the gross cash flows, which approximate the carrying values of the liabilities at the end of each reporting period.

The maturity profile of the Group's financial liabilities as of September 30, 2024 and December 31, 2023 based on contractual undiscounted payments is as follows:

	September 30, 2024 (Unaudited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 1,030,164,353	P 13,220,613,288	P 22,446,447,964	P -
Trade and other payables	21,645,144,711	-	-	-
Lease liabilities	<u>61,754,507</u>	<u>61,784,729</u>	<u>406,215,213</u>	<u>57,471,876</u>
	<u>P 22,737,063,571</u>	<u>P 13,282,398,017</u>	<u>P 22,852,663,177</u>	<u>P 57,471,876</u>

	December 31, 2023 (Audited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 879,286,839	P 6,758,442,049	P 19,398,813,573	P -
Trade and other payables	18,607,154,079	-	-	-
Lease liabilities	<u>88,665,612</u>	<u>88,665,612</u>	<u>444,568,820</u>	<u>78,260,000</u>
	<u>P 19,575,106,530</u>	<u>P 6,847,107,661</u>	<u>P 19,843,382,393</u>	<u>P 78,260,000</u>

The Group maintains cash to meet its liquidity requirements for up to seven-day periods. Excess cash funds are invested in short-term placements.

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 Carrying Values and Fair Values of Financial Assets and Financial Liabilities

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the interim consolidated statements of financial position are shown below.

	Notes	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
		Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets</i>					
Financial assets at amortized cost:					
Cash and cash equivalents	5	P 8,917,179,233	P 8,917,179,233	P 10,513,125,613	P 10,513,125,613
Trade and other receivables	6	16,525,699,376	16,525,699,376	13,894,238,132	13,894,238,132
Refundable security deposits	10	63,160,077	63,160,077	56,919,073	56,919,073
		<u>P 25,506,038,686</u>	<u>P 25,506,038,686</u>	<u>P 24,464,282,818</u>	<u>P 24,464,282,818</u>
Financial assets at FVTPL		<u>P 586,654,893</u>	<u>P 586,654,893</u>	<u>P 355,505,670</u>	<u>P 355,505,670</u>
<i>Financial Liabilities</i>					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	P 32,262,252,429	P 32,262,252,429	P 25,967,304,105	P 25,077,688,573
Trade and other payables	14	21,645,144,711	21,645,144,711	18,607,154,079	18,607,154,079
Lease liabilities	8.3	587,226,325	587,226,325	611,202,053	611,202,053
		<u>P 54,494,623,465</u>	<u>P 54,494,623,465</u>	<u>P 45,185,660,237</u>	<u>P 44,296,044,705</u>

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of September 30, 2024 and December 31, 2023. In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

24.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertain to the Group's marketable equity securities and derivative instruments. These were presented as financial assets at FVTPL amounting to P586.7 million and P355.5 million as of September 30, 2024 and December 31, 2023, respectively.

Marketable equity securities classified as financial assets at FVTPL are included in Level 1 as their prices are derived from quoted prices in the active market that the entity can access at the measurement date.

The derivative financial instruments, which comprise of foreign exchange spots and forward contracts, are included in Level 2. The fair values of derivative financial instruments that are not quoted in an active market are determined through valuation techniques using the net present value computation.

24.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The following table summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim consolidated statements of financial position but for which fair value is disclosed.

	September 30, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 8,917,179,233	P -	P -	P 8,917,179,233
Trade and other receivables	-	-	16,525,699,376	16,525,699,376
Refundable security deposits	-	-	63,160,077	63,160,077
	<u>P 8,917,179,233</u>	<u>P -</u>	<u>P 16,588,859,453</u>	<u>P 25,506,038,686</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 32,262,252,429	P 32,262,252,429
Trade and other payables	-	-	21,645,144,711	21,645,144,711
Lease liabilities	-	-	587,226,325	587,226,325
	<u>P -</u>	<u>P -</u>	<u>P 54,494,623,465</u>	<u>P 54,494,623,465</u>

	December 31, 2023 (Audited)			Total
	Level 1	Level 2	Level 3	
<i>Financial assets:</i>				
Cash and cash equivalents	P 10,513,125,613	P -	P -	P 10,513,125,613
Trade and other receivables	-	-	13,894,238,132	13,894,238,132
Refundable security deposits	-	-	56,919,073	56,919,073
	<u>P 10,513,125,613</u>	<u>P -</u>	<u>P 13,951,157,205</u>	<u>P 24,464,282,818</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 25,077,688,573	P 25,077,688,573
Trade and other payables	-	-	18,607,154,079	18,607,154,079
Lease liabilities	-	-	611,202,053	611,202,053
	<u>P -</u>	<u>P -</u>	<u>P 44,296,044,705</u>	<u>P 44,296,044,705</u>

For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the face of the interim consolidated statements of financial position. Capital at the end of each reporting period is summarized as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	P 62,238,650,726	P 53,301,326,277
Total equity	<u>99,094,845,941</u>	<u>95,407,892,294</u>
Liabilities-to-equity ratio	<u>P 0.63 : 1.00</u>	<u>P 0.56 : 1.00</u>

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
September 30, 2024
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	11,694,683
1 to 30 days	3,253,538
31 to 60 days	883,080
Over 60 days	<u>688,484</u>
Total	16,519,785
Other receivables	<u>4,613,098</u>
Balance	<u><u>21,132,883</u></u>

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:



DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer,
Compliance Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
November 12, 2024