



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2025**
2. SEC 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.  (SEC Use Only)  
Industry Classification Code:
7. **7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark,  
188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City** **1110**  
Address of principal office Postal Code
8. **(632) 8709-2038 to 41**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA  
Title of Each Class Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding  

<b>Common issued</b>	<b>16,242,391,176</b>
<b>Treasury</b>	<b>503,719,938</b>
<b>Outstanding as of December 31, 2025</b>	<b>15,738,671,238</b>
11. Are any or all of these securities listed on a Stock Exchange.  
**Yes [  ]** No [  ] **Philippine Stock Exchange**
12. Check whether the issuer:  
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [  ]
13. The aggregate market value of the voting stock held by non-affiliates as of December 31, 2025 is **₱51,523,691,664** based on the closing price of **₱16.00** per share on March 31, 2026 at the Philippine Stock Exchange.

## TABLE OF CONTENTS

	<u>Page No.</u>
TABLE OF CONTENTS	2-3
<b>PART I – BUSINESS AND GENERAL INFORMATION</b>	
<b>1. BUSINESS</b>	<b>4</b>
Business Development	4
<i>Overview, Transformation, International Expansion</i>	
Subsidiaries	6
<i>EDI, Emperador International, Philippine Subsidiaries</i>	
Joint Venture	10
Description of Business	10
<i>Our Philippine Business, Our Scotch Whisky Business, Our Spanish Brandy Business</i>	
Products; New Products	20
<i>Our Philippine Portfolio, Our Scotch Whisky Portfolio, Our Spanish Portfolio,         Our Mexican Portfolio</i>	
Marketing, Sales and Distribution	30
<i>Brand Equity and Promotion, Targeted Marketing, Sales and Distribution Network</i>	
Competition	35
Sources and Availability of Raw Materials	36
Dependence on A Single or Few Customers	36
Transactions With And/or Dependence on Related Parties	36
Interested Person Transactions	37
Intellectual Property	39
Regulatory and Environmental Matters	40
<i>In the Philippines, UK Regulations, Spanish Regulations, Other Regulations</i>	
<i>Research and Development</i>	64
Employees	64
Risks Associated with the Business	65
Risk Management and Business Strategy	69
<b>2. PRINCIPAL PROPERTIES</b>	<b>69</b>
<b>3. LEGAL PROCEEDINGS</b>	<b>71</b>
<b>4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</b>	<b>71</b>
<b>PART II - OPERATIONAL AND FINANCIAL INFORMATION</b>	
<b>5. MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</b>	<b>71</b>
Market Information	71
Shareholders	72
Dividend Policy	72
Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction Within the Past Three Years	73
<b>6. MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>73</b>
Key Performance Indicators	73
Results of Operations for Two Comparative Periods For the Last Three Years	78
<i>Year Ended December 31, 2025 Compared with Year Ended December 31, 2024</i>	78
<i>Year Ended December 31, 2024 Compared with Year Ended December 31, 2023</i>	81
Financial Condition [Explanations on accounts with +/-5% comparative changes]	84
<i>December 31, 2025 and 2024</i>	84
<i>December 31, 2024 and 2023</i>	86
Liquidity and Capital Resources	87
Prospects for the Future	87
Other Matters	88
<b>7. FINANCIAL STATEMENTS</b>	<b>88</b>
<b>8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS</b>	<b>88</b>
External Audit Fees and Services	88
<i>Audit and Audit Related Services, Tax fees and all other fees, Approval of services</i>	
Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	89

<b>PART III – CONTROL AND COMPENSATION INFORMATION</b>	
<b>9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER</b>	<b>89</b>
Directors and Executive Officers	89
Significant Employees	96
Family Relationships	96
Involvement in Certain Legal Proceedings	96
Board Attendance and Committee Meetings Held in 2025	97
<b>10. DIRECTORS AND EXECUTIVE COMPENSATION</b>	<b>99</b>
Summary Compensation Table	99
Compensation of Directors	99
Employment Contracts and Termination of Employment and Change-in-Control Arrangement	100
Outstanding Warrants and Options	100
<b>11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</b>	<b>101</b>
Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of March 31, 2026	
Security Ownership of Management as of March 31, 2026	
Voting Trust Holders of 5% or More	
Changes in Control	
<b>12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</b>	<b>102</b>
<b>PART IV – CORPORATE GOVERNANCE</b>	
<b>13. CORPORATE GOVERNANCE</b>	<b>103</b>
Corporate Governance	
Enterprise Risk Management	
Sustainability Report	
<b>PART V – EXHIBITS AND SCHEDULES</b>	
<b>14. EXHIBITS AND REPORTS ON SEC FORM 17-C</b>	<b>104</b>
Reports on SEC Form 17-C filed during the last six-month period covered by this report	
<b>SIGNATURES</b>	<b>105</b>
<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS</b>	
<b>SUSTAINABILITY REPORT</b>	

## PART I - BUSINESS AND GENERAL INFORMATION

### 1. BUSINESS

#### BUSINESS DEVELOPMENT

##### *Overview*

**EMPERADOR INC.** (“the Company” or “the Parent Company” or “EMI” or “Emperador”) is a holding company which operates an integrated global business of manufacturing, bottling and distributing distilled spirits and other alcoholic beverages through its subsidiaries from the Philippines, United Kingdom, Spain and Mexico. The Company was incorporated in the Philippines on November 26, 2001.<sup>1</sup>

At present, EMI and its subsidiaries (collectively referred to as “the Group”) has a wide range of products in its portfolio across multiple price segments – from accessible to luxury – and an international reach to at least 116 countries. The Group’s brandy and Scotch Whisky portfolios include some of the oldest and best-recognized brands in the world, including brands with centuries-old legacies. The Group has acclaimed renown as the world’s largest brandy producer, leading the brandy segment in the Philippines and Spain, and the world’s sixth largest Scotch whisky producer<sup>2</sup>.

Emperador has established its identity in the Philippine alcoholic beverages business as producer of high-quality liquor and innovative products – predominated by its own brand ‘Emperador Brandy’ which was introduced in 1990 through **Emperador Distillers, Inc.** (“EDI”), the Philippines’ largest liquor company and the world’s largest brandy producer<sup>3</sup>. This strong presence was further fortified by ensuing offshore acquisitions.

EMI has grown from a Philippine company to a global player with heritage brands under its portfolio. It has enriched its heritage through the acquisition of century-old businesses in Jerez, Spain (known as the world capital of sherry wine and home of the Brandy De Jerez) and in Scotland, United Kingdom (home of Scotch whisky), which themselves were acclaimed as being the first and oldest facility in Spain and the sixth largest Scotch whisky manufacturer in the world, respectively. These were immediately followed by the acquisition of popular brands and half-century-old business in Mexico that traced its roots in Jerez, and premium mezcal brands.

Currently, the Group is organized into two business segments –Brandy and Scotch Whisky.

The Company first listed its shares in the Philippine Stock Exchange, Inc. (“PSE”) on December 19, 2011. On July 14, 2022, the Company successfully listed on the Main Board of the Singapore Exchange Securities Trading Ltd. (“SGX-ST”) - the first PSE-primary listed company to conduct a secondary listing on the SGX-ST. This secondary listing marked the latest step in its ambitious plans for future international growth. The Company’s shares are currently trading in both exchanges under the symbol ‘EMI’.

The Group belongs under the umbrella of **Alliance Global Group, Inc.** (“AGI”), the ultimate holding company, a Philippine publicly-listed company trading under the symbol ‘AGI’. AGI is a conglomerate with diversified businesses in real estate development, food and beverage, leisure-tourism-entertainment, and quick-service restaurants. As of December 31, 2025, AGI directly holds 79.06% ownership interest in Emperador.

##### *Transformation*

In 2013, the Company transformed into a holding company and increased its capitalization base to

---

<sup>1</sup>EMI was incorporated under the name of Touch Solutions, Inc. which was a shell company prior to AGI acquisition. On August 28, September 16 and September 27, 2013, the Board of Directors, stockholders and Philippine Securities and Exchange Commission (“SEC”) respectively approved the change in corporate name to ‘Emperador Inc.’.

The Company is considered a continuation of Emperador Distillers, Inc. and its subsidiaries under a reverse acquisition by AGI in 2013. Please see related discussion in ‘Transformation’.

<sup>2</sup> 48<sup>th</sup> Scotch Whisky Industry Review 2025

<sup>3</sup>2025 International Wines and Spirits Record (“IWSR”) drinks market analysis, 2024 dataset.

P20 billion.<sup>4</sup> In a series of transactions in August and September 2013, AGI acquired majority control (88% ownership interest at that time) and the Company concurrently acquired 100% ownership in EDI from AGI. Consequently, the Company became a subsidiary of AGI and the immediate parent of EDI (see Note 24.1 to the Consolidated Financial Statements). This acquisition was accounted for as a reverse acquisition of a non-operating shell company<sup>5</sup> wherein the legal subsidiary EDI is deemed as the acquirer and Company, which is the legal parent, is deemed as the acquired. The Company's consolidated financial statements, thus, became a continuation of EDI and its subsidiaries<sup>6</sup>. As of December 31, 2025, AGI directly holds 79.06% ownership interest in EMI.

### *International Expansion*

On October 31, 2014, Emperador, through its indirect wholly-owned subsidiary, **Emperador UK Limited ("EUK")**, completed a deal signed on May 9, 2014, for the acquisition of the entire issued share capital of **Whyte and Mackay Group Limited ("WMG" or "Whyte and Mackay")** from United Spirits (Great Britain) Limited, an indirect wholly-owned subsidiary of United Spirits Limited ("USL"), at an enterprise value of £430 million.<sup>7</sup>

On December 4, 2014, with the completion of the Whyte and Mackay acquisition as a condition precedent to its entry, Singapore sovereign wealth fund **GIC Private Ltd. ("GIC")**, through its private equity arm, **Arran Investment Pte. Ltd. ("Arran")**, initially invested P17.6 billion in the Company split into 70%-equity and 30%-equity-linked securities ("**ELS**"), which is convertible to equity between 2 to 7 years. Through this initial investment, Arran acquired 7% ownership interest in EMI and AGI's interest was diluted to 81%. In 2017, additional new shares were issued to Arran in consideration for the three-year accrued interest on the ELS. On February 5, 2020, Arran partly converted a portion of its ELS into EMI shares ("Tranche 1 Shares") which EMI issued from its treasury. On December 3, 2021, Arran elected to exercise its conversion right in respect of the remaining balance of the ELS ("Tranche 2 Shares"). The Company was given an initial period until February 28, 2022 to issue the Tranche 2 Shares ("Conversion Period"). The Conversion Period went through a number of modifications, the latest of which is its extension up to August 12, 2026. While the Tranche 2 shares remain unissued, they shall continue to earn variable interest which is at same rate and terms as the Company's dividends to shareholders. As of December 31, 2025, Arran held 9.5% of EMI's outstanding shares.

On February 29, 2016, EMI, through its indirect wholly-owned subsidiary **Bodegas Fundador S.L.U. ("Bodegas Fundador")**, acquired Beam Suntory's Spanish brandy and sherry business in Jerez de la Frontera, the brandy capital of Spain. The purchase included the iconic brands of 'Fundador', the Philippines' best-selling premium imported brandy; 'Terry Centenario', Spain's number one selling brandy; 'Tres Cepas', the number one brandy in Equatorial Guinea; and 'Harveys', the number one selling sherry wine in the United Kingdom. It also included production facilities, ageing cellars, vineyards and blending and bottling facilities. The all-cash offer was agreed at a value of €275 million. The completion of the purchase marked the birth of the world's biggest brandy company, and a new era began not only for Emperador and Fundador but for the whole brandy and sherry industry in Spain.

On December 1, 2016, **Bodega Las Copas S.L. ("BLC")**, a joint-venture company of Grupo Emperador Spain S.A.U. ("**GES**") and **Gonzalez Byass, S.A. ("Gonzalez Byass")**, signed an agreement to acquire the Domecq brandy and wine trademarks and related assets from the Mexican and Spanish subsidiaries of Pernod Ricard S.A. plus the Domecq inventories. The transaction included the Domecq brand portfolio of Mexican brandies 'Don Pedro', 'Presidente' (the first Mexican brandy) and 'Azteca de Oro'; and 'Domecq' and 'Brandy Domecq' brands for Brazil and Colombia (collectively, "**Domecq brand portfolio**") as well as the winery related to the production of Mexican wines in Ensenada, Mexico, together with the relevant inventories related to the Domecq brands in markets, including Spain, the US, Belgium and the Netherlands. On March 30, 2017, BLC, and the

<sup>4</sup> On July 31, 2013 and September 5, 2013, the Philippine SEC approved the change in the Company's primary purpose to that of a holding company and the increase in its capitalization base to P20 billion, respectively.

<sup>5</sup> In line with its transformation into a holding company, the Company disposed of its assets in April 2013.

<sup>6</sup> Except for the capital structure which represents that of the Company. See 'EDI' under *Subsidiaries* here.

<sup>7</sup> Emperador took the reins from the world's liquor giants - USL of India (the world's largest spirits company by volume) which was forced to put Whyte and Mackay up on sale because of UK anti-trust concerns, when London-based Diageo Plc (the world's leading premium drinks manufacturer) gained controlling interest in USL.

Mexican subsidiaries **Pedro Domecq S.A. de C.V.** and **Bodega Domecq S.A. de C.V.**, completed the sale transaction for €81 million.

On December 20, 2017, with the aim of streamlining the group's structure and obtaining the greatest efficiency, GES and Gonzalez Byass approved the restructuring of BLC. This allowed the economic and organizational differentiation of the different lines of business by transferring the Domecq brand portfolio to a newly incorporated company, **Domecq Bodega Las Copas S.L. ("Domecq BLC")**, effective September 1, 2017. The restructuring was implemented by means of, on the one hand, the partial spin-off of BLC, under which BLC transferred to Domecq BLC the majority stake in the Mexican company Pedro Domecq S.A. de C.V., and on the other hand, the acquisition by Domecq BLC of the majority stakes in two other Mexican companies, **Domecq Distribucion de Bebidas SA de CV (then known as Gonzalez Byass de Mexico S.A. de C.V)** and Bodega Domecq S.A. de C.V., and of the Domecq brand portfolio worldwide. In 2019, Pedro Domecq S.A. de C.V. absorbed Bodega Domecq S.A. de CV, due to synergies of merging both companies. In 2021, Pedro Domecq, S.A. de C.V. merged with Domecq Distribución de Bebidas, S.A. de C.V. to maximize the synergies for both companies.

On June 4, 2022, BLC approved the split-off of its assets and liabilities related to the planting, cultivation and operation of vineyards, the production, ageing and manufacturing of wine, and the provision of vineyard planting and management services in favor of its fully owned subsidiary in Spain, **Viñedos del Río Tajo, S.L.U. ("Viñedos")**. For its part, BLC keeps its activity regarding the distillation of wines and carries out the distribution of distilled wines through its fully owned Spanish subsidiary **Alcoholera de la Mancha Vinícola, S.A.U. ("Alcomasa")**

On January 31, 2025, Pedro Domecq S.A. de C.V. had acquired 60% ownership over the shares of **Destilería Los Danzantes S.A. de C.V. ("Los Danzantes")** for MXN 80 million. Los Danzantes is a pioneer in the mezcal industry and owns the brands 'Los Danzantes', 'Alipús', and 'Encantado'. Its production facilities are located in Oaxaca, Mexico. Los Danzantes is a significant player in the fast-growing global Mezcal industry with products being exported to over 20 countries and are featured in many of the world's top bars.

## SUBSIDIARIES

### EDI

**EDI**, a wholly-owned subsidiary, is the leading brandy manufacturer and distributor in the Philippines<sup>8</sup>, and owns the leading brandy brand in the world<sup>9</sup>.

It was incorporated on June 6, 2003 and acquired the brandy manufacturing assets and related brands led by 'Emperador' Brandy, from **Consolidated Distillers of the Far East, Inc. ("Condis")** in January 2007. AGI subsequently acquired full ownership of EDI from **The Andresons Group, Inc. ("TAGI")** and the Tan Family in February 2007. In the second half of 2013, AGI transferred its full ownership in EDI to EMI. This acquisition of EDI by EMI is accounted for similar to a reverse acquisition of a non-operating shell company, wherein the legal subsidiary, which is EDI, is deemed as the acquirer and the legal parent, which is the Company, is deemed as the acquired. Thus, Emperador's consolidated financial statements prior to the acquisition date have been prepared as a continuation of the consolidated financial statements of EDI and its subsidiaries (collectively referred to as **"EDI Group"**), except for the capital structure which represent that of EMI.

Its flagship product is 'Emperador Brandy', the company's first brandy label and launched in the Philippines in 1990. Since that time the 'Emperador' brand has become the number one local brandy in the Philippines and in the world based on volume<sup>10</sup>. Henceforth, the company continues to innovate its Emperador brand offerings. In response to a growing market for alcoholic beverages with lower alcohol content, EDI introduced 'Emperador Light' in 2010 and 'Emperador Double Light' in 2019. In March 2013, EDI began selling the 'Emperador Deluxe' brand which is being manufactured in Spain for export to Philippines. A couple of months earlier, the [EMI] Group's acquisition of Bodega San Bruno from one

<sup>8</sup> Nielsen Retail Measurement as of December 31, 2024

<sup>9</sup> Drinks International The Millionaires' Club 2024 (dataset 2019-2023)

<sup>10</sup> According to the 2020, 2021 2022, 2023 and 2024 IWSR data.

of the largest and oldest liquor and wine conglomerates in Spain allowed Emperador to own one of the world's best brandy stocks that are rare, high quality and aged for more than 40 years in Spain. In 2018, EDI takes on a promotional pair packaging of a mixer, 'Club Mix Lime Juice', a lime drink cordial, and 'Emperador Light' brandy that go perfectly well together as 'LimeLight' and 'GreenLight'. In 2019, 'Emperador Double Light', a lower alcohol premium drink made from imported Spanish brandies finely aged in sherry casks, was launched. Having lower alcohol content, the product is positioned for social enjoyment, rather than to boost intake. In the same year, EDI also introduced another pair packaging of a mixer using Club Mix Apple Tea cordial and Emperador Light or Double Light or The Bar. In 2022, EDI launched a line of innovative Emperador Premium Tower Cocktails at the on-trade channel expanding options on bar menus and offering an ingenuity of mixing with different flavors which drinkers can easily recreate at home. In March 2025, EDI has dropped 'CLVB Emperador', a super smooth premium-tasting brandy designed for the next generation of drinkers.

EDI has launched other alcoholic brands. In April 2009, it launched a flavored vodka and gin beverages under 'The BaR' brand. 'The BaR' became the first flavored vodka and gin products manufactured by a Philippine company. Different innovative variants were introduced in the following years to cater to changing consumers' preferences, growing young and social-media focused demographics and global trends. In April 2015, EDI launched the ready-to-drink 'Smirnoff Mule', which is being manufactured and distributed under license from Diageo North America, Inc. in October 2015, 'Andy Player' whisky – a popular drink in the '80s - was reintroduced. In 2020, EDI launched 'So Nice' ultralight alcohol drink capitalizing on the strong Hallyu (Korean Wave) influence among Filipinos.

EDI also began selling the Whyte and Mackay products locally in 2015, assumed the distribution of 'Fundador' brandy in the Philippines in March 2026, and started distributing Bodegas Fundador's 'Harveys Bristol Cream' in 2017.

Since 2020, EDI has established a significant distribution footprint in at least sixty (60) countries and continues to collaborate with distributors across these countries.

EDI also distributes Gallo wines and Pik-Nik shoestring-shaped potato snacks (a product of its affiliate in AGI group) as well as New York Club No. 1 Vodka (another product from the said affiliate).

It operates two manufacturing plants in Laguna. The main plant is being leased from its wholly-owned subsidiary **Tradewind Estates, Inc.** ("TEI" or "**Tradewind**") while the annex plant is owned by EDI. In 2020, EDI purchased several lots for its main warehouse in Cavite and completed construction in 2021.

EDI owns two distillery plants located in Balayan and Nasugbu, Batangas, both of which are being leased to and operated by its subsidiary **Progreen Agricorp, Inc.** ("**Progreen**").

### ***Emperador International***

**Emperador International Ltd.** ("**EIL**") is a business company incorporated in the British Virgin Islands on December 13, 2006. It is an investment and holding company which is the parent company of the Group's offshore subsidiaries. Its group is primarily responsible for the offshore investments and properties in Spain and United Kingdom. At present, voting rights to EIL is 84% and 16% directly held by EMI and EDI, respectively. Thus, EIL is 100% beneficially owned by EMI.

#### ***Emperador Spain***

**Emperador Asia Pte Ltd.** ("**EAsia**"), a wholly-owned subsidiary of EIL, was incorporated in Singapore. It wholly owns **GES**, a public liability company in Spain, incorporated on September 28, 2011.

**GES**, is a wholly-owned subsidiary of EAsia, whose main activities are the production of wines, fortified wines, brandies and all types of alcoholic drinks, as well as the purchase and operation of any type of land and, in particular, vineyards. In 2013, it acquired **Bodega San Bruno, S.L.U.** ("**BSB**"), a wholly-owned subsidiary, whose business activities involved the plantation, growing and operation of vineyards. BSB was incorporated on January 10, 2013.

The Spain group acquired vineyard estates in Toledo, called Daramezas and Bergonza, and in Madrid, called Monte Batres, in 2013-2014. And from hereon, the Spain group started growing.

In 2014, GES invested in **BLC**, a 50%-50% joint venture with Gonzalez Byass. Presently, BLC and its wholly-owned subsidiaries are engaged in the planting, cultivation and operation of vineyards, and the conversion and production of alcohol and spirits. The main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real.

**Bodegas Fundador**, a wholly-owned subsidiary of GES, incorporated on September 28, 2011 under its former name Brandy Emperador Spain, acquired the Spanish brandy and sherry business from Beam Suntory Inc. on February 29, 2016. The purchase includes Spain's largest and oldest brandy cellars established in 1730 with sizeable brandy inventory aged more than 50 years; four iconic brands including 'Fundador Brandy de Jerez'; production and bottling facilities, vineyards, distillery and winery facilities. Bodegas Fundador was consolidated starting March 2016. Bodegas Fundador's wholly-owned subsidiary, **Harvey's Cellars, S.L.U.** (formerly Destilados de la Mancha S.L.) held the Queen Elizabeth II Royal Warrant, granted as a mark of recognition to companies who have regularly supplied goods or services to the Royal Household until 31 March 2025.

On January 19, 2017, GES through *Complejo Bodeguero San Patricio, S.L.U. ("CBSP")*, a wholly-owned subsidiary of GES at that time, incorporated on October 11, 2016, acquired the Grupo Garvey brands and associated inventories and casks and real estate properties. Bodegas Garvey, founded in 1780 by the Irish aristocrat William Garvey and based in Jerez de la Frontera, is one of the ancient brandy and sherry companies in Spain. In October 2020, the merger of CBSP (absorbed company) and Bodegas Fundador (surviving company) was registered, the effectivity retroacts to the start of the year, given the confluence of activities of both companies, in order to facilitate the use of common resources, a significant reduction and simplification of operating, administrative and structural costs, thus achieving greater competitiveness in business traffic.

On March 30, 2017, BLC, Pedro Domecq S.A. de C.V. and Bodega Domecq S.A. de C.V. completed the acquisition of the Domecq brand portfolio and related assets, which was signed on December 1, 2016. During the last quarter of 2017, the Domecq brandy portfolio and wine business were integrated into **Domecq BLC**.

**Domecq BLC**, a subsidiary of GES incorporated on December 20, 2017, holds the spun-off Domecq brandy and wine portfolio and related assets and was consolidated starting September 1, 2017. Its wholly-owned subsidiaries in Mexico, **Pedro Domecq SA de CV ("Pedro Domecq")** and **Bodega Domecq SA de CV** (the latter was absorbed by Pedro Domecq in 2019) were incorporated on March 15, 2017 while **Domecq Distribucion de Bebidas SA de CV** (corporate name changed from **Gonzales Byass de Mexico SA de CV** in 2018) (absorbed by Pedro Domecq in 2021) was incorporated on October 2, 2001. The first is involved in the manufacturing, bottling and selling of spirits, the second was involved in business management which is now being done by the first, while the third was into the distribution and sale of foods and beverages, which at the time of the merger was mainly for Pedro Domecq. Pedro Domecq is the surviving subsidiary at end-2021. On January 31, 2025, Pedro Domecq had acquired 60% of **Destileria Los Danzantes SA de CV ("Los Danzantes")**, producer and owner of premium artisanal mezcal brands in Mexico.

**Grupo Emperador Gestion, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on October 11, 2016. It provides consulting, management and administration services to the Spain group.

**Stillman Spirits, S.L.U.**, a wholly-owned subsidiary of GES, was incorporated on March 20, 2019. It imports UK products into Europe, following UK's exit from the European Union. It manages The Dalmore Boutique in Madrid (Spain), an exclusive boutique, including a retail area, which hosts some of the most exclusive whiskies in the world, and a Whisky Lounge for tastings, where 66 VIP clients and their close guests can enjoy their Dalmore whiskies. The boutique officially opened in October 2024 with a formal programme hosted by Master Distiller Richard Paterson OBE. During the event, he presented special whiskies to British Ambassador to Spain, Sir Alexander Ellis.

### *Emperador Europe*

**Emperador Europe SARL (“EES”)**, a wholly-owned subsidiary of EIL, is a private limited liability company incorporated in Luxembourg in September 2014. The objective of the company is the holding of participations in any form whatsoever and all other forms of investments.

**Emperador Holdings (GB) Limited (“EHGB” or “EGB”)**, the ultimate UK parent undertaking and controlling entity, is a wholly-owned subsidiary of EIL. EGB is a private company incorporated under the laws of England and Wales on June 19, 2014. It operates as an investment and holding company and wholly owns EUK. As of December 31, 2025, its authorized called-up share capital totaled 1 thousand shares at £1 per share, all of which were allotted and fully paid up by EIL.

**Emperador UK Limited (“EUK”)**, a subsidiary of EGB, is a private limited company incorporated in Scotland on May 6, 2014. It is the immediate parent of WMG. As of December 31, 2025, it has authorized called up share capital of 1,250 shares at £1 per share, all of which were allotted and fully paid up.

**Whyte and Mackay Group Limited (“WMG”)** is the smallest consolidating group under EGB. WMG was incorporated on August 7, 2001, in Scotland. It wholly owns **Whyte and Mackay Global Limited (“WM Global”)** which was incorporated on December 4, 2018 in Scotland. The main trading entity is WM Global’s wholly owned subsidiary, **Whyte and Mackay Limited (“WML”)**, which was incorporated on January 20, 1927 in Scotland. WML’s principal activity is the production, marketing and distribution of distilled potable alcoholic drinks which include Scotch whisky, vodka, liqueurs and other alcoholic drinks.

WM Global also wholly owns **Whyte and Mackay Warehousing Ltd. (“WMW”)**, incorporated in Scotland, and **Whyte and Mackay Americas Ltd, LLC (“WMA”)**, incorporated in the United States of America. WMW’s principal activity is the warehousing and blending of bulk whisky for related and third-party customers while WMA, a direct subsidiary of WML, was formed to handle Whyte and Mackay’s business portfolio in US market. In 2022, WML acquired **St Vincent Street (446) Limited**, the landlord of its bottling premises at Grangemouth. There are also forty-six dormant companies within WMG Group that are retained for branding purposes.

Whyte and Mackay is the sixth largest producer of Scotch whisky in the world by capacity<sup>11</sup> with a history of 175 years and ownership of some of the most iconic Scotch brands in the industry, including British luxury brands ‘The Dalmore Single Highland Malt’, ‘Jura Single Malt’, ‘Tamnavulin Single Malt’, ‘Fettercairn Single Malt’ and ‘Whyte & Mackay Blended Scotch Whisky. The products are distributed in approximately 116 countries across the world<sup>12</sup> including a strong presence in the global travel retail space. Some of these products are now being distributed in the Philippines by EDI.

### ***Philippine Subsidiaries***

**Anglo Watsons Glass, Inc. (“AWGI”)**, a wholly-owned subsidiary of EDI, was incorporated in the Philippines on July 22, 1999. EDI acquired AWGI from its previous owner, AGI, in 2012. AWGI’s business is the manufacture of flint glass containers.

AWGI operates a glass manufacturing plant at the Canlubang Industrial Estate in Canlubang, Laguna, Philippines which runs on a 24-hour shift. The manufacturing plant is being leased from AGI. AWGI currently services mostly the Group’s bottling requirements.

**The Bar Beverage, Inc.**, a wholly-owned subsidiary of EDI, was incorporated in the Philippines on August 11, 2008 for the purpose of engaging primarily in the manufacturing, processing, importing and/or exporting, buying, selling, acquiring, holding or otherwise dealing in, any and all kinds of alcoholic beverage products, flavorings, essences, beverages, soft drinks, foodstuffs, goods, wares, merchandise and/or commodities of the same or similar kind as well as products, natural or artificial, of the Philippines or elsewhere.

---

<sup>11</sup> 48<sup>th</sup> Scotch Whisky Industry Review, 2025

<sup>12</sup> WMG Internal Data 5 Year View.

**Tradewind**, a wholly-owned subsidiary of EDI, was incorporated in the Philippines on September 22, 2000. EDI acquired TEI from its previous owner, Alliance Global Brands, Inc. (a wholly-owned subsidiary of AGI), in March 2016. TEI owns and leases to EDI a manufacturing complex in Sta. Rosa, Laguna which serves as EDI's main plant. On July 4, 2018, TEI acquired controlling interest in **Boozylife Inc. ("Boozy")**, a local e-commerce company engaged in the on-demand delivery of alcoholic and non-alcoholic beverages.

**Alcazar De Bana Holdings Company, Inc. ("Alcazar")**, a wholly-owned subsidiary of EDI, was incorporated in the Philippines on July 20, 2016. It currently wholly owns **Progreen**, a domestic corporation whose primary purpose is to engage in the production, distillation, distribution and trading of alcohol and all types of ethyl alcohol; raw materials including molasses, sugarcane and other agricultural products; alcohol co-products, by-products or end-products; and, in connection thereof, to conduct renewable energy activity; as well as alcoholic beverages, wines, liquors, among others. Progreen operates the two domestic distillery plants in Batangas that it leases from EDI. Progreen started its commercial operations in November 2016. It wholly owns **South Point Science Park, Inc.**, a domestic corporation incorporated to engage in management and maintenance of office, commercial, industrial and institutional developments in a science park, which is engaged in port operations. Another wholly-owned subsidiary of Progreen is **Ocean One Transport, Inc.**, which was incorporated for the purpose of engaging in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between various ports and to engage generally in waterborne commerce.

**The World's Finest Liquor Inc. ("TWFLI")**, a wholly-owned subsidiary of EDI, was incorporated in the Philippines on May 17, 2022 to engage in, among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages. In 2025, TWFLI operates fifteen (15) retail stores including The Dalmore Flagship store, Brandy Museum, Fundador Café, McKinley and Davao Whisky Parks, and The World's Finest Liquor stores in various airports, malls and hotels in the Philippines.

## JOINT VENTURE

**BLC** is a corporation owned 50% by GES and 50% by Gonzales Byass. In February 2014, with the aim of improving and strengthening its worldwide presence and positioning on the wines and spirits' markets, GES entered into a business collaboration scheme with Gonzalez Byass, with the acquisition by GES of a 50% stake in BLC, with the remaining 50% in the hands of Gonzalez Byass. Later that year, BLC incorporated two fully-owned subsidiaries - **Alcomasa**, focused on the exportation of the distilled wine and **Viñedos**, devoted to the planting and farming of several vineyards in Toledo, Spain.

## DESCRIPTION OF BUSINESS

### *Our Philippine Business*

Prior to the introduction of Emperador Brandy in 1990, the **Philippine spirits industry** was dominated by longstanding and well-established gin and rum manufacturers. Through dynamic marketing and by establishing a reputation for product quality, EDI created demand for brandy in the Philippine spirits market following the launch of '**Emperador Brandy**', which has remained as the market leader among the local brandy brands in terms of sales volume since 1990. EDI remains a leader in the national sales volume among the top three domestic spirit manufacturers. Currently, 'Emperador' is the leading Philippine brand in the brandy segment.<sup>13</sup> EDI produces/distributes brandy products that had 96% share of the domestic brandy market in terms of sales volume, and 50% volume share in terms of total brandy segment in the Philippines (includes imported brandy).<sup>14</sup>

EDI keeps on innovating its product offerings with creative flavors and packaging to suit the discriminating taste of drinkers, especially the youthful ones who are generally seeking variety and

<sup>13</sup> Based in part on data reported by NielsenIQ through its Retail Measurement for Wines & Spirits Category for the period ending November 2025, for the Philippines. (Copyright © 2026. Nielsen Consumer LLC)

<sup>14</sup> Ibid.

sensory experiences. In particular, in 2010, EDI launched the first light brandy, '**Emperador Light**', to capture the taste preferences of Filipino consumers, and in 2019, a smooth and fruity "lighter" drink '**Emperador Double Light**', the "*Doble Swabe, Doble Sarap*" drink, for the younger and lighter drinkers. In 2018, EDI introduced exciting pairings of 'Emperador' with Club Mix Lime Cordial, dubbed as 'LimeLight' and 'GreenLight', and in 2019 with Club Mix Apple Cordial, which it called 'Apple of My Light'. In 2022, with the gradual resumption of economic activities in first quarter (after the pandemic lockdown), Emperador geared up for the 'revenge travel' - making up for the lost time and opportunities missed because of the pandemic – as it embarked on a "Travel Light with EMPI LIGHT" campaign encouraging consumers to leave behind worries and fears and instead make things in life 'Light', fun and enjoyable with 'Emperador Light'. In August 2022, a line of innovative **Premium Tower Cocktails** at the on-trade channel was also launched nationwide, expanding options on bar menus and offering a really exciting ingenuity of mixing 'Emperador' with different flavors which drinkers can easily recreate at home. '**Emperador Premium Cocktails**' immediately gained encouraging feedbacks and strong following, with '**Empi Honey Lemon**', '**Empi Lychee**' and '**Empi Cosmo**' - a mix of berries, among the favorites. And to further dominate the drinking consumption during the holiday season, a line of **Festive Cocktails** was launched with '**Merri Berri**' and '**Forever Fresh**' - our take on the popular-mojito drink has now become another Emperador hit at the on-premise accounts.

In 2023, Emperador elevates its "*Tagumpay*" brand story to the next generation as it launched "*Angat sa Tagumpay*" advertising campaign and "*Sakto sa Balsa*" advertising and below-the-line campaign, as it expanded availability of its banner brand 'Emperador Original' "**Lapad -375ml bottle**" in the smaller pack segment nationwide, with Daniel "DJ" Padilla as brand ambassador to inspire the younger generation to continue to celebrate their journey of successes, big or small. In second quarter of 2023, Emperador introduced another product bundle in selected supermarkets - "**EMPI + CHASER**", a new and enjoyable way of drinking Emperador with the free CHASER Sparkling Apple Iced Tea drink as an added value to consumers, to deliver an exciting fizz that provides a cool and refreshing sensation.

In fourth quarter of 2023, Emperador released digitally an online video of DJ Padilla's proud Pinoy moment as he visited the largest vineyard of Emperador in Toledo, Spain. "Salud! - From DJ" as he made known to all about how the best-selling brandy is made from natural-high quality grapes using modern state-of-the art technology and highly automated electronic system that is untouched by human hands, ensuring the highest quality and gold-standard, living up to being a World-Class Brandy.

In 2024, Emperador launched a new thematic campaign for 'Emperador Double Light' with a catchy & danceable jingle for the Generation Z consumers, reinforcing the *Doble Swabe, Doble Sarap* drink. This represents a fresh and young approach to connect with a new generation of drinkers. To add fun & excitement, a series of digital promotions for the *barkadas* – 'Win A Doble Vespa' and 'Doble Saya Sa Boracay' were implemented which gained significant engagements online. In another effort to engage young consumers, Emperador hosted its inaugural HRM Students Cocktail Competition online, awarding P100,000 worth of scholarships to the 10 grand prize-winning students nationwide, along with an additional P100,000 scholarship for their schools. The competition highlighted the versatility of Emperador, showcasing its potential as cocktail drink. The student winners serve as brand ambassadors who will play a significant role in promoting Emperador. To celebrate Father's Day in June, EDL launched its annual 'Buy for 1 Dad, Free 1 for Me' promo. This was supported by a digital video titled "*Empi Tayo, Papa!*" which humorously and lightheartedly highlights the bond between father and son. To conclude the year, Double Light released a digital video titled "Charades," which captured the festive spirit of holiday celebrations with friends. The video highlighted the fun and laughter shared during holiday get-togethers, showcasing Emperador as the drink of choice for joyful moments.

With the increasing number of drinkers who were drinking multiple types of alcoholic beverages, EDI's '**The BaR**' brand was born in 2009. The BaR is the first flavored vodka, gin and tequila beverages to be produced by a Philippine company. In 2018, '**The BaR Premium Gin**' line came out in three variants infused with flavors and botanicals imported from Spain. In 2020, EDI introduced 'The Bar Fruity Mix' and '**So Nice**' ultralight alcohol drink that capitalize on the strong Hallyu (Korean Wave) influence among Filipinos. In line with the continued growth of gin mixing, The BaR Gin O'Clock campaign in 2024. The campaign focused on engaging Gen Z and young millennial consumers while

strengthening The BaR Gin's presence in on-premise channels. Through the introduction of new cocktail flavor offerings and the use of a distinctive cocktail tower, the campaign increased brand visibility, encouraged trial, and showcased The BaR Gin's versatility across a wide range of mixing applications.

Against a highly challenging business backdrop, the market remained strong and attractive, driven by the continued performance of Emperador Brandy—Light, Double Light, Original—and its latest innovation, CLVB. Emperador Light and Double Light sustained their positions as formidable variants within the portfolio, reinforcing Emperador's leadership and broad consumer appeal.

In March 2025, Emperador further strengthened its category leadership with the launch of '**CLVB Emperador**' (or simply, 'CLVB'), a ground-breaking innovation positioned as the "Spirit of the New Era." Designed to engage the next generation of drinkers, 'CLVB' delivers a very smooth, delicious taste with no burn or harshness at 45 proof—making it the lightest and most welcoming variant in the Emperador family. Its rollout was supported by a robust, youth-driven launch strategy that included teaser-led TikTok engagements, a high-energy media launch at Nokal Bar in Makati, and the "Welcome to the CLVB" campaign through bar tours, in-store merchandising, and digital initiatives nationwide.

Building on this momentum, Emperador introduced Giant CLVB 1.5L in September 2025, offering greater value and a more shareable experience at an accessible ₱199 price point. The larger format resonated across both younger and adult drinkers, supported by strong shelf visibility and a holiday digital campaign 'Giant CLVB 1.5 -Very Big, Very Smooth' featuring a renowned online gen z group Malupiton and the Kolokoy Barkada who are known for their wit and humor. Timed for peak season, Giant CLVB achieved rapid market traction through community based key channels including 7-Eleven, O!Save, and Dali, driving strong offtake across Luzon, Visayas, and Mindanao.

Through disciplined execution, category-defining innovation, and deep consumer engagement, Emperador continues to lead the way in brandy: setting the standard not only in the Philippines but across the globe.

With the introduction of 'Emperador Deluxe' in 2013, EDI is the first to bring an imported liquor brand produced entirely in Spain that focuses on the Philippine market. And with the purchase of Bodegas Fundador in Spain, EDI took over the Philippine distribution of '**Fundador Brandy**', the Philippine best-selling imported premium brandy, beginning March 2016 and launched locally 'Tres Cepas Light' in December 2016, 'Tres Cepas VS' and 'Harveys' in 2017, 'Fundador Double Light' in 2018; and 'Fundador Super Special' during the last quarter of 2023.

Following its launch in the last quarter of 2023, '**Fundador Super Special**' has quickly gained traction in the Philippine market and has become an important contributor to the Group's premiumization strategy. When Emperador acquired Fundador, imported spirits represented only a small share of the overall category; today, the segment accounts for more than ten percent of total spirits, reflecting a structural shift in consumer preferences toward more premium offerings. 'Fundador' has been at the forefront of this expansion, delivering double-digit growth over the past three years. In 2025, imported brandy emerged as the fastest-growing segment in the liquor industry, with 'Fundador Super Special' helping drive growth within the imported category. The introduction of 'Fundador Super Special' supports the Group's ongoing premiumization strategy by expanding the reach of imported brandy to a wider consumer segment.

To support awareness and accelerate trial, the Company implemented the nationwide 'Fundador Super Special Promo', which generated strong consumer participation and engagement across both digital and on-ground channels while significantly boosting brand visibility. The successful rollout of the product and promotional campaign highlights the Group's continued ability to introduce compelling offerings that resonate with evolving consumer preferences while strengthening its leadership in the brandy category. As premiumization continues to shape the industry, Fundador is playing an increasingly important role in the Group's long-term growth strategy and in expanding the presence of imported brandy in the Philippine market.

EDI continues premiumization of its product portfolio with the introduction of the higher-priced single-malt and blended **Scotch whisky** products in the local market. In October 2015, 'Andy Player Black

Blended Whisky' was launched, with the aim of cultivating a whisky-drinking culture in the local market.

EDI has an **extensive nationwide distribution network** that provides it with a distinct competitive advantage. Its distribution network is operated through sales offices and distribution outlets throughout the Philippines. In addition, EDI employs its own sales and distribution force and vehicles fleet. EDI employs a majority of its sales force in-house that enables EDI to work closely with its customers and develop strong relationships with them. It continually seeks ways to expand the reach of its distribution network.

### *Our Scotch Whisky Business*

The **Scotch Whisky Industry** is a longstanding, homegrown sector that dates back to 15<sup>th</sup>-century Scotland and is widely regarded as a cornerstone of the UK economy. Scotch Whisky is the world's number one internationally traded spirit<sup>15</sup> and continues to set the benchmark in the spirits industry<sup>16</sup>. While **export values** rose sharply to record-high in 2022 (+37% to £6.2 billion, up £1.68 billion on 2021 and £1.28 billion compared with pre-pandemic 2019), export value declined over the following years: -9.5% to £5.6 billion in 2023, -3.7% to £5.4 billion in 2024, and a further -1.8% to £5.3 billion in 2025, although this remained around 10% above 2019 levels amid turbulent global trading conditions. In contrast, **export volumes** increased in 2024 (+3.9% on 2023 and +7% on 2019), which the industry said reflected shifting global consumer preferences and a challenging trading environment.<sup>17</sup> However, tariffs have had an impact with export volumes falling -4.3% in 2025.<sup>18</sup>

The **Whyte and Mackay business** traces its history to the docks of Glasgow, Scotland **in 1844**. By the late 19<sup>th</sup> century, Glasgow was famous for its shipbuilding, pioneering its craft all over the world. It was at this time that James Whyte and Charles Mackay began to marry the best whiskies of Scotland with the intention of creating the smoothest and most distinctive blend of Scotch Whisky. In 1960, The Dalmore distillery, which has been producing exceptional single malt whisky since 1839, was acquired; and by 1965 'Whyte & Mackay' became the fifth most popular brand in Scotland. Today, Whyte and Mackay is recognised as the sixth largest Scotch whisky producer worldwide, with a highly respected portfolio of brands within the industry. The company's products are sold in 116 countries, enjoying a robust presence across key international markets, including Europe, Asia, and North America, as well as in global travel retail channels. Headquartered in Glasgow, Whyte and Mackay operates four malt distilleries and a grain distillery, underpinning its comprehensive malt and grain whisky production capabilities. Furthermore, the organisation has invested in its own warehousing, a state-of-the-art bottling facility, and a modern distribution centre, ensuring stringent quality control and efficient global distribution. In 2019, Whyte and Mackay was again awarded with the International Wine and Spirits Competition ("IWSC") Scotch Producer of the Year; it also received the same award in 2017 highlighting the extremely high-quality for which the company is renowned.

In 2025, Whyte and Mackay achieved significant industry recognition, further reinforcing its position as a leading player in the global Scotch whisky market. Whyte and Mackay was recognized with seven nods from World Drink Awards and Icons of Whisky 2025, including Communicator of the Year (USA and Global), and Production Team of the Year (Scotland) in respect of Tamnavulin Distillery. In addition, US-based Wine Enthusiast magazine included several Whyte and Mackay brands in its prestigious list of the 100 best spirits of 2025, with The Dalmore King Alexander III named as the best whisky of the year. Other expressions from Fettercairn, Jura, and Tamnavulin also featured on the list, underscoring the strength and diversity of the company's offerings.

Additionally, Whyte & Mackay was recognised as one of the United Kingdom's Best Workplaces in Manufacturing, Production & Transportation for 2025 by Great Place to Work® UK, following its

---

<sup>15</sup> Scotch Whisky Association. (n.d.). Scotch Whisky Export Figures: 2024, see in <https://www.scotch-whisky.org.uk/industry-insights/international-trade>.

<sup>16</sup> IWSC 2025 results da Sept 17, 2025, see <https://iwsc.net/news/spirits/inside-the-2025-reults-the-global-state-of-spirits>

<sup>17</sup> Scotch Whisky Association articles dated February 13, 2025 and February 12, 2026, as updated for HMRC's export release in March 2026, see in [www.scotch-whisky.org.uk/newroom](http://www.scotch-whisky.org.uk/newroom)

<sup>18</sup> Scotch Whisky Association article dated February 12, 2026.

accreditation in November 2024. This accolade demonstrates the company's dedication to cultivating a positive, inclusive, and high-performing workplace culture.

The Scotch Whisky Industry as a whole continued to experience trading headwinds in almost every market around the world in 2025, and WMG was similarly affected. Internationally, Travel Retail remained a driver of growth for the business. In domestic markets, consumer shopping behavior continues to reset post-pandemic. In addition, having built up inventories in response to supply chain challenges during the pandemic, retailers, wholesalers and distributors continued to reduce their inventories further impacting sales.

Industry media cite indicators of softening consumer demand in China, which has been an important source of growth for WMG, particularly within the luxury consumer segment. In the home market of the UK, Jura and Tamnavulin continue to lead category growth, with Jura remaining the No 1 Single Malt Brand (volume and value), and Tamnavulin No.2 (volume) as of January 2025<sup>19</sup> despite the UK being an increasingly competitive market place.

### The Dalmore

The prestigious Highland Single Malt Whisky, The Dalmore, leads the WMG portfolio and is continuing to build positive momentum within the luxury whisky category. The Dalmore's upward trajectory in the Ultra Premium and Prestige price category continues, where it remains the fastest growing Top 10 Global Malt Brand by value, up 9.3% in most recent data, which spans 2019-2024.<sup>20</sup>

Within a challenging category climate, 2025 was an impressive year for The Dalmore, with several new, rare and exceptional releases. Supported by compelling and unique storytelling on a truly global level, The Dalmore was able to engage, inspire and attract consumers by also tapping into their passions beyond whisky, like design and travel.

The headline activity was the launch of the third and final edition of The Dalmore's groundbreaking Luminary Series, with Ben Dobbin of world-renowned Foster + Partners as the 2025 Luminary. Known for his work on the iconic Apple Park and the revitalization of San Francisco's Transamerica Pyramid, Ben created two new whiskies with The Dalmore's Master Whisky Makers – The Rare and The Collectible - as part of this special and highly-regarded series.

The Dalmore Luminary 2025 Edition - The Rare – was an extremely rare Single Malt Whisky, Aged 52 Years, housed within a bespoke sculpture designed by Dobbin, inspired by the landscape surrounding The Dalmore. This was presented at auction by Sotheby's, in support of partner V&A Dundee, Scotland's design museum. The Collectible was a rare Single Malt Whisky, Aged 17 Years, inspired by 'The Rare' and strictly limited to just 20,000 bottles available globally.

The sculpture and whiskies were unveiled in Venice at The Biennale of Architecture – the 'Olympics of design'. The Dalmore event was described as a 'hot ticket', with attendees from the worlds of architecture, design, luxury spirits and top tier media, the first to try The Collectible, along with bespoke cocktails and canapes, including a welcome drink designed by brand partner, The Four Seasons. Launching in Venice further established The Dalmore as a credible cultural player within the global architectural and design world, appearing alongside brands such as Porsche and Rolex, who were also showcasing at The Biennale.

The launch of the third edition of the Luminary Series was continued in key markets, including in London, UK, at 30 St Mary's Axe, better known as the world-famous Gherkin building, designed by Foster + Partners. Over 160 attendees spanning whisky, luxury spirits, art, design, lifestyle and cultural tastemakers enjoyed guided tastings and bespoke cocktails inspired by the flavours of this third edition. Private tasting events were held in the USA, France and Taiwan, with a private dinner also hosted in partnership with Sotheby's Hong Kong, where the sculpture was showcased, ahead of auction

---

<sup>19</sup> Based in part on data reported by Nielsen IQ through its Retail Measurement for the Malt Whisky Category for the 52 week period ending 4<sup>th</sup> January 2025, for the UK'. (Copyright © 2025. Nielsen Consumer LLC)

<sup>20</sup> IWSR drinks market analysis, 2024 dataset

The Dalmore's second headline release of 2025 was The Cask Curation Series – The Red Wine Cask Edition. For this eagerly anticipated third edition, The Dalmore showcased what can be achieved with red wine maturation, working with their world-renowned partner, Château Mont-Redon. As with the previous Sherry and Port editions, this release was highly limited to only 150 sets worldwide, with three Single Malt Whiskies included, this time Aged 24, 34 and 43 Years, finished in Châteauneuf-du-Pape casks.

A multi-layered campaign saw the global launch take place in the South of France, authentically connecting to the winery, at The Four Seasons Grand Hotel Du-Cap, in Cap Ferrat. A bespoke 2-day media trip was crafted and curated to engage a new audience, cultural tastemakers, with influential online followings and followers aligned to those of The Dalmore's target audience. The itinerary featured a private tasting of The Edition and an exquisite dinner, enriched by design at every touchpoint.

The Dalmore collaborated on an exclusive partnership with ultra-private media title Sports World which saw NBA Superstar Kyle Kuzma on the front cover, and an in-depth multi-page interview and social content, discussing his love and passion for red wine, the South of France and The Dalmore. Two truly authentic partners for The Dalmore, which resonated with senior figures in aligned luxury brands and sports figures alike, unlocking a series of new opportunities.

Global Travel retail remains a key focus and area of growth for the business, with two new releases in 2025. A new core range series, The Dalmore Anthology was launched featuring three exquisite whiskies aged 13, 16, and 19 Years, each finished in Pedro Ximenez Sherry casks. Standout activations inspired by the series concept took place globally, including an exclusive in Dubai Duty Free.

Secondly, The Portfolio Series, which sees The Dalmore collaborate with upcoming talent to design bespoke packaging, entered its second year. The three red wine finished whiskies of the series, were this time interpreted as an imaginative and modern take on The Dalmore's McKenzie tartan by Gabriella Marcella.

Building on the launch of The Dalmore's owned Direct to Consumer capabilities and retail boutiques in select locations around the world, the second edition of The Distillery Select Series was launched. Exclusive to these outlets, the Series featured a trio of rare and limited-edition whiskies, exclusive to shoppers on The Dalmore website. Comprising a Cabernet Sauvignon cask finish Aged 13 Years, a Loire Valley cask finish Aged 17 Years, and a Colheita Tawny Port cask finish Aged 28 Years, each whisky was available in differing quantities, reflecting their rarity, scarcity and the truly small nature of the parcels of spirit from which they were created.

The year 2026 is set to be a momentous year for The Dalmore, with new whiskies to be unveiled across both core and limited-edition ranges, as well as the highly anticipated opening of the distillery's reimagined brand home guest experience.

## Jura

In 2025, Jura continued its impressive momentum as the third fastest-growing top 20 global malt brand by value from 2019 to 2024 and maintained its position as the leading single malt brand in the UK.<sup>21</sup> Within the UK, Jura Single Malt Whisky is the No. 1 Single Malt Whisky by volume and value. The domestic range includes a 12 Year Old, 14 Year Old and 18 Year Old, alongside three cask editions'- American Bourbon, Caribbean Rum and French Cognac- offering shoppers easy to navigate, accessible propositions that help recruit consumers to the brand and category.

This year marked a significant milestone for the brand with the introduction of refreshed packaging, signalling a strategic evolution designed to enhance accessibility and consumer engagement. The innovative packaging incorporates a pioneering taste scale, an industry first, enabling consumers to easily identify the key flavour notes in every bottle. By moving away from technical jargon and focusing on clarity, Jura has made the selection process more intuitive, with clear age statements and user-friendly design cues that instil confidence in both new and seasoned whisky drinkers.

---

<sup>21</sup> IWSR, 2024.

As part of this transformation, Jura 12 Year Old has replaced the Jura 10 Year Old as the new entry point to the aged range, offering vibrant notes of peach, citrus, and walnut. This expression embodies Jura's signature fruity and balanced house style, expanding the brand's reach to a broader audience. Additionally, 2025 saw the release of a new cask edition – French Cognac Cask, and a new range of four Global Travel Retail exclusive expressions, further reinforcing the brand's commitment to innovation and consumer appeal. These strategic developments underscore Jura's focus on driving long-term growth and value creation, positioning the brand for continued success in the global premium single malt market.

### Tamnavulin

Tamnavulin has demonstrated exceptional growth, emerging as the fastest-growing top 20 global malt brand by value between 2019 and 2024, and securing the position of the second best-selling single malt in the UK.<sup>22</sup> Strategically positioned to appeal to the mainstream malt consumer, Tamnavulin has successfully gained market share in every region it has entered, with particularly strong performance in the UK and European markets, driven by the introduction of innovative new products. Tamnavulin's delicious taste and great quality continues to delight consumers in many markets none more so than in Sweden where the brand became the nation's favourite single malt whisky (Source: IWSR 2024).<sup>23</sup>

The brand's core range, comprising Double Cask, Sherry Cask, and Port Cask expressions, has been further bolstered by a series of special cask finish releases. These offerings have enabled Tamnavulin to secure prominent shelf space at attractive price points, broadening its consumer base and enhancing recruitment through a diverse, flavour-led portfolio. This robust growth trajectory and product innovation highlight Tamnavulin's strong potential for continued expansion and value creation within the global single malt whisky sector.

### Fettercairn

Acknowledged as a "hidden gem", Fettercairn Highland Single Malt is known for its distinctive "tropical" house style and its innovative copper cooling ring. Fettercairn distillery, one of the oldest distilleries in Scotland, has become a favourite amongst knowledgeable whisky consumers and media. As a scarce whisky with rich provenance and distinctive style, Fettercairn is positioned an ultra-premium brand, between The Dalmore and Jura.

Fettercairn launched limited edition expressions alongside a permanent collection of 12, 28, 40 and 50 Year Olds, as well as the new Fettercairn 18 Year Old in 2022, which won industry 2022-23 Production Innovation of the Year (Spirits Business), and led to our Master Whisky Maker being crowned 2023 Worldwide Distiller of the Year (Icons of Whisky), converting the commendation made for Scotland in 2022. In 2023, Fettercairn entered the worldwide Top 50 Single Malt Brands for the first time<sup>24</sup>. In August 2024, Fettercairn launched a new permanent collection, now lead by the 16 Year Old, 12 Year Old, and the annual release of the 18 Year Old. In Global Travel, the accompanying collection featured a 14 Year Old and 17 Year Old, as well as the 18 Year Old. This architecture is designed to aid consumer recruitment, as the brand seeks to capitalize on future growth opportunities.

The distillery marked its 200th anniversary in 2024, marking a series of celebratory moments, most notably the 200th Collection. WMG partnered with famed cabinet maker John Galvin to create a stunning piece of furniture to house a landmark collection of six incredibly rare whiskies in bespoke bottles and copper stoppers. Each whisky was specially selected to mark key milestones in the distillery's history, showcasing the legacy and future of imaginative whisky making at Fettercairn. A very rare 60 Year Old was paired with the rarest whisky in the collection – a 3 Year Old, marked as exceptional for its finish in Scottish Oak. This finish is atypical for the industry and a product of the innovative Scottish Oak Programme that was founded at Fettercairn.

Fettercairn launched into the USA for the first time in 2025 with a highly limited number of Rare releases, including 24, 28, 40, 46 and 50 Year Old whiskies. The highlight of this introduction to the

---

<sup>22</sup> IWSR, 2024.

<sup>23</sup> IWSR, 2024.

<sup>24</sup> IWSR drinks market analysis, 2023 dataset.

US market was Forbes declaring that the 28 Year Old was “the best whisky in the world”.<sup>25</sup> This positive reaction lays the groundwork for the 12 and 16 Year Old whiskies to launch in the US in Q2 of 2026.

The spirit of innovation continued throughout 2025 with the international launch of The Vanguard Series, and the introduction of a series of small batch releases. The Vanguard Series celebrated innovation in the whisky industry with a Rare 29 Year Old and the latest exploration of Scottish Oak with the 1st Release, demonstrating Fettercairn’s commitment to pushing the boundaries of flavour and sensory experience. It was named as one of the top ten most innovative releases in Single Malt Scotch Whisky, and top 40 for all spirits for 2025 by The Spirits Business. The distillery followed this up with incredibly rare small batch and single cask releases, including The Journey and Distiller’s Secret, designed to drive collectability, retailer buy-in, and underline the position as a highly imaginative, highly innovative distillery.

The strategic Single Malt brands are supported by a portfolio of contemporary whisky brands. ‘Whyte and Mackay’ enjoyed another exceptional year – a stand out performer - in the highly competitive UK blended whisky market - as it continued to gain share across the critical Grocery and Convenience channels. ‘John Barr’ sustained momentum internationally, with a particular focus on the US and chain liquor stores, which represents potential source of growth for the long-term. ‘Woodsmen,’ launched in 2018, is a key growth driver in the UK Grocery and Convenience, and launched its first consumer campaign in 2023 to industry acclaim. In 2024, it received recognition with a category award from the Marketing Society Scotland Awards.

#### *Our Spanish Brandy Business*

In the extreme south of the Iberian Peninsula, between the Atlantic Ocean and the rivers Guadalquivir and Guadalete, lies the **Marco de Jerez**. More than 7,000 hectares of vineyards that for centuries have been the cradle of the wines and brandies of Jerez, jewels of universal oenology.

**Jerez** is known as the world capital of sherry wine. It has been a center of viniculture since winemaking was introduced to Spain by the Phoenicians in 1100 BC. The Moors conquered the region in 711 and introduced distillation which led to the development of brandy and fortified wine. Sherry became very popular in Great Britain. **Brandy de Jerez** is a brandy that is produced only in the region of Marco de Jerez, a small area that has a unique climate in terms of sun, wind, humidity and earth that enhance the production and ageing of our brandys and sherrys in the west side of Andalusia, Spain. The name brandy is derived from the Dutch word “brandewijn” which means burnt wine while the term “holanda” is derived from Holland where most of exports went. Brandy de Jerez is produced by distilling wine, and generally contains 35-60% alcohol per volume. The creation of brand names for Brandy de Jerez occurred during the nineteenth century on the initiative of Sherry firms who were pioneers in the sale of brands which exist today, not only in Spain but in other countries worldwide.

Founded in the year **1730**, **Bodegas Fundador** is the **oldest** brandy and sherry company in Spain. Bodegas Fundador started with wine cellars that produced exceptional sherry wines for all over the world. In 1778, it expanded its vineyards by acquiring the historic Macharnudo Castle of the Macharnudo District in Jerez, home of ‘El Majuelo’ – a 268-hectare vineyard where the best quality of vines can be found. ‘El Majuelo’ has a special micro-climate that is the heart and the footstone for ‘Fundador Brandy’. ‘Fundador Brandy’ was born in 1874 when Pedro Domecq aged exceptional quality holandas through the traditional criadera and solera system in sherry-soaked American oak barrels discovering a golden liquid with an incredible aroma. ‘Fundador’ was the pioneer of “Brandy de Jerez” and has grown, over the centuries, to be Spain’s most recognized and largest export brandy. The versatility and size of Bodegas Fundador encompass a large and varied spectrum of well-known products aside from ‘Fundador Brandy’. Bodegas Fundador also produces other brandies such as ‘Terry Centenario’, Spain’s top-selling brandy, and ‘Tres Cepas’, Guinea’s best-selling brandy, as well as ‘Harveys’, the number 1 sherry in the world.

Taking age-old traditions to contemporary markets worldwide, Bodegas Fundador through its vineyards and cellars in Jerez, Spain and its distillery in Tomelloso, Spain, produce around 2 million

---

<sup>25</sup> Forbes, *The World’s Best Scotch Whisky, According To The Beverage Testing Institute*, Joseph V Micallef, 2025.

nine-liter cases yearly for different markets around the world. In 2005, they were recognized as the best winery of the year, and in 2017 and 2019, the best fortified wine producer of the year, both by the IWSC. The year 2019 has been another highlight year for Bodegas Fundador as it continues to reap awards. 'Fundador Supremo 18YO' was recognized as the "Best Brandy in the World", while 'Harveys Oloroso VORS' garnered the Best Sherry accolade, from IWSC for 2019. Bodegas Fundador has been nominated in 2020, 2022 and 2023 for the best brandy producing winery in the world by the IWSC, the annual wine and spirits competition founded in 1969 by German winemaker Anton Massel.

Bodegas Fundador further solidified its position as a global leader in the brandy and sherry categories throughout 2024. The year was marked by significant strides in international expansion and strong performance across key markets. These results underscore our unwavering commitment to building brands that resonate with an increasingly global consumer base while upholding the exceptional quality and heritage that define our products.

Fundador has successfully launched the 'Fundador Sherry Cask' in the main countries since 2022, leveraging the unique value of its Sherry Cask. This product range enhances the brand's premium image within the brandy segment with a contemporary liquid capable of satisfying the most demanding palates. Additionally, Fundador completed the redesign of the Classic range with the adaptation of the new 'Doble Madera (Solera Reserva)' and 'Triple Madera (Solera Gran Reserva)', both of which have been launch in key markets, further expanding the DO de Jerez scale. This redesign contributes to creating a coherent image under the umbrella of Sherry Cask. 'Fundador Sherry Cask', continues to make advancements in the market, forming new partners and expanding distribution, generating brand visibility and word of mouth marketing.

'Fundador Sherry Cask' continues to strengthen its international footprint through a focused expansion strategy across key markets. The core Fundador range has expanded its presence into new markets such as Panama and the Cayman Islands, the Netherlands and France, reinforcing the brand's global relevance and reach. In parallel, Fundador Supremo has been successfully introduced in the Netherlands, Panama and Austria, targeting higher-value segments and enhancing the brand's premium positioning.

'Fundador Super Special' has expanded into Panama, Latvia, Malta and Cayman Islands, broadening the portfolio's presence across strategic markets. This disciplined international expansion supports long-term growth, increases brand visibility and consolidates Fundador's position as a leading Spanish brandy brand worldwide.

In Spain, Bodegas Fundador continued to solidify its leadership in the Brandy de Jerez category. 'Fundador Supremo', the brand's premium offering, achieved +15% growth in sell-out performance for physical cases, despite still having small volume bases. This represents significant contributions in value. The Fundador Sherry Cask Classic Collection continued to build significant momentum, achieving a 4.2% volume growth FY and an impressive increase of 66% in the second semester. In contrast, Terry Centenario faced challenges during H2, due to the format change in Off-Trade from 1L to 0.70L version and competitor's aggressive promotional discounts. Nevertheless, Centenario remains the best-performing brandy spirit in Spain.

In the United Kingdom, the premiumization strategy of Fundador continued to yield positive results, becoming number 6 Brandy in the UK<sup>26</sup>. Another key milestone was the successful listing of Fundador Sherry Cask in Morrisons<sup>27</sup>. Meanwhile, Harveys Bristol Cream sales remained as LY despite market trend decrease of -3.7%. The strategic reduction in ABV from 17.5% to 15.5% enabled Harveys to gain competitive edge against Croft 1L on promo pricing.

The United States demonstrated accelerated momentum for Bodegas Fundador's brands. Harveys Bristol Cream recorded a -14% decline in depletions versus 2024, consistent with overall market contraction. Nevertheless, it continues to hold its position as the leader in the Imported Sherry Category. Fundador experienced a -17% decrease as a result of imported Brandy Category trend. On

---

<sup>26</sup> Based in part on data reported by Nielsen IQ through its Retail Measurement for the Total Brandy Category for the 52 week period ending 6<sup>th</sup> September 2025, for the UK Off-Trade. (Copyright © 2025. Nielsen Consumer LLC).

<sup>27</sup> It is the 4<sup>th</sup> largest supermarket chain in the United Kingdom.

a positive note, 'Fundador Light' exceeded expectations in Sell-In performance. Although volume is not significant, it suggests promising opportunity for future growth in the coming years.

In Italy, Fundador Sherry Cask recorded an -11% decline in depletions. To address this, a new strategy is developed for 2026, focused on expanding distribution into additional channels, particularly On-Trade segment.

Mexico delivered sustained growth across key categories. Fundador achieved a +15% increase in sell-in volume versus 2024 and +42% growth in value. 'Terry Centenario' posted a +2% value increase compared to last year.

Partnerships with Truebell and Holiday Marine in Middle East drove substantial growth. Fundador achieved a +23% increase in volume, driven by the outstanding performance of Fundador Super Special, which achieved +86% sell-in growth versus 2024, reaching 20K 9L cases in just its second year.

### 2025 Highlights of Bodegas Fundador's Excellence

In 2025, Bodegas Fundador reaffirmed its leadership in the premium brandy and sherry category through an exceptional performance at the most prestigious international wine and spirits competitions. The winery was recognized by the International Wine & Spirit Competition ("IWSC") as the No.1 Spanish Winery and ranked among the Top 50 Wine Producers worldwide in 2025, a milestone that positions Bodegas Fundador as one of the leading wineries globally and validates its long-term commitment to excellence, consistency and quality at portfolio level.

'Harveys' once again demonstrated outstanding performance across its premium and core ranges. In 2025, Harveys Bristol Cream was awarded "World's Best Sherry 2025" at the World Drinks Awards, consolidating its status as a global icon within the sherry category. In addition, the Harveys range achieved top scores and gold medals across key international references, including IWSC, Decanter World Wine Awards, Bacchus, Guía Peñín and CWSA, with consistently high ratings across Fino–Amontillado, Oloroso, Pedro Ximénez and Cortado styles. These results confirm not only individual SKU excellence, but also the strength and coherence of the Harveys portfolio.

Fundador's premium brandies delivered equally remarkable results in 2025. 'Fundador Supremo' achieved multiple Gold and Double Gold medals. A cross leading competitions, including San Francisco World Spirits Competition (SFWSC), where expressions such as Fundador Supremo 12 YO, 15 YO Amontillado and 18 YO Oloroso were awarded Gold and Double Gold distinctions, reinforcing the brand's premium credentials. Further recognition was obtained at the China Wine & Spirit Awards (CWSA) where several Fundador Supremo SKUs received Gold and Double Gold medals, supported by high scores in Guía Peñín and Bacchus 2025.

The Fundador Sherry Cask range also confirmed its excellence in 2025, with strong performances across World Drinks Awards, IWSC, SFWSC, Bacchus and CWSA, including Gold and Double Gold medals for key expressions such as Sherry Cask Solera, Double Madera and Triple Madera, all supported by consistently high ratings from international juries.

Finally, 'Terry Centenario' brandy continued to build its international credentials, achieving Gold medals at top-tier competitions, including San Francisco World Spirits Competition, further validating the quality of the liquid and reinforcing the brand's leadership in the Spanish brandy category.

Overall, the 2025 awards confirm structural excellence across Bodegas Fundador's entire portfolio, demonstrating that awards are used as a strategic quality validation tool rather than short-term visibility, and reinforcing the company's positioning as one of the most respected producers of premium brandy and sherry worldwide.

Bodegas Fundador operates as a global leader in the brandy and sherry industry. The company's brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and the USA. The group generates more than 80% of its sales revenues from Spain, the Philippines and Mexico,

with the remaining revenue coming from other European, American and African markets. Strategic growth will be driven by brand-led initiatives, complemented by private label business support.

To improve and strengthen its worldwide presence and positioning on the wines and spirits' markets, GES, in 2014, entered into a business collaboration scheme with Gonzalez Byass, with the acquisition by GES of a 50% stake in BLC, with the remaining 50% in the hands of Gonzalez Byass, and later that year with the incorporation of two fully owned subsidiaries of BLC, Alcoholera de la Mancha Vinícola, S.A.U. (“**Alcomasa**”), focused on the exportation of distilled wines and Viñedos, devoted to the planting and farming of several vineyards in Toledo.

In 2017, once again a business collaboration with Gonzales Byass took place with the formation of a new company joint venture equally owned by GES and Gonzalez Byass, Domecq BLC, who manages the business related to the Pedro Domecq brand portfolio, and three (now two) Mexican subsidiaries called Pedro Domecq S.A. de C.V., Bodega Domecq S.A. de C.V. (absorbed in 2019 by Pedro Domecq S.A. de C.V.) and Domecq Distribucion de Bebidas SA de CV (known as Gonzalez Byass de Mexico at that time and absorbed by Pedro Domecq, S.A. de C.V. in 2021).

In 2024, Fundador commemorated its 150 years of history with memorable celebrations that highlighted its rich heritage and forward-looking vision. Additionally, a commemorative limited-edition bottle for the 150th anniversary was launched and presented at exclusive events.

For those interested in learning more about Fundador's legacy, a 150th-anniversary book was also launched, covering the entire history of Fundador from its inception in 1874 to the present day. This celebration not only honored 150 years of excellence but also invited new generations to discover and enjoy Fundador's rich heritage.

## PRODUCTS / New Products

The Emperador group's brand portfolio is well diversified and extends across a broad range of price points within both the Scotch whisky and brandy segments, from accessible and standard brands such as John Barr, Tamnavulin, Emperador and Presidente, to premium and super premium labels such as Fettercairn, Fundador Exclusivo and Supremo, and up to the luxury segment with The Dalmore, as shown in picture below (or succeeding page as the case may be).

Vendors may sell the products at higher or lower prices than EDI's suggested retail prices, depending on outlet margin requirements and their operating costs. The Government does not regulate the price of alcoholic beverages in the Philippines. However, manufacturers of alcoholic beverages in the Philippines are required to pay an excise tax on alcohol production based on the percentage of alcohol contained in the beverage and net retail price.

The Group manufactures its own brands.



### Our Philippine Portfolio

'**Emperador Brandy**', the first brandy label, was launched in 1990 in the Philippines and is currently the leading local brandy in the country. In 2010, '**Emperador Light**' was introduced in response to a growing market for alcoholic beverages with lower alcohol content and targeted at younger alcoholic beverage consumers. '**Emperador Light Spanish Edition**' was launched in 2023 in UAE. In March 2013, EDI introduced '**Emperador Deluxe Spanish Edition**', a premium brandy imported from Spain that is created specifically to appeal to the Philippine palate. The sin tax regime on liquor, which started on January 1, 2013, leveled the playing field for imported liquors and provided a prime opportunity to introduce 'Emperador Deluxe' to the Philippine market. In June 2019, a lighter variant was introduced, the '**Emperador Double Light**' for that '*dobleng saya, dobleng tagumpay*' feeling. This lower alcohol, lower calories smooth fruity drink targets the younger generation of drinkers who are growing more mindful about health and wellness trends. In 2022, newly improved '**Emperador Original**' with a 58.72 proof was introduced offering the classic depth, richness, body, and strength for one's mouth feel but still within the smoothness range preferred by Filipinos. Currently, it has the strongest alcohol content in the Emperador portfolio. From time to time, Emperador offers innovative products to add excitement in consumers' drinking. In August 2021, 'Emperador Coffee Brandy' was launched bringing more fun to coffee and more enjoyment to brandy for that '*sarap maka-feel good*' feeling. In second quarter of 2023, '**Chaser Sparkling Apple Iced Tea**' was launched as the perfect pair to the favorite Emperador. It highlights how versatile Emperador is enjoyed by Filipinos whether neat, on ice, mixed or with a chaser. In March 2025, Emperador further strengthened its category leadership with the launch of '**CLVB Emperador**' (or simply, 'CLVB'), an innovation positioned as the "Spirit of the New Era." 'CLVB' delivers a very smooth, delicious taste with no burn or harshness at 45 proof—making it the lightest and most welcoming variant in the Emperador family.

'Emperador' continues to win **international recognition**. In the Distilled San Diego Spirits Competition (in 2019), 'Emperador Brandy' won the silver medal while 'Emperador Light' won the bronze medal. At the 2016 International Review of Spirits, organized by Beverage Testing Institute in Chicago, 'Emperador Solera Brandy' won the silver award (highly-recommended), with added special recognition as "Best Buy", by garnering 89 points while 'Emperador Light' received the bronze award (recommended) with 83 points. The "Best Buy" recognition is an added excellence award given only to the spirits or wines that provide uncommon value. 'Emperador' is the only Filipino brandy to be included as one of the best brandies in the world with 'Solera' and 'Emperador Light'.

Emperador achieved another significant milestone with its recognition as the World Branding Awards 2025 "Brand of the Year" in the Alcoholic Beverages – Spirits category, conferred in Osaka, Japan. This global distinction affirms the brand's sustained leadership, resilience, and relevance amid shifting consumer behaviors across the Asia-Pacific region.

The premium and imported lines, '**Emperador Deluxe Special Reserve**' and '**Emperador Grand Supreme**' are retail store exclusives.

'**Andy Player Whisky**', a popular drink in the '80s, was revived in October 2015. The whisky blend has a unique character, rich aroma and complex taste which include orange marmalade and maple syrup. '**Andy Player Extra Smooth Whisky**', was launched in August 2024. With an ABV of just 25.5%, it is an excellent entry drink to the world of whisky. It is currently making waves in the Visayas and Mindanao regions, targeting Gen Z drinkers who prefer a light and smooth beverage.

'**The BaR**' was initially launched in 2009. 'The BaR' is marketed as a ready-to-serve flavored alcoholic beverage with low alcohol content. In the third quarter of 2012, EDI introduced 'The BaR' cocktails line primarily targeted at younger alcoholic beverage consumers and female customers. In mid-September 2018, '**The BaR Premium Gin**', infused with botanicals from Spain that gives it a delicious burst of flavor not found in local gin products, was launched. This world-class premium gin line comes in three variants: **Pink** with flavors of mixed berries, **Lime Gin** infused with lime flavors, and **Premium Dry** infused with imported botanicals. The BaR Premium Gin is not only far better but also different. It is dubbed as 'the gin for the new generation'. In August 2020, '**The BaR Fruity Mix**' was launched as more young Filipino drinkers appreciate light alcoholic beverages, while recognizing the strong Hallyu (Korean Wave) influence as an opportunity to relate to these young drinkers. 'The BaR Fruity Mix' is a fruit-forward and ultra light alcohol that comes in two flavors – Pink Grapefruit and Green Grape.

**'So Nice'** is an ultralight alcohol that gives consumers a refreshing and flavorful drinking experience. This clear, colorless, distilled spirit is available in three variants – green grape, grapefruit and original. It was launched in November 2020 catering to Filipino youth who prefer a lighter drink at an affordable price.

**'The New York Club No. 1 Vodka'** is an extremely smooth vodka produced and bottled in the USA. Evoking the vibrancy of New York City's nightlife, this vodka is so crisp, so clean, so smooth. It is distilled six times from the finest ingredients for that extra smoothness, and filtered to perfection, making a versatile drink for every occasion.

**'Smirnoff Mule'**, is the number one ready-to-drink beverage in the category. A full-flavored blend of Smirnoff Vodka, ginger beer, and lime, Smirnoff Mule delivers a refreshingly smooth taste with a bold kick at 6% ABV. Smirnoff Mule is being manufactured and distributed by EDI under a licensing agreement with Diageo North America, Inc. To date, Smirnoff Mule is the number one product in the ready-to-drink category.<sup>28</sup>

**'Charles & James Light'** was introduced to the Philippine market in August 2022. Imported from Scotland under Whyte and Mackay, Charles & James is a Light Blended Spirit that is distilled and aged in oak barrels and expertly crafted for exceptional richness. It is smooth and light at 25% ABV, specifically made for the Filipino palate. Charles and James Light is the stepping stone to the world of whisky. It is the country's fastest-growing imported whisky.<sup>29</sup>

**'Zabana Philippine Rum'** is an award-winning brand of rums created by Filipino master blenders from the purest sugarcane sourced across the country. Its rums range from entry level (Zabana 8 and Blanco), mid-level (Zabana XO and White), premium (Zabana Small Batch Tropical Spiced Rum, Sherry Oak Cask, and 1997), to ultra-premium (Zabana Single Barrel). Over the years, these rums have accumulated a number of recognitions from award-giving bodies such as Cathay Pacific Hong Kong International Wine & Spirit Competition, International Spirits Challenge, Monde Selection, and SIP Awards. In 2024, the brand was renamed **'Cazabana'**.

EDI also **imports and distributes** the Group's products from the distilleries in Spain and Scotland. In 2015, EDI introduced its Scotch Whisky variants in the local market. It also began distributing 'Fundador Brandy', the Philippine best-selling imported premium brandy in March 2016 and launched locally 'Tres Cepas Light' in December 2016. EDI also started distributing 'Harveys Bristol Cream' and 'Fundador Double Light' in 2017.

EDI also distributes **'Pik-Nik'** brand shoestring potato snacks and **Gallo wines**. The 'Pik-Nik' brand is owned by AGI Group.

#### Our Scotch Whisky Portfolio

**Scotch whisky** is Scotland's leading indigenous product and is now established as the leading international spirit drink, making it one of Britain's most important exports. It is a distilled spirit made (distilled and matured) in Scotland using *only* cereals, water and yeast. Most whiskies mature far longer than the legal minimum of three years, and the maturation period varies for different whiskies. The age statement on a bottle reflects the amount of time the youngest whisky in that bottle has spent maturing in a cask.

Whyte and Mackay has built on its foundations as a leader in the Scotch Whisky industry.

The award-winning whisky maker's collection now features three **Single Malt Scotch** brands with real momentum in their respective segments, ranked in the top twenty worldwide, by industry authority The IWSR. Fettercairn, is the 4<sup>th</sup> strategic international brand in the portfolio, which is a scarce ultra premium proposition establishing its reputation as a hidden gem of Single Malt.

---

<sup>28</sup>NeilsenIQ, 2025 dataset.

<sup>29</sup>Ibid.

Looking in the near-term; The Dalmore is the fastest growing Top 10 Single Malt Brand 2018 – 2023 (+17.7% 18-23).<sup>30</sup> Fettercairn has entered the worldwide Top 50 Single Malt Brands and doubled its sales value since 2020<sup>31</sup>, Jura – The UK’s Number 1 Single Malt<sup>32</sup> – is the 3<sup>rd</sup> fastest growing brand in the Top 20 (+20% versus 2019), whilst Tamnavulin is now the fastest growing brand in the Top 20 (19-23, +23%)<sup>33</sup> and Number 2 in the UK (volume). WMG is living by its mission to be a driving force in whisky, renowned for building brands that stand out.

## Dalmore

'**The Dalmore**' continues to enjoy exceptional performance, a 'Masterpiece of Malt'. **The Dalmore 'Decades'** concluded in first quarter of 2022, having featured a once-in-a-lifetime collection of whiskies celebrating whisky making artistry across six decades. The campaign broke records for Sotheby's Asia, achieving \$1.1M at auction. The collection secured prestigious features in Paris, Los Angeles, London, Taipei and Shanghai. The Dalmore 'Decades' set a new standard in luxury spirits marketing, with a boutique in Hainan, elite performance on Tmall and Whyte and Mackay's first Non-Fungible Tokens (NFTs) partnership. In 2022 The Dalmore launched **The Luminary Collection**, a partnership with renowned Japanese architect Kengo Kuma and design institution V&A Dundee – Scotland's first design museum. The innovative product harnessed Japanese and Scottish Oak Casks, to mature the rare 48 Year Old whisky, as a tribute to the two luminaries behind the project Kengo Kuma and Richard Paterson OBE. A collectible Limited Edition was developed by their proteges Master Whisky Maker Gregg Glass and Maurizio Mauciolla, which sold at pace in global outlets. In 2024, Luminary No.2 was launched, featuring Melodie Leung as the luminary partner. This edition includes a stunning glass sculpture that encapsulates the movement of the spirit within the stills at the Distillery. The **Cask Curation Series** was also launched as a celebration of the technical expertise within the curation of exquisite rare casks that is at the heart of the whisky making artistry for which The Dalmore is renowned. **Edition 2: Port Edition** celebrated the exclusive relationship with Portugal's finest winemakers, Symington Family Estates – and their Graham's Port. In Global Travel, The Dalmore launched the **Portfolio Series** – a stunning presentation of three whiskies created in collaboration with an artist, and a further initiative of the landmark partnership with V&A Dundee, Scotland's design museum. In 2025, The Dalmore launched 'The Dalmore Luminary 2025 Edition-Rare', and rare Single Malt Whisky, aged 52 Years, housed within a bespoke sculptured designed by Dobbin and auction by Sotheby's, in support of the V&A Dundee. The Collectible was a rare Single Malt Whisky, Aged 17 Years, inspired by 'The Rare' and strictly limited to just 20,000 bottles available globally. The Dalmore's second headline release of 2025 was The Cask Curation Series – The Red Wine Cask Edition, limited to 150 sets worldwide and Aged at 24,34 and 43 years. The Dalmore collaborated on an exclusive partnership with ultra-private media title Sports World which saw NBA Superstar Kyle Kuzma on the front cover, and an in-depth multi-page interview and social content, discussing his love and passion for red wine, the South of France and The Dalmore. Two truly authentic partners for The Dalmore, which resonated with senior figures in aligned luxury brands and sports figures a like, unlocking a series of new opportunities.

The Dalmore Master Whisky Maker Mr Gregg Glass, was awarded the honour of Distiller of the Year, Scotland, by the prestigious Icons of Whisky Awards 2023. The Dalmore was recognized by Icons of Whisky, with a number of commendations, including Communicator of the Year resultant from Cask Curation. The launch was awarded luxury launch of the year, for Global Travel Retail too.

The Dalmore's Richard Paterson, was awarded as Officer of the Order of the British Empire (OBE) by Queen Elizabeth II celebrating his visionary contribution to the industry over the past five decades. The "Most Excellent Order of the British Empire" is an order of British Chivalry created in 1917 by King George V. Titles in the Order are awarded to members of the public for significant contributions in their field of work.

WMG offers Single Malt and Blended Scotch whiskies, liqueurs and vodkas, under the following key brands:

---

<sup>30</sup> IWSR, Drinks Market Analysis, 2023 Dataset.

<sup>31</sup> IWSR, Drinks Market Analysis, 2023 Dataset.

<sup>32</sup> IWSR, Drinks Market Analysis, 2023 Dataset

<sup>33</sup> IWSR, Drinks Market Analysis, 2024 Dataset

'**The Dalmore Single Malt Scotch Whisky**' sits at the apex of the category in which it competes. It is positioned as a luxury brand, at the pinnacle of the luxury spirits category, and broadening its presence within the luxury consumer goods category.

The Dalmore's powerful stag emblem is built on a heritage that is rooted in the saving of King Alexander III of Scotland from being gored by a raging stag with a single arrow in 1263 by an ancestor of Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying 'royalty'. The Mackenzie family ran the Dalmore distillery from the mid 1800's until Whyte and Mackay took over. It is considered the most revered single malt whisky in the world.

**The Dalmore Principal Collection** consists of eight expressions (12 Year Old, 12 Year Old Sherry Cask, 15 Year Old, 18 Year Old, 21 Year Old, King Alexander III, Cigar Malt, Port Wood Reserve) as well as 14 Year Old which is a US market exclusive.

Our **Global Travel Retail range** comprises nine expressions (King Alexander III Travel Retail, 20 Year Old, 28 Year Old, Trio, Quartet and Quintet and three expressions within the Voyage of Time Collection which is a Taiwan duty free exclusive only).

Our **Rare & Prestige range** has five expressions (25 Year Old, 30 Year Old, 35 Year Old, 40 Year Old & 45 Year Old). In addition to these, we have Limited Editions which are a feature of this scarce and precious Single Malt, and include Cask Curation, the Portfolio Series, Distillery Select, Vintages and Luminary Series.

The Dalmore has cultivated a peerless catalogue of **ultra-rare releases**, which continue to be admired for their whisky making artistry and iconic moments in Single Malt history. Notable collections include '**The Dalmore Constellation Collection**', a rare ensemble of unique vintage single malts from the Highland distillery, and '**The Dalmore Decades**', a once-in-a-lifetime collection of whiskies. 'The Dalmore' is renowned for rare editions that have sold for industry redefining prices, including the most expensive bottle ever sold in a retail store. Its reputation is further reinforced by features in contemporary media as a highly revered brand, including a feature in Guy Ritchie's 'The Gentlemen' (Netflix, 2024).

A hallmark of a luxury, **The Dalmore's Private Client** proposition offers bespoke services to a select group of consumers worldwide. The Private Client experience delivers exceptional whiskies, meticulously tailored to each client's preferences. In 2024, The Dalmore Cask Curation was offered through the Private Client service, as the first public proposition that was offered through retail outlets, and for the first time, to Private Clients.

As an established international brand, The Dalmore continues to invest in inspiring and engaging consumers. The brand's position as a masterpiece of malt and its purpose to realise potential form the foundation of a renewed strategy rolled out to markets in 2024. The Royal Stag emblem serve as the masthead for creative executions designed to recruit luxury consumers.

'**The Dalmore Quintessence**' is the first and only single malt whisky in the world with five red wine cask finish. Master Distiller Richard Paterson travelled to California to hand select the five different casks in which this exceptional whisky would be matured; Zinfandel, Pinot Noir, Syrah, Merlot and Cabernet Sauvignon, each bringing their individual nuances to create a totally unique single malt.

'**The Dalmore Distillery Select**' launched in 2024 as a collection of three limited edition whiskies available exclusively via The Dalmore website, and boutiques.

'**The Dalmore Portfolio Series**' is a collection of three limited edition whiskies, designed for global travelers. Each offer a red wine finish, and are an example of the multi cask curation, for which The Dalmore has become renowned. The series is presented in vibrant packaging created in creation with a leading emerging artist, selected by partner V&A Dundee – Scotland's design museum. In 2024 the series unveiled its inaugural edition, in partnership with artist Fraser Gray.

'**The Dalmore Vintages**' are a celebration of the whisky making artistry for which The Dalmore has

become renowned. Each November the master whisky makers acquaint themselves with the rare cask laid down to mature at the Distillery. The Vintages are a celebration of those casks that are unusual, and offer a different expression of The Dalmore's house style. In 2024, two editions were released to domestic markets.

**'The Dalmore Luminary Series'** is a four-year series that celebrates the worlds of whisky and architectural design. Each release is a collaboration with a luminary, leading light, in architecture, alongside The Dalmore's master whisky makers. Each edition is led by a very rare piece sold at auction with renowned auction house, Sotheby's. The first edition featured Kengo Kumo of Japan. The second edition featured Melodie Leung of Zaha Hadid Architects. An accompanying Limited Edition 'collectible' is produced by the Luminaries and made available to domestic markets and global travel.

Jura

**'Jura Single Malt Scotch Whisky'** is a premium Scotch whisky that is considered a premium and mainstream single malt whisky. It is produced at the only distillery on the Isle of Jura, a very remote island off the west coast of Scotland. This brand is built upon building shared connection, with a creative platform that encapsulates this whisky made by a tiny Scottish island community 'More Than A Whisky'.

**'Jura Sherry Cask – 12 and 15'** is an Asian exclusive, which launched in Taiwan in 2023, and built distribution in China in 2024. Casks are hand selected from Jerez for the very best Sherry casks. A full finish in our Oloroso Sherry combines well with our Jura Spirit and account for 75% of the balanced flavour of our 'Jura Sherry Cask'. It is rich, fruity, and vibrant - with notes of chocolate, almond, and ripe plum. In 2024, Jura 15 Sherry Cask Edition launched as the second in the range, exclusively to Asia markets.

**'Jura 12 Years'** boasts a rich depth of flavour. The 12 Year Old is the key brand in the Jura signature series. Matured in American white oak ex-bourbon barrels for 12 years and finished in Oloroso Sherry casks from Jerez, Spain. This 12 Year Old offers refined, succulent tropical aromas of chocolate, walnut, and citrus fruit.

**'Jura 14 Year Old - Rye Cask'** is a 2022 release from Jura Whisky and celebrates Jura's bright community spirit; a close-knit group of around 212 warm and welcoming individuals, inspired by life on their island and all those who have a hand in making it. Matured in American White Oak ex-bourbon barrels, this spirit was then further matured in hand selected American rye whisky barrels to add depth and complexity with layered spice, aromatic, herbal and floral characteristics. The rye casks add distinctive layers of cinnamon, vibrant vanilla, cacao and warm honey flavours.

**'Jura 18 Year Old'** is matured in American white oak- ex-bourbon barrels and finished in Premier Grand Cru Classe Bordeaux barrels, imparting rich flavour of redbarriers, rich caramel and a touch of sea salt.

**'Jura Cask Editions'** consists of three expressions; (i) Jura American Bourbon Cask, matured in American Bourbon barrels for a fresh and fruity finish. With layers of ripe citrus fruit, vanilla and salted caramel; (ii) Jura Caribbean Rum Cask, finished in select Caribbean rum casks for a smooth, creamy and fruity finish. With layers of tropical fruit, sweet citrus and a hint of vanilla spice; and (iii) Jura Cognac Cask, finished in select Cognac barriques from France for a smooth and fruity finish. With layers of ripe peach, hazelnut and sweet spice.

**'Jura Rare & Prestige'** collection showcases a selection of old and rare stocks from the brand's whisky making history. The six expressions range from Perspective No.1, Tide 21 Year Old, 28 Year Old, 1993 Vintage, 1990 Vintage and 1989 Vintage.

Tamnavulin

**'Tamnavulin Single Malt Scotch whisky'** was launched in 2016, initially in the UK. The Tamnavulin Distillery was built in 1966 and was acquired by WMG in 1993. 'Tamnavulin' is the epitome of a Speyside malt; rich, smooth, elegant and refreshing. Tamnavulin is the Gaelic translation for 'Mill on

the Hill,' named in part after the 16th century woollen mill which sits on the site of the distillery. This Speyside is double cask. Matured in American Oak Barrels and finished in Amoroso Oloroso Sherry casks for a rich, full-bodied, sweet and mellow taste. EDI started distributing this product in the Philippines in 2018.

**'Tamnavulin Double Cask'** begins in American ex-bourbon casks, adding smoothness to our sweet, fruity spirit. Then, when the time is right, the whisky is finished in seasoned sherry casks. It has notes of Rich, warm aromas of apple, toffee and honey with sweet marzipan and subtle tangy marmalade, Fresh, mellow with pear creamy peaches and pineapple and a hint of Demerara sugar.

**'Tamnavulin Sherry Cask Edition'** is matured in American Oak Barrels and enhanced by a finesse in three different sherry casks. This classic revelation from the Speyside Valley is marked with notes of vanilla pod, glazed nectarines, and hints of sticky toffee pudding.

**'Tamnavulin American Cabernet Sauvignon Cask Edition'** is finished in American Cabernet Sauvignon red wine casks. It has notes of Forest fruits, with fresh baked brioche, cacao and sweet spice dusting, alongside Sweet coconut and vanilla, with hints of gingerbread and blackberry.

**'Tamnavulin French Cabernet Sauvignon Cask Edition'** starts life in American ex-bourbon casks and is finished in French Cabernet Sauvignon red wine casks. It has notes of delicious, crisp orchard fruits, with poached pear and almonds, alongside warm nectarine flavours with subtle notes of plum and gingerbread.

**'Tamnavulin German Pinot Noir Cask Edition'** is finished in German Pinot Noir red wine casks and has notes of turkish delight, caramelised peaches and Seville orange, alongside tasting notes of vanilla, ginger, figs and cherries.

**'Tamnavulin Spanish Grenache Cask Edition'** is finished in Spanish Grenache red wine casks. It has notes of freshly cut flowers, caramelised oranges, marzipan and vanilla custard, alongside tasing notes of White chocolate and red berries followed by toffee apple, peach and coffee.

**'Tamnavulin Single Malt Scotch Whisky Vintage Collection'** rare range with expressions from the years 2000, 1979, 1973 and 1970, together with a new Tempranillo finish was launched in 2018 and is exclusively available in Asia.

**'Tamnavulin White Wine Cask Edition'** showcases the distinctive orchard fruit character of the Speyside distillery, which complements the flavours enhanced by the white wine finish. In line with Tamnavulin's tradition of double matured whiskies, this expression began its life in American White Oak barrels, before undergoing its second maturation in Sauvignon Blanc white wine casks.

**'Tamnavulin Port Cask Edition'** was released in 2024 offering notes of ruby and fruits. This new product innovation was aimed at the chain retail channel.

**'Tamnavulin Red Wine Cask Edition'** starts life in American oak barrels, but before it gets bottled, it enjoys a stay in French Cabernet Sauvignon wine casks, imparting a whole heap of warming dark fruit and sweet spice notes.

## Fettercairn

**Fettercairn** launched a new permanent collection of whiskies in 2024, reflecting the investment and availability of casks at key age-statements. The coming of age of stocks enables the brand to invest in a core range to replace the limited editions that were released in short runs 2018-2023. The domestic range features a 12 Year Old, 16 Year Old, 22 Year Old Scottish Oak, and is led by Fettercairn 16 Year Old. A differentiated range for Travel Retail, which is an important growth driver for the brand, features 14 Year Old, 17 Year Old and the 25 Year Old. The Fettercairn Rare & Prestige collection features a 28 Year Old, a 40 Year Old, a 46 Year Old and a 50 Year Old expression.

**'Fettercairn 24 Year Old'** showcases the tropical house style as it evolves in time. A significant age statement it encapsulates how the distinctive character of this whisky develops in 24 years, with intricate flavours of Madagascan vanilla and red liquorice alongside the rich tropical fruits with a sweet, spiced finish.

**'Fettercairn Very Rare 50 Year Old'** was released in extremely limited volumes, and bespoke crafted presentation case. Distilled in 1966 it offers antique notes of vanilla, pear and nectarine.

**Fettercairn 200<sup>th</sup> Anniversary Collection** was created in 2024 to mark the 200<sup>th</sup> Anniversary of the Distillery, and features six rare and very rare whiskies. Each whisky was selected to commemorate significant milestones in the distillery's history. The set was presented in a hand-crafted case of Scottish Oak, produced by famed cabinet maker John Galvin. The collection is strictly limited to 10 sets, for the domestic markets.

**'Whyte and Mackay Blended Scotch Whisky'** is produced using a unique triple maturation process that ensures a smoother, richer taste. In 2019, a new innovative product, **'Whyte and Mackay Light'**, was launched in the UK to allow consumers to enjoy a great whisky taste whilst consuming lower units of alcohol. At 21.5% ABV, this product is a first in the UK and it received widespread acclaim for quality and for the important messaging it represents. This new lighter spirit drink has been enriched by sweet Sherry casks and freshly emptied Bourbon barrels and tastes great – smooth with a subtle hint of smoke and perfectly enjoyed straight over ice, or with your favorite mixer.

**'Woodsman Blended Scotch Whisky'** was launched in 2018 as a more contemporary proposition for younger consumers. It was designed to work well with mixers and with its modern bottle design it has attracted new consumers into the Blended Scotch market. Woodsman invested in consumer marketing in 2022 with a creative targeted to recruit consumers from Bourbon and affordable Blended Whisky. The campaign was awarded Best Brand Partnership (Radio X) 2022.

**'Shackleton'** is a Blended Malt brand launched in 2017. It was inspired by a 1907 whisky which was extracted after 100 years under ice. A conservation team carefully extracted crates of whisky left behind by renowned polar explorer Sir Ernest Shackleton. Whyte and Mackay master blender Richard Paterson carefully selected 20 of the finest highland malts to recreate the antique whisky supplied to the British Antarctic Expedition. It has hints of vanilla, ginger and licorice on the nose, with a taste of demerara sugar, manuka honey and dried pineapples, and a whisper of bonfire smoke in the finish.

**John Barr, Cluny and Claymore** are all blended Scotch whiskies, a combination of malt whiskies and grain whiskies from a number of different distilleries.

**'Glayva'**, a liqueur made from a blend of aged Scotch whiskies, a selected range of spices, Mediterranean tangerines, cinnamon, almonds and honey. It has a deep golden colour and a distinctive flavor. In 2022 Glayva launched a new consumer campaign in the UK, driving consumer recruitment by putting the award-winning flavour proposition front and centre.

**'Invergordon'** is a new brand launched in 2024. It is a single grain whisky produced at Whyte & Mackay's whisky production facility in North Scotland. The brand was designed to be distinctive in the broader whisky/ey category and offered three aged statements: 14 Year Old, 18 Year Old and 21 Year Old. It is currently available exclusively in the USA, where it has secured national distribution.

### Our Spanish Portfolio

From **Bodegas Fundador**, the following iconic brands manufactured and distributed from Spain are under EMI Group beginning March 1, 2016:

**'Fundador'** is a Brandy de Jerez, the brandy capital of Spain. Fundador means the 'founder', as it was the first Spanish brandy to be marketed, this happened in 1874 by Pedro Domecq Loustau. It is sold in over 70 countries worldwide, and a popular imported premium brandy in the Philippines. The brand has an excellent range ending with the high premium brand **'Fundador Supremo 30 Palo Cortado'** and Sherry Cask Collection – The Fundador Supremo'.

**'Fundador Supremo'** is a Solera Gran Reserva Collection aged in our Sherry Cask, unique in the world and which has belonged to our winery for centuries. A unique creation which represents a true innovation within the category of Brandy de Jerez. The 'Sherry Cask Collection' by Fundador Supremo reveals the depth of the most luxurious flavours provided by time in wood, thus creating an Ultra-Premium category Brandy.

The ageing in Sherry Casks, unique in the world and of very high value, which have contain very old Palo Cortado, Oloroso, Amontillado or Pedro Ximénez, give the brand the exclusivity and originality it deserves.

In 2023, the Fundador Supremo 30 YO Palo Cortado was launched to the market with only 30 bottles. It has been positioned at the top of the range due to its rarity. Fundador Supremo 30 YO Palo Cortado aged in casks that have previously contained a 30 YO Palo Cortado wine. Of all sherry wines, Palo Cortado is the most famous and mysterious. Its uniqueness and exquisiteness have reached such an extent that it has been the subject of several documentaries that try to understand its origin and complexity. Palo Cortado is a type of fortified wine. What makes palo cortado special and unique are its nuances, as it is a generous wine with body, but with aromatic delicacy, freshness and a sharp touch that surprises everyone who tastes it. The name Palo Cortado comes from the way wine is catalogued in the wineries. In the past, the palomino grape was used to obtain fino wine, and when it was poured into the bota (the name given to the barrel in Jerez), it was marked with a chalk line to indicate that the next fino was fermenting there. However, if over time the wine lost its “velo de flor”, a layer of yeast on the surface of the wine, it could no longer be protected from oxygen and, therefore, another type of fortified wine was obtained from that must. The moment the foreman realized this, he would take the chalk and draw another line on the first one, making the drawing of a cut stick. This is how this generous wine came to be called palo cortado. A rarity that transmits all of its intensity to the brandies aged in their casks.

**‘Fundador Light’** has a balanced aroma with fragrance of wood seasoned sherry and a smooth light taste of brandy from our cellars in Jerez. **‘Fundador Double Light’** is an exceptional spirit from sherry casks in our cellars in Jerez. It guarantees double smoothness and double satisfaction in every bottle with a lower alcohol by volume of 25.8% compared to 28% of ‘Fundador Light’. It is the ultimate expression of ‘Fundador Light’ with a different concept. It has more ageing profile and character that is an effect of the double casks.

**‘Fundador Doble Madera’** is a Brandy de Jerez Solera Reserve, inspired in the brandies originally crafted in the 19th century, where the prolonged aging makes the holandas acquire the most important and unique characteristics of wood.

**‘Fundador Triple Madera’** is a Brandy de Jerez Solera Gran Reserve obtained through a very long ageing process that triples the standards of brandy production. A unique expression that reveals the depth of the elements contributed by the wood to a powerful bouquet from the long periods of aging.

**‘Fundador Sherry Cask’** is a Sherry Cask Solera and Solera Reserva, which is the classic Fundador version’s update. After almost 40 years, its image and liquid were refreshed in 2021 through a simultaneous launch in Spain, UK, Italy, México and USA, whose result is Brandy perfect to drink neat or mix with Cola or any other beverage. Aged in Sherry Casks that have previously contained Sherry wine, this Brandy is the combination of experience and innovation that has the credibility to reinvent the Brandy category.

**“Fundador Super Special”** is the most affordable Fundador variant in a 1-liter bottle that has the same world-class Fundador taste profile that consumers look for and adore. It also has the lightest alcohol-by-volume content within Fundador's portfolio at 23.5% making it very easy to drink, and perfect for day-to-day small or big occasions. It is currently the best-selling Fundador expression in the Philippines. It stands out for its balanced and clean aroma, with subtle hints of seasoned American oak previously cured with Oloroso Sherry. On the palate, it offers a smooth, light and approachable brandy style from our historic cellars in Jerez, with a pleasant, well-balanced finish.

**‘Terry Centenario’** is the largest brandy brand in Spain. and the undisputed leader of the category. In 2026, the brand underwent a comprehensive visual identity refresh, bringing the product closer to a fresher, more contemporary and youthful image, while preserving and reinforcing its most distinctive brand assets. The new design highlights the signature of Fernando Terry, the brand’s historic origin in El Puerto de Santa María, and its highly recognizable and iconic Terry Horse logo, strengthening brand recognition and emotional connection with consumers.

The name “Centenario” evokes the turn of the twentieth century when the Terry family began producing brandies in its bodegas in El Puerto de Santa María a heritage that continues to define the brand’s premium and distinguished positioning today. With iconic net unique visual identity and strong brand equity, ‘Terry Centenario’ remains the leading brand in the Spanish Brandy category, holding a with 24.2% market share, exceeding the combined market shares of its two main competitors<sup>34</sup>.

‘**Terry White**’, a new expression, a new category, a new Classic “White Brandy” was born in 2017 to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, this disruptive concept was launched to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

‘**Tres Cepas**’ is a market leader in Equatorial Guinea. In the beginning, Domecq had three brands, Una Cepa (One vine), Dos Cepas (Two vines) and Tres Cepas (Three vines), that were in increasing order of quality and age. It is a premium brand result of a special selection of wines distilled aged in sherry oak casks by the traditional Criadera and Solera system. In 1902, the brand Tres Cepas was launched in the market and started to be a successful brand. The year 2016 saw the renaissance of the brand in the Philippines, and a special expression of ‘**Tres Cepas Light**’, with a different concept and bottle, was launched in December at a very affordable introductory price. Tres Cepas Spirit is a delicate selection of wines distilled carefully aged in Bodegas Fundador’s wineries in Jerez, smooth with mineral notes and beautiful amber tone. In 2017, ‘**Tres Cepas VS**’ was launched. It is an ultimate expression, as the master blended carefully tasted the oldest soleras and selected barrels with special characters and notes to make a unique blend for this Very Special Tres Cepas.

‘**Harveys**’ is the world’s number 1 selling Sherry wine and the undisputed leader in the UK, a position built on more than a century of heritage, consistency and consumer trust. Founded in 1886 and pioneer of the Cream Sherry category, Harveys has become an international benchmark, combining tradition with accessibility and versatility.

As part of Bodegas Fundador’s long-term premiumization strategy, the brand is evolving to reinforce value creation and elevate its image within the Sherry category. In this context, ‘**Torre de Macharnudo by Harveys**’ will be launched in Spain in 2026 as a strategic step to replace Harveys Premium range, strengthening the brand’s premium credentials through a more refined design, limited production and a clear focus on quality and origin. This repositioning aligns Harveys with the premium segment, enhances consumer perceived value and delivers a strong improvement in profitability, with a +62% margin increase in Fino and an average +25% gross margin growth across the rest of the range, consolidating Harveys not only as a volume leader, but also as a value-driven, premium brand. Beyond sherry and brandy, Bodegas Fundador also crafts distinctive heritage spirits rooted in Jerez tradition. “**Espléndido**” is the spirit of Garvey: refined, timeless and beautifully unexpected.

‘**Vermut Marinero by Garvey**’ was launched in Spain in 2021, entering a new unexplored category. This product proposal is very different from other competitors: a red vermouth with a touch of Atlantic salt, elaborated from the most selected sherry wines and characterized by a smoothness and a flavour resulting from the Palomino Fino grape macerated with seaweed. A product totally unique and 100% suited for the aperitif moment.

#### Our Mexican Portfolio

From the **Domecq brands of brandies and wines** come these Mexican brandies, which are also distributed in USA. In Brazil, ‘Domecq Brandy’ is a strong brand which covers all market in Brazil. The arrival of the Spanish brandy powerhouse, Casa Pedro Domecq, in 1947 changed the brandy landscape in Mexico. The company put the country’s forgotten vineyards to work and began capitalizing on Mexico’s thirst for inexpensive spirits. It launched Brandy Presidente in 1958. By the 1980s, brandy, not tequila, became Mexico’s favorite drink after beer. Marketing played a role in brandy’s success as it was marketed as an aspirational drink, a drink with noble Spanish heritage.

‘**Presidente**’ was the first Mexican brandy, launched in 1958. It is produced from a blend of the best grapes of the Hermosillo region of Mexico. Presidente is the leading imported brandy based on sales

---

<sup>34</sup>Based in part of the data reported by NIQ for the Total Brandy category for November 2025 rolling year, for Total Spain Off and On-Trade. Copyright © 2025 NielsenIQ Spain.

volume in US in 2023<sup>35</sup>, coming from second position in 2022<sup>36</sup>

'**Presidente Light**' was brought in from Spain and launched in the Philippines in 2022. Presidente Light Brandy boasts of notes of caramel, toffee, dried raisins, orange marmalade with a very subtle hint of chocolate. A light brandy that is very smooth on the palate.

'**Don Pedro**' has been more than 50 years in the market, launched during the 1960s. Its name celebrates the company's founder, Don Pedro Domecq.

'**Azteca De Oro**' has been more than 36 years in the market. These brands are also distributed in USA. In Brazil, 'Domecq Brandy' is a strong brand which covers all market in Brazil.

From **Destileria Los Danzantes** are artisanal premium mezcal brands – '**Los Danzantes**', '**Alipus**' and '**Encantado**' - acquired in January 31, 2025.

## MARKETING, SALES AND DISTRIBUTION

The Group's products are distributed in at least 116 countries globally. Promotion strategy depends upon the brand and considers price, communication, and promotional activities.

EDI products are marketed, sold and distributed in the Philippines through its extensive nationwide distribution network that provides it with a distinct competitive advantage. In particular, EDI's grassroots selling and marketing network covers the plethora of hole-in-the-wall or mom-&-pop stores in the country. Marketing has also expanded outside the traditional platforms to reach into the digital space platform. EDI local products are available in at least 60 countries outside the Philippines.

Bodegas Fundador operates as a global brandy and sherry company. The global brandy and wine business is further fortified by the Domecq trademarks that fall under Spain and Mexico and have commercial reach to South America, particularly Brazil and Colombia, and USA.

Whyte and Mackay's overriding objective is to operate as a global branded drinks company which delivers sustainable rates of growth and returns that increase overall shareholder value. The Group operates in the UK and increasingly in international markets including the Travel Retail sector. Whyte and Mackay continue to invest across the business for future growth. It maintains a strong level of Strategic Marketing support across its expanding brand portfolio and increased its commercial resources in key disciplines and geographies. Moreover, Whyte and Mackay invested in the assets of the business to improve efficiency and flexibility and has continued to invest in barrels, ensuring its spirit quality remains at the highest levels

The Company attributes its successful position to: (i) strong brand equity gained through brand building; (ii) targeted marketing; and (iii) local distribution network and, now a global reach.

### **Brand Equity and Promotion**

The Company believes that branding is a critical factor in a consumer's choice of beverage. Active brand promotion and advertising are essential tools to build image and market share, and establish consumer brand loyalty. EDI continually increases its market share by promoting its brands as distinct and unique with the objective to convey its unique and enduring message to promote its image and products. Marketing strategies focus on emphasizing 'Emperador Brandy's' premium value image to consumers as well as the taglines: "*Sa Totoong Tagumpay*" ("*To true success*"), "*Gawin Mong Light*" ("*Make It Light*"), "*Tagumpay Araw-araw*" ("*Reward Every Day*"), "*Doble Swabe, Doble Sarap*" ("*Double the Smoothness, Double the Character*") and "*Sarap maka-Feel Good*" ("*Good Vibes*"). EDI markets its brandies as a drink for the celebration of life successes through values of diligence, perseverance and responsibility. Its labeling includes a lion and a bullfighter wherein the lion symbolizes power and success while the bullfighter symbolizes grace and superiority. Emperador Deluxe carries the imagery of luxury and class. It is marketed as an affordable luxury for everyday consumption.

<sup>35</sup> From an article published on February 25, 2025 in [www.statista.com/statistics/986273/leading-imported-brandy-brands/us/](http://www.statista.com/statistics/986273/leading-imported-brandy-brands/us/)

<sup>36</sup> From an article dated July 29, 2022 in [www.trendhunter.com/trends/brandy-presidente](http://www.trendhunter.com/trends/brandy-presidente)

In 2018, Emperador Light celebrated its success with the 'Galing ng Pilipino' thematic campaign that paid tribute to the enduring spirit of every Filipino and the qualities that make the Filipino truly a cut above the rest: *Magaling. Ibang Klase ang Talino. May sipag na angat sa iba*. The campaign was anchored on an original song entitled "*Ating Tagumpay*," and endorsed by one of the country's biggest celebrities. The song encouraged Filipinos to celebrate everyday milestones and to continue doing great things, the lyrics of which were even posted and has taken over EDSA Billboards during its launch. The campaign ran up to mid-2019.

In 2020 which was a time with so much uncertainty, the formidable 'Emperador Light' has stepped up and took a proactive stance utilizing purposeful platforms to spark hope and positivity and encourage everyone to celebrate life, that life will always continue to give us everyday moments—no matter how small or simple they may be—that are worth celebrating. As the lockdown eased, a jingle-based thematic campaign "*Mag-Celebrate Tayo Muli*" was released on television, radio airwaves and online platforms. The powerful and inspiring part of the song goes "*Ilang selebrayon na ang ating nalampasan. Pero heto tayo nagkakaisa pa rin, panatag ang loob na ito'y lilipas din. Magcelebrate din tayo ng sama-sama*". This Emperador spirit of hope and good cheer went viral online as more people from social media were inspired to create their cover song of the jingle while many were enamored by the hopeful message of the campaign. In 2023, Emperador elevates its *Tagumpay* brand story to the next generation as it launched "*Angat sa Tagumpay*" advertising campaign and "*Sakto sa Balsa*" advertising and below-the-line campaign, as it expanded availability of its banner brand. In 2024, Emperador launched a new thematic campaign for 'Emperador Double Light' with a catchy & danceable jingle for the Generation Z consumers, reinforcing the "*Doble Swabe, Doble Sarap*" drink. This represents a fresh and young approach to connect with a new generation of drinkers.

The versatility and size of Bodegas Fundador encompasses a large and varied spectrum of well-known products, allowing it to take age old tradition to contemporary markets. 'Fundador', which means "Founder", is the first and original Spanish brandy. It is aged through the Criadera and Solera System in American Oak casks, previously seasoned with sherry and distilled alcohol. Legend tells that Pedro Domecq Lustau received an order of 500 barrels containing "Holanda". At the moment of the payment, the order was not attended and the "Hollandas" were stored back in barrels that had previously contained sherry. After more than five years, it was discovered that the liquid's color had changed into a golden amber one and that it had gained in aroma due to the time spent in the barrels that had previously contained sherry. Out of this chance, and after improving the distillation and aging processes, the first Spanish brandy 'FUNDADOR' was born in 1874.

'Terry Centenario' is most important Spanish brandy, a symbolic legacy of its heritage. Terry Bodegas and Brandies currently enjoy great prestige and recognition at both an international and national level. With their yellow mesh and Carthusian horses emblem, 'Terry Centenario' and 'Terry 1900' are unmistakable symbols of the most traditional Brandy producers in the Jerez triangle. Centenario means centenary, and it evokes the change to the twentieth century when the Terry family started producing brandies in its bodegas in Puerto de Santa María. It is a premium and distinguished brand with the iconic net and the unique logo of the Terry Horse. A new expression and a new Classic White Brandy is created in 'Terry White', to renew the brandy category in Spain by shaking the market through a modern concept of a white spirit. Through mixology platform, 'Terry White' is launched in this disruptive concept to a fashionable position for a spirit drink for a future halo of Brandy de Jerez.

After many years, Terry Centenario updated its image by entering the market with a more premium label in lighter and more elegant tones for both Spirit and Brandy, but retaining its hallmarks such as the logo Terry Horse and the color red.

'Tres Cepas' is a particular brandy that was known as "One Vine" ("una cepa"), "Two Vines" ("dos cepas") and "Three Vines" ("tres cepas") that were increasing in quality, character and age. It is a premium brand result of a special selection of wines distilled aged in sherry oak casks by the traditional Criadera and Solera system.

'Harveys' is one of the largest wineries in Jerez and 'Harveys Bristol Cream' is its most famous brand worldwide. 'Harveys' was founded in 1796 in Bristol (England) by the merchant William Perry, who stored wines mainly imported from Spain and Portugal in some ancient cellars dating from the 13th century. In 1822 John Harvey joined the company as an apprentice and took control; to give it its

current name; in 1871. Harveys Bristol Cream is the result of a meticulous selection comprised of 30 wines aged in American oak casks using the traditional system of soleras and criaderas.

It is the most sold brand of Jerez wine in the world, available in more than 70 countries and a market leader in the United Kingdom, USA and Canada. It is also the unique Spanish company supplying to Her Majesty The Queen Elizabeth II of England since 1895.

Very Old Rare Sherry (VORS) are the pinnacle of the sherry range; the most luxurious expressions, certified by Jerez's Regulating Council to be over 30 years old, a distinction only given to Amontillado, Palo Cortado, and Pedro Ximénez.

Domecq brands are marketed by associating them with Mexican identity and emphasizing them with social history.

The key brands in Whyte and Mackay are well defined. The Dalmore Single Malt Scotch Whisky is a brand of supreme quality that is positioned at the apex of the category in which it competes. Truly a luxury brand, The Dalmore's stag iconography is built on a heritage that is rooted in the saving of King Alexander III of Scotland from a raging stag in 1263 by an ancestor of the Mackenzie clan. The grateful king granted him the right to bear a stag's head in his coat of arms and so every bottle of The Dalmore is adorned with this noble emblem: a stag's head with twelve points to its antlers, signifying 'royalty'.

For the past 180 years, The Dalmore has been a masterpiece in the making. The brand celebrates the illustrious moments in its continuing history as it unveiled a once-in-a-lifetime selection of six exceptional single malt whiskies that tell the story of The Dalmore's relentless pursuit of excellence through six decades—The Dalmore Decades, the campaign for which concluded in first quarter of 2021. The Dalmore Decades No.6 Collection was auctioned by Sotheby's in Hong Kong last October 2021 and was sold for a record-breaking amount of US\$ 1.12 million especially setting the pace for the luxury spirits category. In 2022, the Dalmore and V&A Dundee partnered to create 'The Luminary' Series in World-First Collaboration. In the same year, The Dalmore also launched two Limited Editions – Vintage 2003 and Vintage 2007, which have seen two further vintage releases each year since.

Jura Single Malt Scotch Whisky' is a premium Scotch whisky that is smooth, bright, and vibrant – just like the islanders who made it. The beachside distillery is located in the heart of a tiny island community of only 212 residents. Jura is reflective of the community that crafts exceptional whisky. It is "*more than a whisky*" - the banner that encapsulates the very special nature of this island single malt.

In 2022 Jura launched a landmark Islanders' Expression, a celebration of the creative spirit of the islanders. Acclaimed environmental artist Amy Dunnachie, resident on Jura, collaborated to create a Limited Edition, available exclusively in Global Travel Retail.

'Tamnavulin Single Malt Scotch whisky' is the epitome of a Speyside malt; rich, smooth, elegant and refreshing with a sherry finish. Tamnavulin is the Gaelic translation for 'Mill on the Hill,' named in part after the 16th century woollen mill which sits on the site of the distillery.

'Fettercairn' is a highland malt with the main brand symbol being the unicorn. This brand launched a new permanent domestic and accompanying travel range in 2024, to mark its 200<sup>th</sup> anniversary.

Fettercairn Distillery unveiled an exciting new project in 2021 to replant an ancient forest as it sets its sights on producing its own single estate Scottish oak matured malt whiskies. With over 13,000 sessile *Quercus petraea* and *Quercus robur* oak saplings planted next to the Distillery, the Fettercairn Forest is part of a wider commitment by Whyte & Mackay to develop a sustainable future for responsibly sourced Scottish oak for each Distillery. The Distillery laid down whiskies in responsibly sourced, native Scottish Oak. In 2022 the Scottish Oak Programme won the acclaimed Industry Production Innovation of the Year (Spirits Business), with its first commercial proposition: Fettercairn 18 Scottish Oak. Reflecting commitments to the local environment, and new unexpected journeys in flavour-led whisky making Fettercairn 18 is an annual release Limited Edition, and enjoyed

commercial success on launch. It led to the Master Whisky Maker being crowned Distiller of the Year, Scotland 2023 (Icons of Whisky).

Fettercairn Distillery has unveiled the third and fourth releases in its hugely popular and sought-after Warehouse 2 Collection, an inspired small batch series created to celebrate the hidden gems within its 14 dunnage warehouses and to showcase their commitment to enlightened whisky making.

'Whyte & Mackay Blended Scotch whisky' brand has had new packaging introduced and launched a new communication campaign to reinforce its unique Triple Maturation process that delivers a smoother, richer taste which have both been well received. Whyte & Mackay Blended Scotch whisky continues to invest in consumer communication to drive consumer awareness in the UK, where it is No. 2 Blended Scotch Whisky brand.<sup>37</sup>

### **Targeted Marketing**

To maximize market penetration, EDI supports both traditional advertising and marketing as well as proprietary market research tools. It uses multiple consumer research agencies and methodologies to assess consumer insight, trend, behavior and preferences, and markets its products accordingly. The brands are also marketed through an integrated 360-degree marketing campaign including the traditional above-the-line media, such as television and radio commercials, print and digital advertisements, including social media initiatives for Facebook and Twitter, below-the-line promotions, such as influencers, local events, tastings, fairs, and sponsorships. In addition, management supports creativity and innovation in product marketing by encouraging managers to take ownership of strategic geographic areas. Its creative consumer research has qualitative and quantitative aspects and includes face-to-face interviews and information gathering exercises with consumers at local neighborhood events and gatherings.

The Scotch single malts are marketed internationally designed to reinforce the brands' core positioning, talking to a well-defined consumer target in each market.

Globally, the portfolio quickly adapted to the changing times by shifting marketing activities online and developing series of campaigns focusing on engaging and connecting with consumers in the digital space. The brands held a series of online tastings, virtual distillery tours, and partnerships with e-commerce websites.

The flagship brands of Bodegas Fundador: 'Fundador', 'Tres Cepas' and 'Terry' brandies are marketed internationally using a combination of digital communication and activation, as well as more traditional ways of retail activations and marketing on site. Communication is driven to focus on the key positioning of the brands and the well-defined target consumers. On the other hand, 'Harveys' is marketed internationally adapting the range of products to the characteristics of each national market, using a combination of digital and traditional marketing approaches, focusing on the different core positioning of each range, that have specific target consumers.

### **Sales and Distribution Network**

The Company has an extensive sales and distribution network which is one of its key strengths that will continue to drive its future growth. Products are sold through general trade, modern trade, on-premise, self-owned stores and online platforms.

EDI has a nationwide distribution network operated through sales offices and distribution outlets strategically located in the country, which supply national and regional customers, hypermarkets, supermarkets, wholesalers, traders, groceries, convenience stores, discounters, proximity stores and local neighborhood sari-sari stores. It continually seeks ways to expand the reach of its distribution network, especially in the fast-growing regions of Mindanao and the Visayas. It employs its own sales and distribution force and vehicles fleet for direct delivery service. It uses direct sales vehicles such as cash vans to cover sari-sari stores across the country. Cash vans sell the brands directly to these

---

<sup>37</sup> Based in part on data reported by Nielsen IQ through its Retail Measurement for the Blended Whisky Category for the 52 week period ending 4<sup>th</sup> January 2025, for the UK'. (Copyright © 2025. Nielsen Consumer LLC).

small retailers on a cash-only basis, where the average transaction is for two cases. Other accounts get credit terms which vary from the standard 30 days to 60 days for key accounts.

The Company believes that building business partnerships and driving category development with key accounts is essential to maintaining product availability as well as access to its consumers.

EDI builds its on-premise sales operations to expand its market to hotels and restaurant businesses in the Philippines, given the expansion of its pouring brands and world class brands. It has continued to adapt to the changes in purchasing behavior by making its products available on various e-commerce channels such as Lazada, Shopee and Panda Mart, among others.

The Company has a standard volume-based pricing model that is applied evenly across all customer segments and discounts are offered on large volume transactions.

Emperador local brands have established international distribution to at least 60 countries.

The WMG business has a strong, international Route to Market. In UK, a dedicated sales team covers all trade channels and customers. It also has a dedicated Global Travel Retail team which manages its brands in a channel where WMG have a strong presence and that is critical for single malt whisky equity building and sales. In other markets Whyte and Mackay has established a network of distribution partners that represent the brands in each territory. The goal is to develop long term partnerships with a strong local distributor in every market, with selection based on strength and commitment in the channels offering the greatest opportunity in each market. In 2016, Whyte and Mackay appointed Gallo as their exclusive importer into the USA for certain key brands. In 2024, The Dalmore launched a Direct To Consumer channel via [www.TheDalmore.com](http://www.TheDalmore.com) with a specially curated range to drive direct consumer engagement, as an additional channel to the direct Route to Market in the UK.

The Dalmore opened its first flagship store in the Philippines in Uptown Bonifacio, an exclusive retail store that houses some of the rarest and most expensive whisky collection in the Philippines. The Keeper's Lounge, a by-invite only lounge within the store, is also open to its VVIPs to enjoy their 'Dalmore' bottles along with their guests. The Dalmore also extended its flagship store and opened the Cigar Lounge. The Dalmore Cigar Lounge curates the 'Dalmore' classics: the King Alexander III (the only single malt in the world with six different finishes — spirits matured in ex-bourbon casks, Matusalem oloroso sherry butts, Madeira barrels, Marsala casks, Port pipes and Cabernet Sauvignon wine barriques); the Quintessence (with five wine finishes: Zinfandel, Merlot, Cabernet Sauvignon, Syrah and Pinot Noir); and The Dalmore 25. One can pair The Dalmore Cigar Malt Reserve with Cuban cigars (Cohiba Robusto, Cohiba Esplendidos, Hoyo de Monterrey Epicure No. 1, Montecristo No. 2, Partagas Serie E No. 2, and Romeo Y Julieta Short Churchill) which are also available at the lounge. The Dalmore has subsequently launched flagship stores at the luxurious Rosewood Hotel in Cambodia and at Caleido in Madrid's financial district. These exclusive locations feature a programme of in-store events designed to engage consumers, media and VVIPs.

Bodegas Fundador has a small team that sells to distributors around the world. It partners with the best players in the distribution market, having long term agreements with country and regional wine and spirit distributors in place.

In 2016, EDI took over the distribution of Fundador in the Philippines, while Whyte and Mackay took over the distribution in UK and Canada. This combination assures a deep sell-out market presence around the world.

In 2018, the first Fundador Café was created in the Philippines which is located at Venice Grand Canal at McKinley Hill. It offers hot and cold drinks and blended ones infused with Fundador products and sweets with Harvey Bristol Cream variances.

In January 2022, Asia's first-ever brandy museum opened its doors in Iloilo City. It is an immersive museum where visitors will have a unique journey of senses through a faithful recreation of the Fundador bodega in Spain. The tour is capped at the museum cafe where guests can enjoy the barista's take on popular beverages spiked with Emperador Coffee Brandy.

In 2024, the world's largest duty-free store in Hainan – China – created a landmark whisky museum. WMG's The Dalmore is proudly featured alongside examples of its peerless catalogue of rare releases.

In December 2022, the first outdoor liquor park of its kind in Asia opened in McKinley West in Taguig City, near Forbes Park. The 4,000sqm McKinley Whisky Park is bringing a whole new whisky experience to patrons through a curated selection of whisky products and concoctions, along with a wide array of food choices, games, and entertainment that could be enjoyed in an open-air setting. The Davao Whisky Park was subsequently opened to offer consumers in the South the same excitement and luxurious experience enjoyed by its patrons in Manila.

The map below shows the Emperor group's global reach



## COMPETITION

The Group competes against established spirits companies. The **principal competitive factors** with respect to the Company's products include brand equity, product range and quality, price, ability to source raw materials, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product. Our **ability** to strengthen the selling power and premium image of our brands and differentiate ourselves from our competitors affects our sales and profit margins. The Group believes it has a track record of proven strength on these areas.

The Philippine brandy market is dominated by our own 'Emperador' and 'Fundador', and 'Alfonso Brandy' which is being imported/distributed by Montosco Inc. With respect to gin, rum and other alcohol products, there are other local gin and rum companies that also produce ready-to-serve alcoholic beverages as well as imported labels. The whisky segment in the Philippines is not well tapped at present, and the Company aims to grow this segment.

The Company believes that its products are strongly positioned within their respective markets, as measured by market share and brand recognition. The Company believes its 'Emperador' brand is a status brand in the Philippines, and is associated with a certain level of success and sophistication that its potential customers aspire to. The Company believes that its range of well-established and highly recognized **brands** present significant barriers to new competitors, and are particularly important to its ability to both attract and maintain consumers.

The Fundador brands face strong competition in the Spanish market and internationally in the brandy and sherry businesses, among which are Osborne and Torres. In response, Fundador is strengthening its **focus on international expansion** as a strategic leverage to build more global brands.

By aligning our efforts with the evolving preferences of an increasingly global consumer base, we aim to enhance our market presence and position Fundador as a leader in **premium** beverages worldwide. EMI management remains committed to monitoring market dynamics and competitor strategies to ensure we maintain and expand our competitive edge.

WMG competes in the UK market and internationally. Competitors use brand strength together with price and product range to compete. The major Scotch whisky brand owners are Diageo, Pernod Ricard, William Grant, Edrington and Bacardi who are all materially larger than WMG. Nevertheless, WMG can compete as it has **differentiated brands** in a fragmented Malt whisky market and its Blended Scotch brands are competitively priced. WMG management monitors market prices on an on-going basis and takes steps to safeguard the overall competitive position.

## SOURCES AND AVAILABILITY OF RAW MATERIALS

The principal raw materials for the manufacture of the alcoholic beverage products are grapes from the Group's vineyards and from various suppliers, wine, grain and malts, distilled neutral spirit, brandy distillates (made from grapes), and water. It also requires a regular supply of glass bottles and packaging materials. Raw materials are sourced from subsidiaries and third-party suppliers. All of the water for blending in our Philippine operations is sourced from two deep wells located in the Santa Rosa, Laguna manufacturing facility. The facilities in Laguna are located on top of one of the best fresh water supplies in the Philippines. There is also a filtration system for the water it uses at its Laguna facilities.

EDI sources its bottles from AWGI, which produces a majority of the new glass bottles while the rest are imported or sourced using recycled returned bottles. EDI sources final packing materials such as carton boxes and closures from at least three different suppliers. AWGI canvasses suppliers once a year to seek the most competitive prices for its raw materials. While terms for different suppliers vary, AWGI generally orders raw materials to meet its projected supply requirements for one year and prices are subject to review on an annual basis. For imported raw materials, new purchase orders for supplies are generally sought two months prior to the expiration of existing purchase orders. For raw materials sourced in the Philippines, orders are finalized one month before existing orders terminate. The number of suppliers for major raw materials varies based on their capabilities and compliance. In addition, major raw materials' suppliers typically maintain a warehouse in close proximity to the plant to cover possible delays in shipments and to prevent delivery interruptions.

For production facilities in Scotland, the UK is the major source of cereals and dry goods such as bottles, labels, closures and cartons while casks are sourced from USA (previously used for bourbon maturation) and from Spain (previously used for sherry maturation).

For production facilities in Spain, grapes come from own vineyards and from third parties as needed. For Mexico, grapes are sourced from various suppliers and *aguardientes* from Spain, Chile, Argentina and Australia.

The Group has not experienced and does not anticipate any significant difficulty in obtaining adequate supplies of raw materials and dry goods at satisfactory prices under its supply arrangements. There have been recent disruptions in global supply chains that extended lead times but these do not have material adverse impact on operations. AWGI is able to manufacture enough glass bottles to meet the Company's requirements. Whyte and Mackay and Bodegas Fundador have long-term relationships with their suppliers to meet the current business requirements or source new providers.

## DEPENDENCE ON A SINGLE OR FEW CUSTOMERS

The Company is **not dependent** upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the Company and its subsidiaries taken as a whole. There is also no single customer that accounts for, or based upon existing orders will account for, more than 10% of the total Group sales taken as a whole.

## TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

The Company and its subsidiaries, in the **ordinary course of business**, engage in transactions with related parties, such as AGI, subsidiaries, key management and other related parties under common ownership, on an **arm's length** basis through **transparent** and **ethical** means. These transactions are generally comprised of the following:

- Purchase of goods and services – EDI imports raw materials from Alcoholera dela Mancha Vinicola, SL, a wholly owned subsidiary of BLC, and finished goods from Great American Foods, Inc. (“GAFI”), a related party under common ownership and the manufacturer of PikNik. EDI also engages the services of Andresons Global, Inc., a company beneficially owned by the Tan family, in the importation of raw materials and finished goods. The purchases are done by EDI at arm’s length and typically payable within 30 days.
- Leases of Properties – are entered into fairly and at arm’s length..
  - EDI has a lease contract with its wholly-owned subsidiary TEI covering its main manufacturing facilities including, among others, production building, storage tanks for raw materials and a water treatment area. EDI paid TEI a refundable security deposit.
  - EDI and its subsidiaries leases properties from Megaworld Corporation, a subsidiary of AGI, and its subsidiaries and for which they paid corresponding refundable security deposits, as follows: (i) EDI and AWGI for their head office spaces from MREIT Inc.); (ii) EDI, AWGI and Progreen for lease parking spaces and TWFLI its retail stores from Megaworld Corporation, and (iii) EDI for a warehouse from Empire East Landholdings, Inc.
  - EDI’s subsidiary, AWGI, leases the glass manufacturing plant from AGI.
  - EDI leases out its distillery plants to Progreen.
- Management services – EDI has a management agreement with GAFI, in relation to the rendering of management and administration services to GAFI. The agreement is entered into fairly and at arm’s length.
- Sale of finished goods – These sales are done at arms’ length in the normal course of business and settled through cash within three to six months.
- Advances – EDI grants advances to officers and employees for business-related purposes (like COD purchases and company events) and relating to employees’ benefits (in accordance with its governing policies). The business-related advances are subject to liquidation when the intended purpose has been achieved while the employees’ benefits are subject to salary deduction. AGI also makes advances for offshore investment purposes, and these advances are generally unsecured, and payable upon demand in cash.

For a more detailed discussion of related party transactions concerning the Group, see Note 23 to the Group’s audited consolidated financial statements filed with this report.

## INTERESTED PERSON TRANSACTIONS

In view of the secondary listing of the Company with the Singapore Exchange Securities Trading Limited (“SGX-ST”) the Company adopts Interested Person Transactions Policy (“IPT Policy”) to comply with Chapter 9 of the listing manual of the SGX-ST (“SGX Listing Manual”), relating to Interested Person Transactions (“IPTs”).<sup>38</sup>

Pursuant to said policy, the Company must disclose the aggregate value of IPTs entered into during the financial year under review in its annual report. The Company is required to maintain a list of interested persons (which is being reviewed by a senior finance staff of the Company on a quarterly basis and updated as necessary) and discloses the list to the relevant staff of the Group to enable the identification of the interested persons on a quarterly basis or as and when there are updates. Additionally, a register is maintained to record all IPTs (incorporating the basis, amount and nature,

---

<sup>38</sup>EMI is subject to limited regulatory oversight by the SGX-ST. Under the Listing Manual, as a foreign issuer with a secondary listing on the SGX-ST, EMI is generally not be required to comply with the provisions of the SGX-ST Listing Manual, except for Chapter 9 on Interested Person Transactions, Chapter 10 on Significant Transactions and Chapter 13 on Trading Halt, Suspension and Delisting. *Please see SGX Group website for a copy of the Rulebook at [sgx.com](http://sgx.com).*

on which they are entered into). The Related Party Transaction Committee reviews all IPTs on at least a quarterly basis to ensure that the transactions are on arm's length commercial terms and are not prejudicial to the Company and minority Shareholders. The annual internal audit plan also incorporates a review of all IPTs entered into. The Related Party Transaction Committee reviews internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with.

Chapter 9 of the Listing Manual defines an **IPT** as a transaction between an entity at risk and an interested person. "Entity at risk" means: (a) the issuer; (b) a subsidiary of the issuer that is not listed on the Exchange or an approved exchange; or (c) an associated company of the issuer that is not listed on the Exchange or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company. On the other hand, "interested person" means: (i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder.

Thus, Related Party Transaction is therefore broader in scope than IPTs. Similar to the Company's related party transactions (discussed elsewhere in this report), the Company ensures that IPTs are entered into on an arm's length basis.

The aggregate value of IPTs entered into the Company in 2025 (the financial year under review), excluding transactions less than SG\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual, is as follows:

During the financial year December 31, 2025, the following IPTs were entered into by the Group:

Name of Interested Person	Nature of Relationship	Aggregate value of all IPTs during the financial year under review (excluding transaction less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,00)
		PHP millions	PHP millions
<b>Transactions with Associates of Dr. Tan</b>	Dr. Tan is our Chairman, Director and ultimate controlling shareholder	<b>29</b>	Not applicable
<i>Purchase of Services</i>		29	Not applicable
Andresons Global, Inc.		29	Not applicable
			-
<i>Sale of Finished Goods</i>		-	Not applicable
Andresons Global, Inc.		-	Not applicable
<b>Transactions with AGI subsidiaries &amp; associates</b>	Alliance Global Group, Inc. ("AGI") is a controlling shareholder of the Company and an Associate of	<b>744</b>	Not applicable
<i>Sale of Services</i>		34	Not applicable
Great American Foods, Inc.		34	Not applicable
			-

<i>Sale of Finished Goods</i>	Dr. Andrew L. Tan.	145	Not applicable
Megaworld Corporation & Subsidiaries		116	Not applicable
Travellers International Hotel Group, Inc. & Subsidiaries		29	Not applicable
<i>Purchase of Finished Goods</i>		388	Not applicable
Great American Foods, Inc.		388	Not applicable
<i>Lease Transactions</i>		177	Not applicable
Megaworld Corporation and Subsidiaries (MREIT, Inc. and Empire East)		125	Not applicable
Alliance Global Group, Inc.		28	Not applicable
Torre Espacio Castellana		24	Not applicable
<b>Total Interested Person Transactions</b>		<b>773</b>	<b>Not applicable</b>

## INTELLECTUAL PROPERTY

EDI owns registered trademarks, which are of material importance to the success of its business since they have the effect of developing brand identification and maintaining consumer loyalty. EDI's principal trademark is 'Emperador', which it purchased from Condis in 2007, in addition to associated patents, copyrights and goodwill and bottle designs for its brandy products. Its trademark for 'Emperador' has a fresh period of ten years expiring in 2035 after its renewal in 2025 with the Philippine Intellectual Property Office ("Philippine IPO"). It also registered the trademark for 'The BaR' flavored alcoholic beverage products in 2008 for a period of ten years, while the Andy Player trademark has a fresh period of ten years expiring in 2035 after its renewal in 2025.

EDI trademarks for its brands, 'Emperador' brandy, 'Andy Player' and 'The Bar', are also registered in more than 30 countries, including the European Union, USA, Canada, Australia, Japan, Vietnam, Taiwan, Hong Kong, Indonesia, Singapore, Laos, Cambodia, and Myanmar.

Whyte and Mackay owns approximately 800 trademarks worldwide, which include trademarks for its products: 'The Dalmore', 'Isle of Jura', 'Whyte & Mackay', 'Shackleton', 'Tamnavulin', 'Glayva', 'Claymore', 'John Barr' and 'Cluny' brands.

GES owns 8 registered trademarks in Spain and BFSL around 850 registered trademarks worldwide for its brands 'Fundador', 'Tres Cepas', 'Terry Centenario' and 'Harveys'. On January 19, 2017, GES acquired trademarks of well-known brands 'San Patricio', a dry Fino Sherry, and 'Espléndido' brandy.

In 2017, DBLC acquired trademarks in two main geographies, Mexico and Spain. Registered in Mexico are trademarks for brandies 'Presidente', 'Don Pedro' and 'Azteca de Oro', wines and canes in Mexico and brandies in USA; and in Spain are trademarks for brandies 'Brandy Domecq' and 'Don Pedro' in Brazil and Colombia and sherry wine in Benelux. In 2025, mezcal trademarks were added to the group.

Trademarks are typically renewed every 10 to 20 years cycles, depending on the validity term of the particular trademark.

## REGULATORY AND ENVIRONMENTAL MATTERS

Philippine local government legislations require a license to sell alcoholic beverages and prohibit the sale of alcoholic beverages to persons under 18 years of age or within a certain distance from schools and churches.

Advertising and marketing of alcoholic beverages are regulated by the **Ad Standards Council (“ASC”)**, the advertising industry body in-charge of screening and regulating content of advertising materials across all medium. The Company strictly follows the alcohol advertisement regulations issued by the ASC, in advertising its products in all platforms. The Company ensures that its communications target only those of legal drinking age and advocates to its consumers that the Company’s high-quality products should be enjoyed responsibly.

Approvals from the **Food and Drug Administration (“FDA”)** are required before the Company can manufacture a new product. In addition, all new products must be registered with the BIR prior to production.

The Company is **in compliance**, and **not aware of any material deviation**, with all applicable regulatory, environmental, health and safety regulations. All the products are registered and approved by FDA. The Company monitors compliance of all stages of its production process with pertinent hygiene practices to ensure the high quality of its finished products. The Biñan Laguna production plant has been issued with a Good Manufacturing Practice (“GMP”) certificate from the FDA on June 2, 2021 and renewed on April 14, 2026 (valid until October 3, 2030), while the Santa Rosa Laguna production plant received its GMP certificate on April 19, 2022 (valid until June 6, 2026).

WMG has an **environmental policy** which commits it to ensure that its activities are conducted in ways which comply with the law and, so far as is reasonably and commercially practicable, do not harm the environment. Its five distilleries and associated warehouses are extensively regulated under Customs and Excise licenses and regulations, Environmental Agency regulations on water abstractions, effluent discharges, air emissions and Health and Safety legislation.

Bodegas Fundador has a **firm commitment** to guarantee the transformation and care of our planet based on respect for a sustainable economy, a lasting environment and a fair society. These principles are part of our Corporate Social Responsibility policy where, among other objectives, we intend to satisfy the needs of all our stakeholders such as shareholders, employees, customers, the environment, administrations, suppliers, etc., as the fundamental basis of our own process of transformation and, at the same time, collaborating to create a fairer and more sustainable environment and society.

Our **commitment to the planet**, the environment and society is solid and determined, as reflected in our own strategic plan, management systems, values, objectives and corporate policies, as well as most importantly: the participation, involvement and efforts of all the employees of Bodegas Fundador.

Bodegas Fundador is aware that its raw materials come from nature and its processes can result in environmental impacts on soil, water and air. Its activities would not be feasible without the support of the environment in which it operates and therefore consider it necessary to preserve the environment for its business to be viable long term. By that, it is its main interest to take care and respect the environment as one of the pillars of its business culture.

Bodegas Fundador builds this **business culture** through management systems that constitute the unifying axis from which it articulates a process of continuous improvement in key business aspects: the safety and health of employees, with the standard ISO 45001, quality of products with the standard ISO 9001, and the environment with the standard ISO 14001, corporate social responsibility, with IQnet SR10, food safety with three of the most demanding standards in the industry, FSSC 22000, IFS and BRC food safety management systems, providing consumers assurance that our

products are made under the strictest of quality controls that guarantee safety, accumulating more than 20 years of experience in these standards.

In 2011, Bodegas Fundador began the implementation of its own **Lean Management program**. It was incorporated into Bodegas Fundador operations, a model of management born in Japanese automation industry, whose results have been such that the model has finished transcending the barriers of this industry to other sectors of activity with equally successful outcome. Through the implementation of Lean program, it gets continuous and sustainable improvement in (among others) aspects such as safety and health, quality, the environment, the commitment of employees, team work or the efficiency of the processes, which synergize with other management systems mentioned above.

The group is **in compliance**, and **not aware of any material deviation**, with all applicable regulatory, environmental, health and safety regulations.

### **ENVIRONMENTAL MATTERS IN THE PHILIPPINES**

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment

#### **Philippine Environmental Impact Statement System**

The Philippine Environmental Impact Statement System (the “**EISS Law**”) established under **Presidential Decree No. 1586**, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an EIS which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others: (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (“**EMMP**”) in the EIS. The EMMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimise negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents are also required to establish an EMF when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent’s compliance with ECC conditions, EMMP and applicable laws, rules and regulations.

#### **The Clean Water Act**

**Republic Act No. 9275** or the Clean Water Act and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorises the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

The discharge permit specifies the quantity and quality of effluents that the holder of the permit is allowed to discharge as well as the validity of the permit. The discharge permit is valid for a maximum

period of five years from the date of its issuance, renewable for five-year periods thereafter. The Department may, however, renew the discharge permit and keep it valid for a longer period if the applicant has adopted waste minimisation and waste treatment technologies, consistent with incentives currently provided, and has been paying the permit fees on time. The DENR, together with other Government agencies and the different local Government units, is tasked with implementing the Clean Water Act and with identifying existing sources of water pollutants, as well as strictly monitoring pollution sources which are not in compliance with the effluent standards provided in the law.

### ***The Water Code***

**Presidential Decree No. 1067**, or “The Water Code of the Philippines”, requires a water permit for the appropriation or use of natural bodies of water. Use or appropriation of water includes, among others, the utilisation of water in factories, industrial plants and mines, including the use of water as an ingredient of a finished product. Appropriation of water without a water permit, when one is required, is subject to the imposition of the corresponding penalties imposed by the Water Code and its implementing rules and regulations.

### ***The Clean Air Act***

Pursuant to **Republic Act No. 8749** or the Clean Air Act of 1999 and its implementing rules and regulations, enterprises that operate or utilise air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. Said permit shall cover emission limitations for the regulated air pollutants to help maintain and attain the ambient air quality standards. A permit duly issued shall be valid for the period specified therein but not beyond one year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least thirty days before the expiration date and upon payment of the required fees and compliance with requirements. The issuance of the permit does not, however, relieve the permittee from complying with the requirements of the Clean Air Act and its implementing rules and regulations.

### ***Other Environmental Laws***

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- **Republic Act No. 6969** or the **Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990**, which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry as well as transit into the Philippines, or the keeping or storage and disposal of hazardous wastes which include by-products, side-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. Under this law, before any new chemical substance or mixture can be manufactured, processed or imported for the first time, the manufacturer, processor, or importer shall first submit information pertaining to the: (i) name of chemical substance or mixture; (ii) its chemical identity and molecular structure; (iii) proposed categories of use; (iv) estimate of the amount to be manufactured, processed or imported; (v) processing and disposal thereof; and (vi) any test data related to health and environmental effects which the manufacturer, processor or importer has. The said law is implemented by the DENR.
- **Republic Act No. 9003** or the **Ecological Solid Waste Management Act of 2000**, which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.
- **Republic Act No. 11898** or the **Extended Producer Responsibility (EPR) Act of 2022** lapsed into law on July 23, 2022, and amended Republic Act No. 9003 or the Ecological Solid Waste Management Act of 2000. It is an Act institutionalizing the extended producer responsibility on plastic packaging waste. Through EPR, “obliged enterprises,” or through

their Producer Responsibility Organizations, will have to recover or offset their generated plastic product footprint by 20 percent (20%) in 2023 to 80 percent (80%) by 2028. The EPR Law covers plastic packaging such as single or multi-layered plastics such as sachets, rigid plastic packaging products like food and drink containers, single use plastic bags, and polystyrene. Penalties for the non-compliance of EPR duties range from P5 million to P20 million, or “twice the cost of recovery and diversion of the footprint or its shortfall, whichever is higher”.

- **Republic Act No. 4850** or the law creating the **LLDA** was issued to promote and accelerate the balanced growth of the Laguna de Bay Region. The LLDA is mandated to manage and protect the environmentally critical Laguna de Bay Region. It is empowered to pass upon and approve or disapprove all plans, programmes, and projects proposed by local government offices or agencies within the region, public corporations, and private persons or enterprises where such plans, programmes, and projects are related to the development of the region. The jurisdiction and scope of authority of the LLDA comprises the towns of Rizal and Laguna Provinces, the towns of Silang, General Mariano Alvarez, Carmona, Tagaytay City in Cavite, Lucban, Quezon, City of Tanauan, the towns of Sto. Tomas and Malvar in Batangas, Cities of Marikina, Pasig, Taguig, Muntinlupa, Pasay, Caloocan and Quezon, and the town of Pateros in Metro Manila. Accordingly, any person, natural and juridical, with existing and/or new development projects and activities within these areas is required to secure an LLDA clearance, which is issued upon submission of an application and the supporting financial documents.
- **Presidential Decree No. 856** or the Code on Sanitation of the Philippines (the “**Sanitation Code**”), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial and food establishments. Food establishment is defined as any establishment where food or drinks are manufactured, processed stored, sold, or served. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate a food establishment without first obtaining a sanitary permit. The permit shall be valid for one year, and shall be renewed every year.

The following are the **significant applicable laws and regulations**, to all of which the Group is **compliant**:

### **PHILIPPINE REGULATIONS**

#### ***Foods, Drugs and Cosmetics Act***

**Republic Act No. 3720** (“**R.A. No. 3720**”), known as the “Food, Drug, and Cosmetic Act”, was passed into law on June 22, 1963. Executive Order 175, series of 1987 later amended the title of the law to read, “*An Act To Ensure the Safety and Purity of Foods and Cosmetics, and the Purity, Safety, Efficacy and Quality of Drugs and Devices Being Made Available to the Public, Vesting the Bureau of Food and Drugs with Authority to Administer and Enforce the Laws Pertaining thereto, and for Other Purposes*”. R.A. No. 3720 was further amended in 2009 by Republic Act No. (“**R.A. No. 9711**”) or “The Food and Drug Administration (FDA) Act of 2009”. R.A. No. 3720 was enacted as part of the government’s policy of ensuring that safe and good quality of food is available to the people of the Philippines and to regulate the production, sale and trade of food in such a way as to protect the health of the people. **R.A. No. 3720, as amended**, establishes standards and quality measures in relation to the manufacturing and branding of food products to ensure the safe supply thereof to and within the Philippines.

The FDA under the DOH administers and enforces R.A. No. 3720, as amended, among other laws on safety and good quality of food. The FDA requires both a licence to manufacture food products, as well as individual certificates of registration for each product to be manufactured or sold in the Philippines.

R.A. No. 3720, as amended, defines “food” as any processed substance which is intended for human consumption and includes drink for man, beverages, chewing gum and any substances which have been used as an ingredient in the manufacture, preparation or treatment of food. Due to the nature of

the business and operations of EDI, it is required to obtain a licence from the FDA.

R.A. No. 3720 covers both locally manufactured and imported products and establishes standards as well as quality measures for food. A comprehensive enforcement framework was set up, which is deemed as necessary to ensure a pure and safe supply of food in the country.

R.A. No. 3720 prohibits, among others, (i) the manufacture, importation, exportation, sale, offering for sale, distribution or transfer, non-consumer use, promotion, advertisement or sponsorship of food products which are adulterated or misbranded or which, although requiring registration pursuant to R.A. No. 3720, are not registered with the FDA; and (ii) the manufacture, importation, exportation, transfer or distribution of any food product by any person or entity without a licence to operate from the FDA. Any person found in violation of any of the provisions of R.A. No. 3720 shall be subject to administrative penalties or imprisonment or both. Furthermore, the FDA has the authority to seize such food products found in violation of R.A. No. 3720 as well as ban, recall and withdraw any food product found to be grossly deceptive, unsafe, or injurious to the consuming public.

**Republic Act No. 11032** (“**R.A. No. 11032**”), known as “Ease of Doing Business and Efficient Government Service Delivery Act of 2018” may impact on the amount of time it takes to acquire Licences to Operate, Certificates of Product Registration, and any other permits and registrations relevant to the business which it will receive from the FDA. This law streamlines the systems and procedures of government services and prescribes processing time of three working days for simple transactions, seven working days for complex transactions, and 20 working days for highly technical applications. The maximum period set by this law for all government agencies is 20 working days for “applications or requests involving activities which pose danger to public health, public safety, public morals, public policy, and highly technical application” with one extension allowed, if the same is provided for in the citizen’s charter of the relevant government agency.

#### ***FDA Rules and Regulations***

Under Department of Health Administrative Order No. 0029-14 or the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, all food establishments are required to obtain a Licence to Operate (“**LTO**”) from the FDA. An LTO and other requirements specified in the Food Safety Act and its implementing rules and regulations are necessary for establishments engaged in the manufacturing, importation, exportation, sale, offer for sale, distribution, transfer, use, testing, promotion, advertisement, and/or sponsorship of alcoholic beverages. The FDA also requires a Certificate of Product Registration (“**CPR**”) for the distribution, supply, sale, offer for sale, or use of processed food products. A CPR covering a particular health product constitutes prima facie evidence of the registrant’s marketing authority for said health product in connection with the activities permitted pursuant to the registrant’s LTO.

The FDA has introduced a new schedule of fees and charges under Administrative Order (“**AO**”) No. 2024-0016. These updated fees, effective January 12, 2025, were published on December 28, 2024. Applications submitted on or after January 12, 2025, will follow the new fee structure, while those submitted before this date will adhere to the previous rates. The revised fees are designed to cover the regulatory costs of regulating health products, establishments, and facilities to ensure consumer safety and public health. This includes fees for licensing, product registration, and other regulatory services. To date, the implementation of the new schedule of fees and charges remains suspended due to several identified concerns. The FDA conducted a public consultation on February 19–20, 2026 on the proposed amendment of AO No. 2024-0016, and has yet to release the final guidelines.

The operation of a food business without the proper authorisation from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon the finding of a commission of a prohibited act.

In addition, the FDA issues authorisation based on the risk categorisation of food establishments and food products. It also conducts post-market surveillance and product monitoring based on the risks presented by the food products. In this regard, the FDA follows a classification list based on the Codex Alimentarius General Standard of Food Additives and the United Nations Food and Agriculture Organization Risk Categories, wherein processed food products are classified according to microbiological risk: (a) Low Risk Food — foods that are unlikely to contain pathogenic microorganisms and will not normally support their growth because of food characteristics, and foods

that are unlikely to contain harmful chemicals; (b) Medium Risk Food — foods that may contain pathogenic microorganisms but will not normally support their growth because of food characteristics; or food that is unlikely to contain pathogenic microorganisms because of food type or processing but may support the formation of toxins or the growth of pathogenic microorganisms; and (c) High Risk Food — foods that may contain pathogenic microorganisms and will support the formation of toxins or the growth of pathogenic microorganisms, and foods that may contain harmful chemicals. Alcoholic beverages are classified as Low Risk Foods.

### ***The Food Safety Act***

**Republic Act No. 10611** otherwise known as the Food Safety Act of 2013 (“**Food Safety Act**”) aims to protect the public from food-borne and water borne illnesses and unsanitary, unwholesome, misbranded or adulterated foods; enhance industry and consumer confidence in the food regulatory system; and achieve economic growth and development by promoting fair trade practices and sound regulatory foundation for domestic and international trade. The same law created the Food Safety Regulation Coordinating Board responsible for monitoring and coordinating the performance and implementation of the mandates of the Department of Agriculture (“**DA**”), the DOH, the Department of Interior and Local Government and the local government units in food safety regulation.

Under the Food Safety Act, the DOH and DA set the mandatory food safety standards. Foods imported into the country must come from countries with an equivalent food safety regulatory system and shall comply with international agreements to which the Philippines is a party.

Food business operators are primarily responsible in ensuring that the food satisfies the requirements of food laws relevant to their activities in the food supply chain and that control systems are in place to prevent, eliminate or reduce risks to consumers. Non-compliance with the provisions of the Food Safety Act may result in the imposition of fine and a suspension of the appropriate authorisation, as warranted.

### ***Consumer Act of the Philippines***

**Republic Act No. 7394**, known as the Consumer Act of the Philippines (the “**Consumer Act**”), the provisions of which are principally enforced by the DTI, seeks to: (a) protect consumers against hazards to health and safety, (b) protect consumers against deceptive, unfair and unconscionable sales acts and practices; (c) provide information and education to facilitate sound choice and the proper exercise of rights by the consumer; (d) provide adequate rights and means of redress; and (e) involve consumer representatives in the formulation of social and economic policies.

This law imposes rules to regulate such matters as: (a) consumer product quality and safety; (b) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer’s health and safety; (c) fair and honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (d) practices relative to the use of weights and measures; (e) consumer product and service warranties; (f) compulsory labelling and fair packaging; (g) liabilities for defective products and services; (h) consumer protection against false, deceptive and misleading advertisements and fraudulent sales promotion practices; and (i) consumer credit transactions.

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging, labelling and advertisement of products and prohibits the manufacture for sale, offer for sale, distribution, or importation of products which are not in conformity with applicable consumer product quality or safety standards promulgated thereunder. Like Republic Act No. 8762, the Consumer Act also prohibits the manufacture, importation, exportation, sale, offering for sale, distribution or transfer of food products which are adulterated or mislabelled. In connection therewith, the Consumer Act provides for minimum labelling and packaging requirements for food products to enable consumers to obtain accurate information as to the nature, quality, and quantity of the contents of food products available to the general public. The Consumer Act likewise prohibits false, deceptive, or misleading advertisements and sales promotions and deceptive sales and acts and practices in connection with food products. Any person who violates the provisions of the Consumer Act shall be subject to administrative fines or imprisonment or both at the discretion of the court. Should the offence be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalised. Under the Consumer Act, the DOH also has the authority to order the recall, ban, or

seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

The Consumer Act provides for the following minimum labelling requirements for consumer products sold in the Philippines: (a) the correct and registered trade name or brand name; (b) the duly registered trademark; (c) the duly registered business name; (d) the address of the manufacturer, importer, and repacker of the consumer product in the Philippines; (e) the general make or active ingredients; (f) the net quantity of contents, in terms of weight, measure or numerical count rounded off to at least the nearest tenths in the metric system; (g) the country of manufacture, if imported; and (h) if a consumer product is manufactured, refilled or repacked under licence from a principal, the label shall so state the fact.

The DTI is tasked with implementing the Consumer Act with respect to labels and packaging of consumer products other than food products, and regulates product labeling, proper and correct description of goods, product labels with foreign characters/languages, data/information on product contents and origins and other similar matters. With respect to the packaging and repackaging of food products, such activities are regulated by the DOH and the FDA. Establishments engaged in these activities are required to comply with, among others, the current guidelines promulgated by the DOH on good manufacturing practice in manufacturing, packing, repacking, or holding food.

### ***The Intellectual Property Code***

To encourage the transfer and dissemination of technology, prevent or control practices and conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition and trade, all technology transfer arrangements shall comply with the provisions of **Republic Act No. 8293**, or the Intellectual Property Code of the Philippines. Technology transfer arrangements refer to contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or rendering of a service including management contracts; and the transfer, assignment or licensing of all forms of intellectual property rights.

The law provides for several prohibited clauses in the technology transfer agreement which, on its face, may be considered to have an adverse effect on competition and trade. These include, among others, provisions such as: a) those which impose upon the licensee the obligation to acquire from a specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor; b) those pursuant to which the licensor reserves the right to fix the sale or resale prices of the products manufactured on the basis of the licence; c) those that contain restrictions regarding the volume and structure of production; and d) those which prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the licensor.

The law also provides for several mandatory provisions, to wit:

- (1) That the laws of the Philippines shall govern the interpretation of the same and in the event of litigation, the venue shall be the proper court in the place where the licensee has its principal office;
- (2) Continued access to improvements in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement;
- (3) In the event the technology transfer arrangement shall provide for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the United Nations Commission on International Trade Law or the Rules of Conciliation and Arbitration of the International Chamber of Commerce shall apply and the venue of arbitration shall be the Philippines or any neutral country; and
- (4) The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor.

Technology transfer arrangements that conform to the foregoing need not be registered with the Documentation, Information and Technology Transfer Bureau. Non-conformance, however, shall

automatically render the technology transfer arrangement unenforceable, unless said technology transfer arrangement is approved and registered with the Documentation, Information and Technology Transfer Bureau in exceptional or meritorious cases where substantial benefits will accrue to the economy, such as high technology content, increase in foreign exchange earnings, employment generation, regional dispersal of industries and/or substitution with or use of local raw materials, or in the case of Board of Investments, registered companies with pioneer status.

### **Data Privacy Act**

**RA No. 10173**, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.* personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of “personal information”, which is defined as “any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual”. The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on “personal information controllers” and “personal information processors”. It also provides for penal and monetary sanctions for violations of its provisions.

Intended to protect the privacy of individuals, the DPA mandates companies to inform the individuals about how their personal information are collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by un authorized third parties.

The DPA IRR took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. The DPA IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

On December 5, 2022, the NPC issued Circular No. 2022-04, establishing the registration framework for Data Protection Officers (DPOs) and Data Processing Systems (DPS). Under this Circular,

personal information controllers (PICs) and personal information processors (PIPs) operating in the Philippines must register with the NPC if they meet any of the specified conditions for registration. The Circular takes effect on January 11, 2023. All covered PICs and PIPs are required to complete their registration within 180 days of the effectivity date, or by July 10, 2023, through the NPC's online registration system (NPCRS).

### ***Philippine Competition Act***

**Republic Act No. 10667**, or the Philippine Competition Act ("**PCA**"), is the primary competition policy of the Philippines. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

- (1) anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
- (2) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
- (3) merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the Implementing Rules and Regulations ("**IRR**") without notice to the PCC.

The PCA provides for mandatory notification to the PCC when notification thresholds are met. Prior to Republic Act No. 11494 also known as the Bayanihan to Recover as One Act ("**Bayanihan 2 Act**"), when the value of a transaction exceeds ₱2.4 billion, and where the size of the ultimate parent entity of either party exceeds ₱6 billion, then such transaction must be notified to the PCC. Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offences. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the **PCC** or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:  
(a) both the transaction value and the size of the ultimate parent entity of either party is at least

₱50 billion; and (b) the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan 2 Act suspends PCC's power to *motu proprio* review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions *motu proprio*. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC *motu proprio* after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

EMI, as a leading player in the Philippine alcohol industry, takes into account the provisions of RA 10667 and its implementing rules and regulations and ensures that its business decisions and operations are within the parameters set forth by the Philippine Competition Act and that its business objectives are aligned with the constitutional goals for the national economy.

### ***Retail Trade Liberalization Act***

On 10 December 2021, President Rodrigo Duterte signed into law **Republic Act (RA) No. 11595**, otherwise known as An Act amending Republic Act No. 8762 or the Retail Trade Liberalization Act of 2000 or RTLA which took effect on 21 January 2022. On 9 March 2022, the Department of Trade and Industry ("DTI"), in coordination with National Economic and Development Authority ("NEDA") and the Securities and Exchange Commission ("SEC"), issued the Implementing Rules and Regulations (IRR) to RA 11595. The new law lowers the required paid-up capital for foreign retail enterprises and eases restrictions on foreign retailers to engage in retail trade in the country. Foreign retailer means a foreign national, partnership, association, or corporation of which more than forty percent (40%) of the capital stock outstanding and entitled to vote is owned and held by such foreign national, engaged in retail trade.

Some of the salient provisions introduced by RA 11595 are:

- It removed the categories under the RTLA and lowered the minimum paid-up capital requirements for foreign retailers. The minimum paid-up capital required of a foreign retailer is Twenty-Five Million Pesos (Php25,000,000.00). Further, the foreign retailer's country of origin must provide reciprocity to Filipinos.
- For foreign retailers having more than one (1) physical store, the new law decreased the minimum investment per store to Ten Million Pesos (Php10,000,000.00)
- Foreign retailers that prequalified prior to the effectivity of the new law whose foreign ownership exceeds eighty percent (80%) are no longer required to publicly offer thirty percent (30%) of their shares of stocks in the Philippines.
- Foreign retailers should determine the nonavailability of a competent, able, and willing Filipino citizen before engaging the services of a foreign national. Foreign retailers are also encouraged to have a stock inventory of products that are made in the Philippines.

### ***Occupational Safety and Health Standards Law***

**Republic Act No. 11058** or the Occupational Safety and Health Standards Law was signed into law on August 17, 2018. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency. An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

### ***Other Regulations Particular to the Alcoholic Beverage Industry***

### **Presidential Decree No. 1619**

The law prohibits the sale of volatile substances that induce intoxication, including alcoholic beverages, to minors without the consent of their parents or guardians. For alcoholic beverages that contain at least 30% alcohol (or 60 proof), it is entirely prohibited to sell to minors. Any person found in violation of the law may be punished by imprisonment and fine.

### **FDA Circular No. 2019-006**

Pursuant to the provisions of the Food Safety Act, the FDA issued FDA Circular No. 2019-006 on the Guidelines on Commercial Display, Selling, Promotion, and Advertising of Alcoholic Beverages and Beverages that Contain Alcohol, providing for the following guidelines:

(1) All alcoholic beverages, regardless of type of packaging, shall only be displayed in designated conspicuous area in all convenience stores, supermarkets, hypermarkets, groceries and other food retailing stores with prominent signage "ALCOHOLIC BEVERAGES". Other beverages with alcohol regardless of level of alcohol content like alcopop (flavoured beverage with alcohol content) shall likewise be displayed in this same designated area. These beverages shall not be displayed together with other products like juice drinks and must not be accessible to children;

(2) Owners or operators of sari-sari stores which may not have enough space to designate an area for alcoholic beverages and other beverages with alcohol content shall be responsible to ensure that subject beverages as mentioned in Item no. (2) above are not sold to minors (below 18 years old); and

(3) Promotional and advertising materials on alcoholic beverages and beverages with alcohol content (regardless of amount) shall clearly state or inform consumers that such beverages contain alcohol, and therefore not to be promoted and advertised to be sold to and consumed by minors. Packaging and labelling materials shall not be appealing to children.

Sanctions and penalties over violations of any of the provisions of this FDA Circular shall follow the Food Safety Act and its implementing rules and regulations.

### **Excise Tax Law**

The Company's alcohol products are subject to excise taxes which are currently substantially pass on to consumers and form part of the sales prices.

Excise taxes apply to alcohol content of alcohol products such as distilled spirits, wines and fermented liquors, which are manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition, including imported items. The excise tax imposed by law is in addition to the 12% Value Added Tax ("VAT") on selling price.

*Spirits or distilled spirits* are substances known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and includes whisky, brandy, rum, gin and vodka, and other similar products or mixtures. *Proof spirits* are liquors containing one-half of their volume of alcohol with a specific gravity of 0.7939 at 15°C. A *proof litre* is a litre of proof spirits.

On 22 January 2020, **Republic Act No. 11467** (R.A. No. 11467), which amended certain provisions of the Philippine Tax Code including the provisions on excise taxes on alcohol products, was signed into law. Pursuant to R.A. No. 11467, excise taxes on distilled spirits shall be levied, assessed and collected as follows:

1. Effective on January 1, 2020:
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of ₱42.00 per proof liter.
2. Effective on January 1, 2021:
  - An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and

- In addition to the ad valorem tax, a specific tax of P47.00 per proof liter.
3. Effective January 1, 2022: =
- An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P52.00 per proof liter.
4. Effective January 1, 2023 =
- An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P59.00 per proof liter.
5. Effective January 1, 2024 =
- An ad valorem tax equivalent to 22.0% of the net retail price (excluding the excise tax and VAT) per proof; and
  - In addition to the ad valorem tax, a specific tax of P66.00 per proof liter.
6. Effective January 1, 2025, the specific tax of P66.00 per proof liter shall be increased by six percent (6%) every year thereafter, while the ad valorem tax shall remain the same.

Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, are subject to the same tax as the chief ingredient.

The tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

The net retail price shall mean the price at which the distilled spirits is sold on retail in at least five (5) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value-added tax. For distilled spirits which are marketed outside Metro Manila, the net retail price shall mean the price at which the distilled spirits is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. This shall initially be provided by the manufacturer through a sworn statement and shall be validated by the Bureau of Internal Revenue (BIR) through a price survey. The net retail price shall be determined by the BIR through a biannual price survey under oath.

The suggested net retail price means the net retail price (excluding excise tax and value-added tax) at which locally manufactured or imported distilled spirits are intended by the manufacturer or importer to be sold in major supermarkets or retail outlets in Metro Manila for those marketed nationwide, and in other regions, for those with regional markets. At the end of three months from the product launch, the BIR will validate the suggested net retail price of the new brand against the net retail price and determine the correct tax on a newly introduced distilled spirits. After the end of nine months from such validation, the BIR shall revalidate the initially validated net retail price against the net retail price as of the time of revalidation in order to finally determine the correct tax on a newly introduced distilled spirits.

Understatement of the suggested net retail price by as much as 15.0% of the actual net retail price results in the manufacturer's or importer's liability for additional excise tax equivalent to the tax due and the difference between the understated suggested net retail price and the actual net retail price.

Wines are levied, assessed and collected an excise tax of P50 per liter effective January 1, 2020, increasing by 6% every year thereafter. [Previously, specific tax rate increased by 4% every year from January 1, 2014.]

Manufacturers and importers of distilled spirits and wines, within 30 days from the effectivity of R.A. No. 11467 and within the first five days of every third month thereafter, submit to the BIR a sworn

statement of the volume of sales and removals for each particular brand of distilled spirits sold at their establishment for the three-month period immediately preceding.

Any manufacturer or importer who misdeclares or misrepresents in the sworn statement any pertinent data or information shall, upon final findings by the BIR that the violation was committed, be penalized by a summary cancellation or withdrawal of the permit to engage in business as a manufacturer or importer of distilled spirits or wines. Any corporation, association or partnership liable for any of the acts or omissions in violation of the provision on excise tax for distilled spirits or wines will be fined treble the amount of deficiency taxes, surcharges and interest which may be assessed. Any person liable for, or who wilfully aids or abets a personally liable for, any of the acts or omissions prohibited under the excise tax laws will be criminally liable and penalized under the National Internal Revenue Code of 1997, as amended (the "Philippine Tax Code"). Non-nationals will be deported immediately after serving the sentence.

### ***Excise Tax on Sweetened Beverages***

**Republic Act 10963** or the Tax Reform for Acceleration and Inclusion ("TRAIN") Law, which amends certain provisions in the Philippine Tax Code, took effect on January 1, 2018. Section 150-B of the Philippine Tax Code, as amended, imposes the following excise taxes on sweetened beverages effective January 1, 2018: (a) a tax of ₱6 per litre on sweetened beverages using purely caloric sweeteners, and purely non-caloric sweeteners, or a mix of caloric and non-caloric sweeteners; provided, that this tax rate shall not apply to sweetened beverages using high fructose corn syrup and sweetened beverages using purely coconut sap sugar and purely steviol glycosides; and (b) a tax of ₱12.00 per litre on sweetened beverages using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener.

On July 25, 2018, the BIR issued Revenue Regulations (RR) No. 20-2018, which seeks to implement the new taxes on sugar-sweetened beverages. Under RR 20-2018, sweetened beverages were defined as "non-alcoholic beverages of any constitution (liquid, powder, or concentrates) that are pre-packaged and sealed in accordance with the Food and Drug Administration standards that contain caloric and/or non-caloric sweeteners added by the manufacturers."

The particular products covered by the new excise tax were the following: sweetened juice drinks; sweetened tea; all carbonated beverages; flavored water; energy and sports drinks; other powdered drinks not classified as milk, juice, tea, and coffee; cereal and grain beverages; as well as other non-alcoholic beverages that contain added sugar, while products using purely coconut sap sugar and purely steviol glycosides were exempt from the excise tax, as long as these "comply with specifications as stated in the Philippine National Standard/Bureau of Agricultural and Fisheries Products Standards 76:2010 ICS 67.180 or latest updated standards.

The Company's sweetened non-alcoholic products, Club Mix Lime Juice and Club Mix Apple Tea, are covered.

### ***Philippine BIR Issuances***

To implement R.A. No. 10351, the BIR issued Revenue Regulation ("RR") No. 17-2012 on December 26, 2012. Among others, RR No. 17-2012 provides that for purposes of tax classification, alcohol or tobacco products, whether imported or domestically manufactured in the Philippines, shall be taxed according to their individual brand name (whether or not with prefix or suffix), color and/or design of label (such as logo, font, picturegram, and the like), manner and/or form of packaging or size of container of the product. RR No. 17-2012 also provides that all cigarettes whether packed by hand or packed by machine shall only be packed in twenties (20s), and through other packaging combinations which shall result to not more than 20 sticks of cigarettes: provided, that, in case of cigarettes packed in not more than 20 sticks, whether in five sticks, 10 sticks and other packaging combinations below 20 sticks, the net retail price of each individual package of 5s, 10s, etc. shall be the basis of imposing the tax rate prescribed under R.A. No. 10351.

The BIR also issued RMC No. 3-2013 on January 9, 2013, which clarified that "ethyl alcohol, ethanol, or spirits of wine, including all dilutions, purifications and mixtures thereof" were separate and distinct distilled spirits from "whisky, brandy, rum, gin and vodka." Consequently, both groups of distilled spirits should be subject to separate and distinct excise taxes. However, on February 15, 2013, the

BIR issued RMC No. 18-2013, which amended RMC No. 3-2013 insofar as ethyl alcohol is concerned. RMC 18-2013 provides as follows:

The importation of ethyl alcohol or ethanol intended for re-sale or for the manufacture of compounded liquors shall be subject to excise tax unless the importer thereof is a holder of a Permit to Operate as importer of ethyl alcohol or ethanol or as a manufacturer of compounded liquors, as the case may be, duly issued by the BIR and has posted a surety bond, in addition to the importer's bond prescribed under Section 160 of the Philippine Tax Code;

In case of domestic sale of ethyl alcohol or ethanol by duly registered manufacturers thereof, otherwise known as distilleries, the sale and delivery of ethyl alcohol or ethanol directly to manufacturers of compounded liquors shall be subject to excise tax, unless a surety bond shall be posted by the distillery, in addition to the manufacturer's bond prescribed under Section 160 of the Philippine Tax Code. Moreover, the sale and delivery of ethyl alcohol or ethanol without the payment of the excise tax to be used as raw material in the manufacture of compounded liquors shall not be allowed unless the buyer thereof is a holder of a Permit to Operate as manufacturer of compounded liquors duly issued by the BIR;

The removal of ethyl alcohol or ethanol from distilleries for purposes of rectification shall be conditionally tax-exempt and the excise tax due on the rectified alcohol shall be paid by the rectifier pursuant to the provisions of Section 137 of the Philippine Tax Code and its implementing rules and regulations. In case the rectifier shall remove and deliver the rectified alcohol to manufacturers of compounded liquors, such removal shall not be subject to excise tax provided that a surety bond in an amount similar to that provided for distilleries shall have been posted by the rectifier;

The duly registered importer of ethyl alcohol or ethanol intended for resale shall be liable to the excise tax on sale and delivery thereof to persons or entity other than to manufacturers of compounded liquors;

All existing manufacturers of compounded liquors are now liable to pay the excise tax on every removal of compounded liquors from its place of production pursuant to R.A. No. 10351, and are required to post an initial manufacturer's bond prescribed under Section 160 of the Philippine Tax Code equivalent to the excise due on the total volume of compounded liquors that have been actually removed from the place of production in the immediately previous year of operation;

With respect to the tolling, bottling and other sub-contracting agreements prescribed under Section 21 of R.R. No. 03-2006, the owner of the alcohol products shall be the person liable to pay the excise tax before removal thereof from the place of production of the toller or sub-contractor; and

The excise tax that has already been paid on ethyl alcohol or ethanol pursuant to RMC No. 3-2013 shall not be entitled to tax credit/refund or shall not be deducted from the total excise tax due on compounded liquors.

### ***Biofuels Act***

In 2007, the Philippine enacted Republic Act No. 9367, entitled "An Act to Direct the Use of Biofuels, Establishing for this Purpose, The Biofuel Program, Appropriating Funds Therefor, and For Other Purposes", otherwise known as the Biofuels Act of 2006, which provides for the mandatory use of biofuels. RA 9367 mandates that there shall be a minimum 1% biodiesel blend and 5% bioethanol blend by volume in all diesel and gasoline fuels, being distributed and sold in the country, provided that the biodiesel and bioethanol blends conform to the standards set forth under the Philippine National Standards. In order to encourage investments in the biofuels industry, the government, in addition to applicable incentives and benefits under the existing laws, rules and regulations, provided for an incentive scheme which includes 0% specific tax on local and imported biofuels component per liter of volume, VAT exemption on the sale of raw material used in the production of biofuels, exemption from wastewater charges for water effluents for the production of biofuels and potential financial assistance from government financial institutions.

At present, the government, through the Sugar Regulatory Administration, Department of Energy, BIR and Bureau of Customs, is working hand in hand with the private sector to further develop the biofuels industry, with the vision of producing enough biofuels for local and international distribution.

### **Revised Corporation Code**

Republic Act No. 11232 or the Revised Corporation Code ("**Revised Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

- corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation;
- the Code allows the creation of a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder, provided that, only a natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an **OPC**, unless provided for under special laws;
- material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same;
- the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia*, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and
- in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

## **UK REGULATIONS**

### **Scotch Whisky Regulations 2009**

The Scotch Whisky Regulations 2009 ("SWR") came into force on November 23, 2009, replacing the Scotch Whisky Act 1988 and the Scotch Whisky Order 1990. Whereas the previous legislation had only governed the way in which Scotch Whisky must be produced, the SWR also set out rules on how Scotch Whiskies must be labelled, packaged and advertised, as well as requiring Single Malt Scotch Whisky to be bottled in Scotland, labelled for retail sale, from November 23, 2012. The SWR make clear that Scotch Whisky must be wholly matured in Scotland (i.e. it may not be matured in any country other than Scotland). They also require that all maturation must take place in an excise warehouse or in another permitted place regulated by Her Majesty's Revenue and Customs ("HMRC"). HMRC is appointed by the SWR as the competent authority for verification of Scotch Whisky.

Permitted place is defined in Regulation 4 of the SWR and includes any place to which spirits in an excise warehouse are moved for:

- Re-warehousing in another excise warehouse;
- Such temporary purposes and periods as HMRC allow;
- Scientific research and testing;

- Storage at other premises where under the Customs and Excise Acts goods of the same class or description may be kept without payment of excise duty; and
- Such other purpose as HMRC may permit.

It is only if all maturation of Scotch Whisky takes place under some form of HMRC control that they will be able to certify that the spirit is Scotch Whisky and, if any age is claimed, that the Scotch Whisky has been matured in the permitted size of oak casks for the period claimed.

The SWR also provide that the only type of whisky that may be manufactured in Scotland is Scotch Whisky. This is to prevent the existence of two “grades” of whisky in Scotland - one “Scotch Whisky” and the other “Whisky – product of Scotland”. This is to ensure protection of “Scotch Whisky” as a distinctive product.

Regulation 3(2) defines five categories of Scotch Whisky. The relevant category description must appear clearly and prominently on every bottle of Scotch Whisky sold:

1. Single Malt Scotch Whisky – A Scotch Whisky distilled at a single distillery (i) from water and malted barley without the addition of any other cereals, and (ii) by batch distillation in pot stills. From 23 November 2012, Single Malt Scotch Whisky must be bottled in Scotland.
2. Single Grain Scotch Whisky - A Scotch Whisky distilled at a single distillery (i) from water and malted barley with or without whole grains of other malted or unmalted cereals, and (ii) which does not comply with the definition of Single Malt Scotch Whisky.
3. Blended Scotch Whisky - A blend of one or more Single Malt Scotch Whiskies with one or more Single Grain Scotch Whiskies.
4. Blended Malt Scotch Whisky - A blend of Single Malt Scotch Whiskies, which have been distilled at more than one distillery.
5. Blended Grain Scotch Whisky - A blend of Single Grain Scotch Whiskies, which have been distilled at more than one distillery.

Regulation 8 of the SWR makes it compulsory for every Scotch Whisky to bear on the front of the bottle and on any individual packaging the category to which the Scotch Whisky belongs. The category must appear as prominently as other description of the Scotch Whisky.

It an offence to promote a Scotch Whisky as belonging to a category to which it does not belong. Regulation 6 of the SWR makes it illegal to label, package, sell or advertise any drink as “Scotch Whisky” or “Scotch” in such a way to suggest indirectly that the drink is Scotch Whisky when it does not qualify as such.

Regulation 7 of the SWR also makes it illegal to export any type of Scotch Whisky in an oak or other wooden cask. It is permitted to continue to export Scotch Whisky in bulk using inert containers such as appropriate plastic drums or steel containers.

However, Regulation 7 of the SWR also makes it illegal for Single Malt Scotch Whisky to be exported from Scotland other than in a bottle labelled for retail sale.

SWR provided added legal protection for the traditional regional names with Scotch Whisky production, i.e., ‘Highland’, ‘Lowland’, ‘Speyside’, ‘Campbeltown’, and ‘Islay’. These names can only appear on whiskies wholly distilled in those regions. A distillery name must not be used as a brand name on any Scotch Whisky which has not been wholly distilled in the named distillery. Labelling must not by any other means mislead consumers as to where the Scotch Whisky has been distilled. It is permissible to use other Scottish locality or regional names provided the Scotch Whisky has been entirely distilled in that place.

The SWR maintain the long standing rule on the use of age statements, i.e. the only age which may be stated is the age of the youngest Scotch Whisky in the product. When distillation or vintage year will be used, then only one year may be mentioned together with the year of bottling or age statement which must appear in the same field of vision as the year of distillation or vintage, and all of the whisky in the product must have been distilled in that vintage year.

There are a range of enforcement measures available for breach of the SWR from warning notices to criminal prosecutions. Provisions are also included for civil enforcement by interested parties.

### **Excise duty**

Prior to August 1, 2023, total duty and excise tax payment made up about 70% of the average price of a bottle of whisky, at a rate of £28.74 per litre of pure alcohol, and so the Spirit Duty you paid on a 1 litre bottle of 40% ABV is 40% of £28.74, or £11.50.

Effective August 1, 2023, in the Spring Budget of March 2023, the Chancellor increased the duty rate on spirits by 10.1%, the biggest hike in more than 40 years<sup>39</sup>, to £31.64 per litre of pure alcohol, meaning that of the £15.22 average price of a bottle of Scotch Whisky, £11.40 is collected in taxation through duty and 20% VAT<sup>40</sup>. The tax burden on the averaged priced bottle of Scotch Whisky has risen from 70% to 75%.

In the Autumn Budget of October 2024, the Chancellor announced a further increase of 3.65% effective February 1, 2025 with duty per litre of alcohol for all products over 22% ABV being £32.79, and the tax burden to consumers at least £12 per bottle.<sup>41</sup>

The Scottish Government has implemented a minimum price per unit of alcohol on product sold in Scotland. In April 2024, the Scottish Parliament voted to keep minimum unit pricing and increase the minimum unit price from 50p to 65p per unit.<sup>42</sup> This new level came into effect as of September 30, 2024, meaning no alcoholic drink sold in Scotland can be legally priced below £0.65 per unit.

In the 2025 Autumn Budget, the UK Government announced that all alcohol duty rates will be increased in line with Retail Price Index ("RPI") inflation for 2026, effective February 1, 2026.<sup>43</sup> The RPI inflation rate used for uprating was 3.66%. Therefore, effective February 1, 2026, the duty per litre for alcohol for all products over 22% ABV will be £33.99.

The Alcohol Duty Stamp Scheme (ADSS) required spirits with an alcohol content of 35% or more to carry a physical duty stamp on each bottle. This scheme was formally abolished with effect from May 1, 2025.

### **USA Tariffs**

On October 18, 2019, the U.S. began to impose additional tariffs on certain products imported from the European Union (including the UK). In particular, Single Malt Scotch Whisky imported into the U.S. had to pay an import tariff in addition to the existing ones of 25% ad valorem, that is, 25% of the value of the product declared in customs.

The U.S. suspended tariffs on UK goods, including Single Malt Scotch whisky, for four months starting March 4, 2021. In June 2021, a UK-U.S. deal on future aerospace subsidies was agreed which suspended the 25% tariff on single malt Scotch Whisky for a further five years.

On April 2, 2025, U.S. President Trump, announced two new types of tariffs – a sweeping 10% tariffs on all imports, and the reciprocal tariffs on more than 60 trade partner-countries with USA (based on US trade deficit and their exports). European Union's imports to USA would face a reciprocal tariff of 20% while UK-made products would face a 10% import duty.<sup>44</sup>

The 10% tariff on Scotch whisky imports remains in force. In September 2025, the Scottish First Minister participated in discussions in Washington D.C. alongside the SWA and DISCUS to advocate

---

<sup>39</sup>Source: Scotch Whisky Association's newsroom. articles dated March 15, 2023, March 3, 2024, and January 10, 2025

<sup>40</sup> VAT is applied to the price including duty on duty-paid sales to UK customers only. There is no VAT charged to customers outside the UK.

<sup>41</sup> Scotch Whisky Association's newsroom article dated January 10, 2025.

<sup>42</sup> On May 1, 2018, Scotland became the first country to implement minimum unit pricing for alcoholic drinks aimed to curb alcohol-related harms. Article updated September 30, 2024 in [www.mygov.scot/minimum-unit-pricing](http://www.mygov.scot/minimum-unit-pricing)

<sup>43</sup> HM Revenue & Customs, 'Alcohol Duty Uprating', 26 November 2025. Link: [Alcohol Duty uprating - GOV.UK](https://www.gov.uk/government/news/alcohol-duty-uprating)

<sup>44</sup> KDKA News, April 8, 2025. [www.cbsnews.com/Pittsburgh/news/trump-tariffs-europe-wine-scotch-whisky/](https://www.cbsnews.com/Pittsburgh/news/trump-tariffs-europe-wine-scotch-whisky/) Also, Money Watch updated April 3, 2025. [www.cbsnews.com/news/which-products-most-affected-tariffs/](https://www.cbsnews.com/news/which-products-most-affected-tariffs/)

for a tariff agreement which would restore a zero-for-zero duty framework for spirits.<sup>45</sup>

***Commercial and Cooperation Agreement between the European Union and the European Atomic Energy Community, on the one side, and the United Kingdom of Great Britain and Northern Ireland, on the other side***

The EU and the UK signed a commercial and cooperation agreement on December 24, 2020 (the “**Commercial and Cooperation Agreement**”), in force on January 1, 2021, in order to regulate their relationships due to the Brexit, with regard to trade of goods and services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fishing, coordination of social security, judicial cooperation and police in criminal matters, thematic cooperation and participation in European Union programmes.

As of January 1, 2021, the UK leaves has now left the Single Market and the Customs Union of the EU.

As a result, it no longer benefits from the principle of the free movement of goods. Even with the new agreement in place, companies will face new trade barriers, which will lead to increased costs, new controls and will require adjustments to integrate supply chains from the EU and UK.

Both Parties have agreed to create an ambitious free trade area without tariffs or quotas applied to products, with regulatory and customs cooperation mechanisms, as well as provisions to guarantee a level playing field for open and fair competition, as part of a larger partnership economical.

The provisions set out in the Commercial and Cooperation Agreement do not govern trade of goods between the EU and Northern Ireland, since these will be governed by the Protocol on Ireland and Northern Ireland included in the Exit Agreement of the UK (“**Brexit**”).

In particular with regard to any pending applications for registered trademarks in the EU, as a result of Brexit, no corresponding UK rights will be automatically created from EU trademark applications, so it will be necessary to file a UK application.

***UK Competition Act 1998***

Our Company’s activities in the UK are subject to the provisions of the Competition Act 1998 (“**CA 98**”).

Consistent with the competition/antitrust laws of many other countries, the CA 98 prohibits:

- agreements between undertakings that have the object or effect of restricting competition; and
- the abuse of a dominant market position.

The CA 98 applies throughout the UK, including Scotland.

The prohibitions under the CA 98 are broadly the same as those that apply under European Union (“**EU**”) competition law. As a result of Brexit, EU competition law no longer applies in the UK. However, the UK has retained into UK competition law various EU “block exemptions”. These include the Vertical Agreements Block Exemption, which applies to distribution and other vertical agreements. The Vertical Agreements Block Exemption expired on 31 May 2022 and the UK’s principal competition authority, the Competition and Markets Authority (“**CMA**”), consulted on how competition law should apply to vertical agreements after that date. The Competition Act 1998 (Vertical Agreements Block Exemption) Order 2022 (“**VABEO**”) came into force on 1 June 2022. Whilst the 2022 Vertical Block Exemption Regulation in the EU and the VABEO have similar concepts and provisions there is some divergence. Companies operating in both the UK and the EU will have to comply with both the VABEO and the EU regulations. The VABEO expires on 1 June 2028, six years earlier than the EU regulation, in order that the UK government can review and action market developments in that time. There could therefore be more divergence in the future which could cause compliance challenges for parties operating in both the EU and the UK.

---

<sup>45</sup> Scotch Whisky Association, ‘First Minister joins SWA in Washington DC to press for zero tariff trade’ 9 September 2025.  
Link: [First Minister joins SWA in Washington DC to press for zero tariff trade](#)

### ***Digital Markets, Competition and Consumers Act 2024***

The Digital Markets, Competition and Consumers Act 2024 (“**DMCC Act**”) came into force in 2024 to strengthen the enforcement of consumer protection law and introduce new consumer rights.

The DMCC Act will be relevant to WML to the extent it offers products directly to consumers, given its consumer protection focus. The DMCC Act amends and updates the list of commercial practices which are considered unfair in all circumstances, including falsely stating a product will only be available for a limited time and using content to promote a product where it has paid for the promotion without making that clear to the consumer. The DMCC Act includes new regulations related to subscription contracts but since we do not offer subscriptions to any consumers and there is no contemplation of us doing so in the future, many of the provisions are not relevant.

The DMCC Act enhances the CMA’s enforcement powers by giving the CMA direct enforcement powers against businesses who do not comply with consumer protection law without requiring a court order including issuing directions and fines. The CMA can now impose penalties of up to 5% of the business’s global annual turnover or £150,000 (whichever is higher) for a breach of an undertaking or 1% of a business’s global turnover or £30,000 for providing false or misleading information to the CMA.

Additionally, the DMCC Act increases the threshold for a target’s UK turnover from £70 million to £100 million as well as expanding the CMA’s merger review powers. There is a new threshold for merger review where one party has (i) an existing 33% (or more) share of supply of goods or services in the UK and (ii) UK turnover exceeding £350 million, and another party has a “UK nexus” (it is registered in or carries on activities in the UK or supplies goods/services to UK customers). Previously, both the buyer and target must have overlapping UK activities or the target must have had substantial UK operations. This change expands the CMA’s jurisdiction over transactions between non-competitors.

### ***Advertising***

Advertising and marketing in the UK is subject to the **Advertising Codes of Practice**, which comprises the UK Code of Non-broadcast Advertising and Direct & Promotional Marketing, the rule book for non-broadcast advertisements, and The UK Code of Broadcast Advertising. The Advertising Codes of Practice applies to all advertisements (including teleshopping, content on self-promotional television channels, television text and interactive TV ads) and program sponsorship credits on radio and television services licensed by Ofcom.

WML is also bound by specific rules contained within the Advertising Codes of Practice that relate directly to marketing communications for alcoholic drinks (that is drinks with a strength above 0.5% ABV). The spirit, not just the letter, of the codes apply with the general principle being that marketing communications for alcoholic drinks should not be targeted at people under 18 and should not imply, condone, or encourage immoderate, irresponsible or anti-social drinking.

Breaching of the Advertising Codes of Practice can lead to a public adjudication by the regulator, the Advertising Standards Authority, as well as the removal or amendment of material and other trade related sanctions. In extreme circumstances, serious breaches can lead to referral to Trading Standards, the local authority departments within the UK that enforce consumer protection legislation.

WML also subscribes to voluntary codes that relate to social responsibility and self-regulation in the alcohol industry, including Drinkaware (an independent charity working to reduce alcohol misuse and harm in the UK by helping consumers make healthy choices about their drinking) and the Portman Group (a voluntary code membership that promotes good practice and compliance with labelling and advertising of alcohol) and the Scottish Alcohol Industry Partnership, a vehicle for industry partners to work together to support, devise and deliver initiatives that promote responsible consumption and tackle harmful drinking.

### ***Data (Use and Access) Act 2025***

The Data (Use and Access) Act 2025 (DUAA) makes significant changes to the UK’s data protection and data access framework, which regulates how organisations can collect, store, share and use

person information.<sup>46</sup>

The Act expands lawful bases for processing personal data, introducing ‘Recognised Legitimate Interests’ (RLI), which provide for a more secure and defined set of processing purposes where legitimate interests can be relied upon without the same level of balancing scrutiny. For the following recognised purposes, organisations do not need to perform a full balancing test for legitimate interests: (i) crime prevention; (ii) safeguarding; (iii) emergency response; and (iv) other government or public-interest functions.

The Act clarifies the conditions for organisations to make decisions based solely on automated processes. This includes circumstances such as routine eligibility checks for services or benefits and automated risk scoring in financial, insurance, or fraud-detection contexts. However, where an organisation uses automated processes, individuals affected must be notified in a clear and understandable manner. Individuals affected will also have the right to request a human review of the decision and challenge decisions on the grounds that they are unfair, inaccurate, or inappropriate.

The DUAA clarifies the time limits for an organisation to respond to subject access requests, including a ‘stop the clock’ rule whereby an organisation can pause the response time if they need more information from the requester.

In summary, DUAA 2025 modernises the UK’s data protection framework, providing organisations with greater clarity and flexibility in using personal data while reinforcing transparency, accountability and individual rights.

## **SPANISH REGULATIONS**

### ***Brandy de Jerez Regulations***

The Andalusian Regional Department of Agriculture, Fisheries and Rural Development approved the **Order dated October 26, 2023**, which contains the new Terms of Reference (Product Specification) for the Geographical Indication “Brandy de Jerez”. This Order was subsequently **amended by the Order of March 26, 2024**, replacing the former Order dated June 28, 2018. These regulations lay down the technical specifications of the products, compliance with which, must be verified to enable use of the protected name. Furthermore, the new Operational Regulation of the Regulatory Board of “Brandy de Jerez” has been approved by an **Order dated February 16, 2018** issued by the Andalusian Regional Department of Agriculture, Fisheries and Rural Development, replacing the former Order dated June 13, 2005, and remains in force.

The Geographic Indication “Brandy de Jerez” is protected in the European Union, through its registration as a Protected Geographical Indication (PGI). The current EU regulatory framework is established by Regulation (EU) 2024/1143 of April 11, 2024, on geographical indications for wines, spirit drinks, and agricultural products, which constitutes a harmonized system at EU level and amends and partially replaces, inter alia, Regulation (EU) 2019/787.

The following EU Regulations amending Regulation (EU) 2019/787 were adopted in 2021 and remain applicable where not superseded by Regulation (EU) 2024/1143:

COMMISSION DELEGATED REGULATION (EU) 2021/1334 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards allusions to legal names of spirit drinks or geographical indications for spirit drinks in the description, presentation and labelling of other spirit drinks

COMMISSION DELEGATED REGULATION (EU) 2021/1335 of May 27, 2021 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the labelling of spirit drinks resulting from the combination of a spirit drink with one or more foodstuffs.

COMMISSION DELEGATED REGULATION (EU) 2021/1465 of July 6, 2021 amending Regulation

---

<sup>46</sup> GOV.UK, ‘Data (Use and Access) Act 2025: data protection and privacy changes’ 27 June 2025. Link: [Data \(Use and Access\) Act 2025: data protection and privacy changes - GOV.UK](#)

(EU) 2019/787 of the European Parliament and of the Council as regards the definition of allusions to legal names of spirit drinks or geographical indications for spirit drinks and their use in the description, presentation and labelling of spirit drinks other than the spirit drinks to which allusion is made

The following EU Regulations amending Regulation (EU) 2019/787 have been adopted in 2022, and remains applicable where not superseded:

COMMISSION DELEGATED REGULATION (EU) 2022/1303 of 25 April 2022 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of and requirements for ethyl alcohol of agricultural origin.

In order to be considered a Brandy de Jerez, it must be produced according to the methods laid down by the Regulatory Council. The area of production, ageing, and bottling must be exclusively within the so-called Sherry Triangle, defined by the municipalities of Jerez de la Frontera, Sanlúcar de Barrameda, and El Puerto de Santa María. Bottling must take place exclusively in registered and authorized wineries.

The production process is based on the traditional Criaderas and Solera ageing system, using oak casks previously seasoned with Sherry wines, which impart specific organoleptic characteristics depending on the type of Sherry used. Wine spirits of higher alcoholic strength may be used, provided that the distillates or holandas do not exceed 50% of the alcoholic content of the final product. The holandas must always represent at least 50% of the final brandy.

Brandy de Jerez can be classified into three categories according to its ageing period:

1. Brandy de Jerez Solera – ageing for more than six months expressed in UBEs (Basic Ageing Unit)
2. Brandy de Jerez Solera Reserva - ageing for more than one year expressed in UBEs.
3. Brandy de Jerez Gran Reserva - ageing for more than three years expressed in UBEs.

Spanish Royal Decree 164/2014, of March 14, which establishes complementary rules for the production, designation, presentation and labeling of certain spirits.

### ***Sherry Regulations***

The Andalusian Regional Department of Agriculture, Fisheries, and Rural Development has approved the Order dated February 20, 2024, containing the new Product Specification for the Protected Designation of Origin "Jerez-Xérès-Sherry." This regulation contains the technical specifications of the products, whose compliance must be verified in order to use the protected name.

The Protected Designation of Origin Jerez-Xérès-Sherry is protected in the European Union, under the European system of geographical indications. The applicable EU legal framework is currently established by Regulation (EU) 2024/1143 of April 11, 2024, which amends and partially replaces Regulation (EU) 1308/2013, establishing a harmonized system for geographical indications for wines, spirit drinks, and agricultural products.

This Regulation (EU) 1308/2013 was amended in 2024 by: Regulation (EU) 2024/1143 of the European Parliament and the Council, dated April 11, 2024, regarding geographical indications for wines, spirits, and agricultural products, as well as guaranteed traditional specialties and optional quality terms for agricultural products, which amends Regulations (EU) No. 1308/2013, (EU) 2019/787, and (EU) 2019/1753, and repeals Regulation (EU) No. 1151/2012.

Commission Delegated Regulation (EU) 2019/33, of October 17, 2018, which completes Regulation (EU) 1308/2013 of the European Parliament and the Council, and regulates applications for protection of designations of origin, geographical indications and traditional terms of the wine sector, opposition procedure, restrictions on use, amendments to the specifications, cancellation of protection and labelling rules, insofar as these provisions remain applicable under the new framework.

The Commission Delegated Regulation (UE) 2019/934 of March 12, 2019 complements Regulation (EU) 1308/2013 regarding authorised oenological practices, zones in which alcohol content may be increased, production and preservation restrictions, minimum alcoholic strength of by-products, and the publication of OIV files, insofar as it remains applicable.

As of December 8, 2023, the new European wine labelling rules introduced by Regulation (EU) 2021/2117 apply, establishing as mandatory:

- Provision of nutritional information (may be electronic, except for energy value, which must appear on the physical label).
- Listing of allergens (must always appear on the physical label).

### ***Spanish excise duty***

Total duty and excise tax payment made up about 60% of the average price of a bottle of brandy (which are in the range of more than 36° alcoholic degrees). For Spirits (less than 36° alcoholic degrees), taxes represent about 50% of the average price of a bottle. For Sherry Wines, we are in two ranges again, less than 15° alcoholic degrees on 20% of the final prices and higher on 23% of a final price of a bottle of Sherry Wine. These ratios were updated at the end of 2016 by the Spanish Government, at a 5% increase from 2015.

The regulations governing special taxes are Law 38/1992, of December 28, on Special Taxes and Royal Decree 1165/1995, of July 7, which approves the Regulation on Special Taxes.

By order HAC / 998 of September 23, 2019, the Spanish Ministry of Finance modified the accounting of products subject to Special Manufacturing Taxes, whose entry into force was on January 1, 2020 with extension until December 31, 2020. On December 26, 2024, Order HAC/1505/2024 was published, which amends Order HAC/998/2019, regulating the obligation to keep accounting entries for products subject to Excise Duties. This amendment establishes that, for the first half of 2025, accounting entries may be made in accordance with the regulations in force until December 31, 2024.

On the other hand, Order HAC/626 of July 6, 2020, has modified the Order HAC / 1271 of December 9, 2019, has approved the rules of development of the provisions of article 26 of the Regulation of Special Taxes, approved by Royal Decree 1165/1995, of July 7, on the new fiscal seals planned for derived beverages (Brandy and Spirits), whose entry into force has been on January 1, 2020.

Finally, Royal Decree 399/2021, of June 8 amends in its First Final Provision the Regulation on Excise Duties, approved by Royal Decree 1165/1995, of July 7. The first paragraph of letter a) of section 2 and section 11 are amended, and section 12 and the last paragraph of section 13 of article 26 of the Regulation of Excise Duties, approved by Royal Decree 1165/1995 are repealed: Placement of the seals in any visible place on the container in such a way that they cannot be reused and allowing the reading of the electronic security code that they incorporate, as well as the request for the electronic cancellation of the security codes for the deactivation of tax marks.

### ***Amendment of the Food Chain Law***

In 2021 the Spanish Food Chain Law has been amended by Law 16/2021 of December 14, in order to include the provisions of an EU Directive on unfair commercial practices in relations between companies in the agricultural and food supply chain. Among others, it requires from now onwards that the agreed price of the sale of products always covers production costs, to sign written contracts with regard to commercial transactions of more than 2,500 euros, broadens the catalog of prohibited unfair commercial practices and reinforces the sanctioning procedure.

In 2025, although no further amendments to the Food Chain Law itself have been adopted, its application has been reinforced through increased controls and sanctions by the Spanish Agency for Food Information and Control (AICA). In addition, the regulatory framework has been complemented by Law 1/2025 on the prevention of food loss and waste, which introduces new obligations for operators in the food supply chain, particularly regarding surplus management and contractual planning, and which further reinforces the objectives of balance, transparency and fairness within the agri-food chain.

### **Spanish Competition Act**

Spanish Act 15/2007, of 3 July on the Defense of Competition (“**Spanish Competition Act**”) and its regulation approved by Royal Decree 261/2008 of 22 February provides competition rules in Spain.

Royal Decree-Law 5/2023 introduced some changes to Spanish Act 15/2007. The amendments were mainly of a proceeding type.

Spanish Competition Act prohibits agreements between undertakings that have the object or effect of restricting competition and the abuse of a dominant market position which are consistent with the competition provisions included in Article 101, 102 et seq. of the Treaty on the Functioning of the European Union (“**TFEU**”). In particular, Article 1 of the Spanish Act 15/2007, of 3 July, on Defense of Competition has the same purpose than the article 101 of the TFEU, precluding all the agreements and concerted practices between undertakings, whether “horizontal” (between parties operating at the same level of the economy, often actual or potential competitors) or “vertical” (between parties operating at different levels), which may affect trade and which have as their object or effect the prevention, restriction or distortion of competition within the Spanish market.

Agreements, decisions or concerted practices that are contrary to Article 1 of the Spanish Competition Act or Article 101 TFEU are illegal and void (unless an exemption applies).

In this regard, an agreement can be individually exempt from the general prohibition if it: (i) contributes to improving the production, commercialization, and distribution of goods and services, or to promoting technical or economic progress; (ii) allows consumers a fair share of benefits; (iii) does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives; and (iv) does not provide the parties with the possibility of eliminating competition in respect of a substantial part of the products or services.

The Spanish Competition Act also introduces a leniency program in Spain, from which those companies that participate in a cartel can benefit.

As regards vertical agreements, in order to avoid the prohibition of such legal provision, and without prejudice of the singular application of the criteria of Article 1, paragraph 3 (equivalent to Article 101.3 TFEU), it is directly applicable the Block Exemption Regulation on Vertical restraints (“**BER**”) approved by the Commission Regulation – 2022/720 of 10 May, on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices.

Block Exemption applies to restrict sales by wholesalers to end users and to allow wholesalers to sell to certain end users in that territory. to agreements (i) where both parties, the supplier and the buyer, meet the market share threshold of 30%; and (ii) that do not contain hardcore restrictions. As a general rule, the following constitute hardcore restrictions: prices fixing (except for recommendation prices), restrictions on passive sales (with some exceptions for selective distribution); restrictions on active sales (unless they concern the operation of an exclusive distribution system); restrictions of cross supplies; restrictions on components sales as spare parts to end-users. As regards territory restrictions, on the one hand, they are permitted in selective and exclusive distribution, on the other hand, suppliers are allowed.

Likewise, Spanish Competition Act sets out a merger control regime which is comparable in most respect to the Regulation (EC) no 139/2004 on the control of concentrations between undertakings (“**EUMR**”). In particular, each of them requires prior regulatory approval with respect to any concentration between undertakings that “*may potentially restrict competition*” (i.e. if certain turnover/market share thresholds are met).

As provided by both, Spanish Competition Act and EUMR, an economic concentration requires prior clearance by the relevant competition authority if the concentration “*may potentially restrict competition*” and, in particular, this requirement is deemed to be met if the concentration exceeds certain thresholds.

Pursuant to Spanish Competition Act, there are two alternative thresholds:

- Aggregate turnover of the Parties (as defined in paragraph 8(i)(a) above) in Spain exceeds €240 million in the last financial year, provided that each of at least two of such undertakings obtain in Spain a turnover exceeding €60 million; or
- The concentration results in an acquisition or increase of the Parties' market share of at least 30% in the relevant market, except where the aggregate turnover in Spain does not exceed €10 million and provided that the Parties do not have, in aggregate or separately, a market share of at least 50% in any of the affected markets.

Provisions of TFEU and EUMR are directly applied in Spain as it is a member state of the EU. Finally, Article 3 of the Spanish Competition Act prohibits acts of unfair competition that affect public interest by distorting free competition.

Furthermore, the main Spanish trade practice rules are contained in the Act 7/1996 of 15 January, on Retail Trade Organization, and the Act 3/1991 of 10 January, on Unfair Competition, both amended by Act 29/2009 of 30 December, on implementation the Directive 2005/29/EC ("**Spanish Unfair Competition Act**").

Regardless the different types of unfair competition practices set forth by the Spanish Unfair Competition Act (i.e. confusion, discredit, comparative acts, imitation, etc.), in general any of the parties would have carried out an unfair practice if it had executed "*any conduct objectively contrary to the demands of good faith and fair dealing*", provided that: on the one hand, the conduct had been contrary to professional diligence; and on the other hand, the conduct had possessed the capacity to significantly or potentially distort the economic behaviour of the average member of the group targeted by the practice.

### **Advertising**

The advertising activity in Spain is subject to a wide range of regulations, both at national and regional level. In particular, the alcoholic beverages industry is one of the most regulated sectors in terms of advertising, along with tobacco and underage advertising, aimed to protect public health, in an attempt to address the abuse of alcoholic beverages by promoting moderate and responsible consumption. Consequently, advertising alcoholic beverages has greater limitations when it comes to conducting advertising campaigns through the existing available media platforms.

The Spanish alcohol related advertising regulation applicable to all the Spanish territory are the following: (a) Law 34/1988, of November 11, 1988, on General Advertising ("**General Advertising Law**"); and (b) Law 13/2022, of 7 July 2022, on General Audio-visual Communication ("**General Audio-visual Communication Law**").

Both General Advertising Law and General Audio-Visual Communication Law include provisions for the purposes of (a) preventing the advertising of alcoholic beverages over 20° alcoholic degrees by television or where the sale or consumption of such alcoholic beverages is not allowed; (b) allowing the advertising of alcoholic beverages of 20° or under 20° alcoholic degrees by television only during the time between 8:30 p.m. and 5 a.m. of the following day; and (c) preventing the advertising of alcoholic beverages under 20° alcoholic degrees by any advertising media platform when it is directed at minors, encourages immoderate consumption or associates consumption with improved physical performance, social success or health.

Any breach of the General Audio-visual Communication Law may result in fines depending on whether the relevant breach is deemed minor, serious or very serious. Likewise, pursuant to the General Advertising Law certain third parties will be entitled to claim, among others, the cessation of the advertising allegedly deemed as unlawful and also damages arising therefrom in case of willful misconduct.

In 2024, Spain introduced a preliminary draft law aimed at further regulating alcohol advertising to protect minors and reduce consumption. On 11 March 2025, the Council of Ministers approved the Draft Law on the prevention of alcohol consumption and its effects on minors. The 2025 draft law prohibits alcohol consumption by minors in schools, child care centers, residences, and youth-targeted events. It restricts sale and vending to minors, limits retail exposure of alcoholic beverages, and bans all advertising or promotion aimed at minors, including use of youth figures or imagery

appealing to them. Alcohol advertising is also prohibited within 150 meters of schools, healthcare and social centers, parks, and children’s leisure areas, with an exception for beverages under 0.5% alcohol(CNMC) has recommended clarifications to align the law with audiovisual and telecommunications regulations.

## **OTHER REGULATIONS**

### **GDPR**

The EU General Data Protection Regulation (“GDPR”) replaces the Data Protection Directive 95/46/EC and is designed to: harmonize data privacy laws across Europe; protect and empower all European Union (EU) citizens data privacy; and reshape the way organizations across the region approach data privacy.

The GDPR was approved and adopted by the EU Parliament in April 2016. The regulation took effect after a two-year transition period and came into force on May 25, 2018. The GDPR not only applies to organizations located within the EU but also applies to organizations located outside of the EU if they offer goods or services to, or monitor the behavior of, EU data subjects. It applies to all companies processing and holding the personal data of data subjects residing in the EU, regardless of the company’s location. Organizations can be fined up to 4% of annual global turnover for breaching GDPR or €20 Million for the most serious infringements.

Whyte and Mackay and Bodegas Fundador have put policies in place, consistent with GDPR requirements, well before the deadline of May 25, 2018, and these continue to be reviewed regularly.

In Spain, the Protection of Personal Data and the Guarantee of Digital Rights, which realigns the Spanish legal regime with the GDPR. The Company’s Spanish group ensured that the company policy in place are consistent with the organic law and data protection audits are made every year.

In the UK, the **Data Protection Act 2018** realigns the UK legal regime with the GDPR and ensures that the UK continues to be compliant with GDPR post-Brexit.

## **RESEARCH AND DEVELOPMENT**

The Group develops new products and regularly seeks to expand its existing product lines. The Group researches new processes and tests new equipment to maintain and improve the quality of its beverages. EDI has a research and development team who conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging, as well as consumer preferences, habits and trends.

Likewise, WMG is committed to research and development activities in order to secure its position as one of the market leaders in the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks.

Bodegas Fundador is deeply engaged on new product development worldwide succeeding in making its products adapt to specific market preferences.

While research and development is important to the Group, the amounts spent on research and development activities in percentage to total revenues in each of the last three years are minimal.

## **EMPLOYEES**

The following table sets out the full-time employees of the Company as of December 31, 2025. The Group intends to hire additional employees if the present workforce becomes inadequate to handle operations.

<i>EDI Group (Philippines)</i>	1,992
<i>Whyte and Mackay (Scotland)</i>	707
<i>GES (Spain)</i>	265
<i>Domecq BLC (Mexico)</i>	136
<b>TOTAL</b>	<b>3,100</b>

AWGI has a renewed five-year collective bargaining agreement with its production employees covering the period up to January 15, 2030, while Progreen entered into a five-year collective bargaining agreement with its rank-and-file employees assigned in the Balayan production plant covering the period up to October 31, 2025. In December 2023, Progreen's management and union successfully concluded the re-negotiation of the economic provisions of the CBA. The two-year re-negotiated CBA is effective beginning January 6, 2024 up to January 5, 2026. The negotiation of the CBA, which expired on January 5, 2026, has not yet resumed due to potential changes within the employees' union.

Whyte and Mackay have a Joint Negotiation Committee with both UNITE and GMB trade unions. This Joint Negotiation Committee covers wages and benefits for all operational/operator employees at our main operational plants. The previous agreement covered pay awards for January 2024 and January 2025. Currently discussions are underway to agree remuneration terms effective from 2026. As negotiations are still in progress, it is not possible to confirm if the agreement will be for a single or multiple year period.

Bodegas Fundador, along with the rest of the companies in the Jerez region, has a Collective Labor Agreement with the members of the union board and employees. In October 2022, an agreement was reached for a new Collective Labor Agreement 2021-23. In May 2025, an agreement was reached and a new Collective Labor Agreement was signed, effective from January 1, 2024, to January 1, 2028, providing stability and improvements for the sector

The Group gives full and fair consideration to the employment of disabled persons and women for suitable jobs, as well as their training, career development and promotion within the Group.

In 2024 Whyte and Mackay attained accreditation in the UK as a Great Place to Work based upon a survey of colleagues' opinions on management and cultural practices. The management are committed to maintaining a positive working culture and employee engagement and will repeat the survey in Autumn 2026 with the hope of retaining our accreditation.

## **RISKS ASSOCIATED WITH THE BUSINESS**

*The Company's businesses may be disrupted by natural disasters and outbreaks of infectious diseases or fears of such occurrences in its business areas.*

It is not possible to predict the extent to which the Company's various businesses, in general, will be affected by any of the above occurrences or fears that such occurrences will take place, and there can be no assurance that any disruption to its businesses will not be protracted or that property will not be damaged, or that they could not materially and adversely affect their business, financial condition and results of operations.

Whyte and Mackay has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing inventory is stored in various locations across Scotland, and the loss through contamination, fire or other natural disaster of all or a portion of the stock could result in a significant reduction in supply of products and consequently consumer demand for these products would not be met, and turnover and profitability would be adversely affected.

This risk is mitigated by appropriate physical protection and by insurance coverage. The Group has established business continuity protocols across key operating sites, including disaster preparedness measures, redundancy in critical production processes, and defined recovery procedures to ensure minimal disruption to supply in the event of natural disasters or infectious disease outbreaks.

In the recent COVID-19 pandemic, the Group had immediately rolled out safety protocols to comply with regulations and protect its employees, suppliers and customers.

*Demand for the Company's products may be adversely affected by changes in consumer preferences and tastes, product quality and reputation, or Company's reputation.*

To address evolving consumer preferences and potential shifts in demand, the Group continues to invest in brand strengthening, new product innovation (NPI), and market-specific portfolio

adjustments, supported by ongoing consumer insights, marketing innovation, and disciplined brand investment allocation.

EDI currently sells a wide range of products. Maintaining a competitive position depends on its continued ability to offer products that appeal to consumers. Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends, leisure activity patterns and a downturn in economic conditions, which may reduce consumers' willingness to purchase premium branded products. The Company believes that its reputation for product quality is one of its principal competitive advantages and, as a result, any such damage to its reputation for quality could have a material adverse effect on the Company's business, financial condition and results of operation. In addition, concerns about health effects due to negative publicity regarding alcohol consumption, negative dietary effects, regulatory action or any litigation or customer complaints against companies in the industry may have an adverse effect on profitability.

Whyte and Mackay and Bodegas Fundador face competition from several international companies as well as local and regional companies in the countries in which they operate. They can effectively compete as they have differentiated brands which consumers choose.

*The prices of the Company's brandy products have increased, and continue to increase because of government-mandated excise taxes which may result in decreased demand for, and sales of, its products.*

EDI's products are subject to excise taxes levied on alcohol producers by the Government which increase the cost and price of the products. The applicable duty on alcohol products will increase gradually every year – starting from specific tax of ₱42.00 per proof liter at January 1, 2020 to P66 per proof liter by year 2024 and further increasing 6% every year thereafter, plus an ad valorem tax equivalent to 22.0% of the net retail price per proof every year (20% in previous five years). Presently, EDI passes these increasing tax payments to consumers by increasing the prices of its products. However, there can be no assurance in the future that EDI will be able to continue to raise the prices of its products and pass on to its customers the higher excise taxes, which could result in lower sales volume or lower margin. Consequently, the Company's sales, result of operations and financial condition could be materially and adversely affected.

The Group actively manages input cost volatility through multi-sourcing arrangements for key raw materials and packaging inputs, forward purchasing where appropriate, and continuous review of supplier contracts, while maintaining flexibility to implement selective price adjustments in response to sustained cost pressures.

*The Company's operating results may be adversely affected by increased costs or shortages of raw materials, packaging materials or labor.*

The raw materials the Group use for the production of its beverage products are largely commodities that are subject to price volatility caused by changes in global and local supply and demand, weather conditions, agricultural uncertainty or governmental controls. If commodity price changes result in unexpected increases in raw materials cost or if the cost of packaging materials increase, the Group may not be able to increase its prices to offset these increased costs without suffering reduced volume, revenue and operating profit. The Group may be adversely affected by shortages of such raw materials or packaging materials. For example, we are currently experiencing some disruption and higher costs across our supply chains due to the ongoing Russia-Ukraine conflict. The Group mitigates this risk through effective supplier selection, procurement practices and effective monitoring of the commodity markets supplemented by making appropriate price increases wherever possible.

In response to operational risks affecting aged inventory, particularly in Scotland, the Group implements layered risk controls including temperature and humidity monitoring, controlled warehousing standards, and geographically dispersed storage locations, complemented by comprehensive insurance coverage to protect against catastrophic loss events.

Exposure to global commodity and supply chain disruptions is managed through regular scenario analysis, strategic buffer inventory policies for critical inputs, and close monitoring of geopolitical

developments that may impact sourcing routes or availability, including ongoing adjustments in response to conflict-related disruptions.

Similarly, the operating results could be adversely affected by labor or skill shortages or increased labor costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Success is dependent on the capability of its employees. There is no guarantee that the Group will continue to be able to recruit, retain and develop the capabilities that it requires to deliver its strategy, for example in relation to sales, marketing and innovation capability within markets or in its senior management.

Labour-related risks are mitigated through structured workforce planning, talent development programmes, and competitive compensation frameworks, supported by automation and productivity initiatives in selected operational areas to enhance efficiency and reduce dependency on scarce skill sets.

*The Group is subject to risks associated with growing its business through acquisitions, such as a failure to successfully integrate any acquired entity and its assets.*

Growth through acquisitions involves business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the acquisition is finalized, unsuccessful integration and management of the acquired entity with the Company, failure to retain key personnel and risks relating to management of a larger business, including diversion of management's attention from other on-going business concerns. If the Company is unable to manage these risks successfully, its results of operations and financial condition could be adversely affected.

The Group's acquisition strategy is supported by structured integration frameworks, including post-acquisition alignment of systems, governance, and reporting processes, as well as retention mechanisms for key personnel to reduce integration friction and preserve operational continuity.

*Water is critical to the Company's operations and any shortage or contamination of its water supply source would adversely affect its operations.*

EDI sources its water requirements for its beverage production from two deep wells located in its facility. The water then undergoes treatment at its in-house water filtration facility to ensure water safety and suitability for beverage production. The Philippines has from time-to-time experienced drought conditions and may continue to experience drought, for example, caused by El Niño. If the Company experiences a shortage of water for any reason, including competition from other users, drought or contamination, its beverage production business could be materially and adversely affected.

Water supply risk is addressed through dual sourcing from deep wells, routine water quality testing, and investment in on-site treatment and filtration systems, with contingency arrangements to ensure production continuity during periods of drought or external water stress conditions.

*The Company is effectively controlled by the Tan Family and depends on their continued services.*

Through its direct interest in AGI, and in the companies that beneficially own shares in AGI and in AGI's subsidiaries, the Tan Family effectively controls the Company. Dr. Andrew Tan and his spouse, Mrs. Katherine Tan, both sit on the boards of AGI and EDI and serve as Chairman and Treasurer, respectively, in these companies; and they occupy the same positions in EMI, except that Mrs. Tan does not sit on EMI's board. Their sons, Messrs. Kevin Andrew Tan and Kendrick Andrew Tan, are directors of EMI and EDI. Mr. Kevin is also the Vice Chairman and CEO of AGI. Their ownership and positions allow the Tan Family to control shareholder decisions and exercise significant control over board decisions in AGI and in each of its major subsidiaries such as the Company. They are also an integral part of the Company's success, and the expertise, experience and business relationships that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. The respective businesses or activities of other Tan Family-related companies currently do not compete with the Company's businesses or activities, but they may do so in the future.

Governance and control concentration risks are balanced by a formalized board structure, professionalized management teams, and established reporting lines, with increasing institutionalization of processes to ensure continuity of decision-making beyond individual leadership influence.

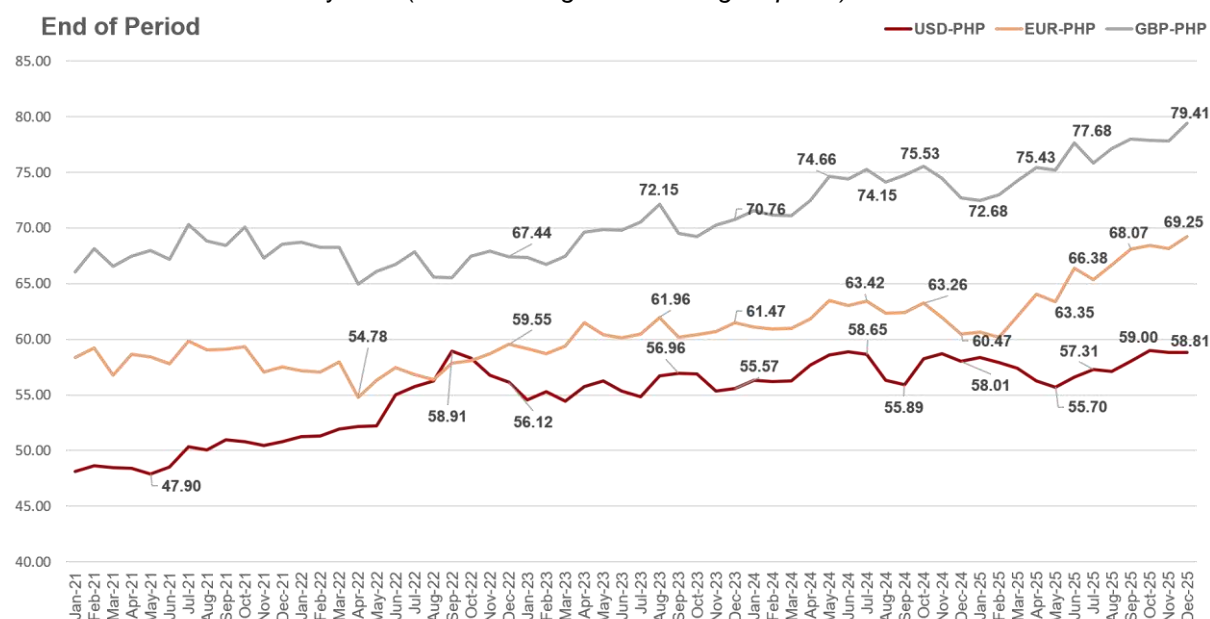
*Volatility in the value of the peso against relevant foreign currencies could adversely affect the Company's business.*

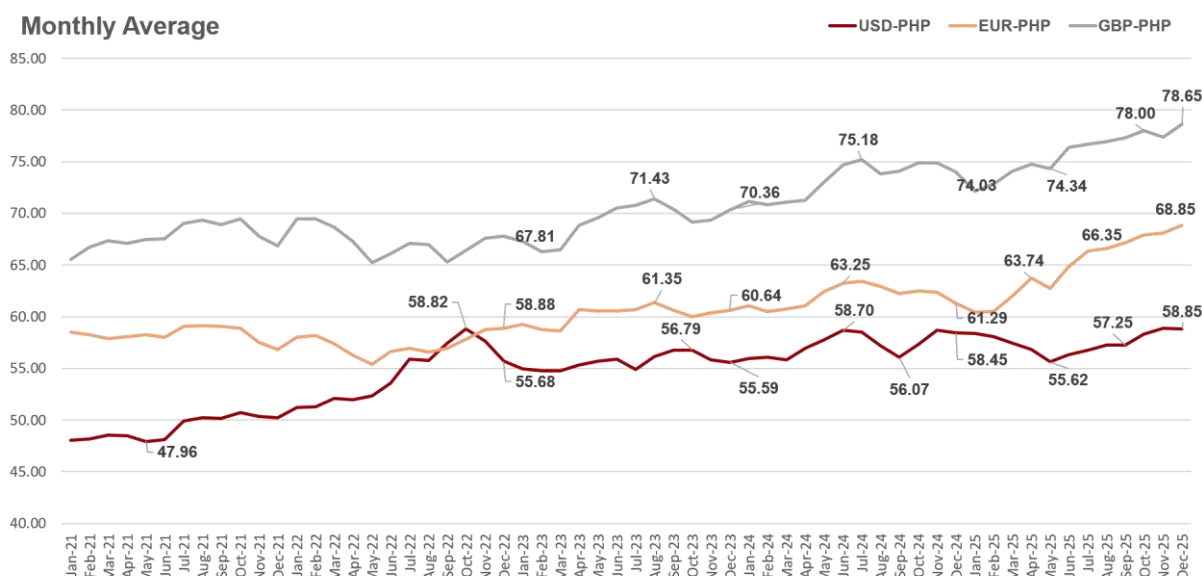
Exposures to currency exchange rates arise from the Group's foreign-currency-denominated transactions at each entity level. The Group operates internationally and is particularly exposed to volatility of UK pound, Euro and US dollar.

Foreign exchange risk is managed through a combination of natural hedging between revenues and costs in matching currencies, periodic review of currency exposure positions, and coordination with treasury policies to reduce volatility impact on consolidated financial results.

The Group reports its consolidated financial statements in Philippine pesos. The translation differences arising from the translation of the foreign subsidiaries' financial statements into Philippine pesos are presented as other comprehensive income or loss and adjusted in Accumulated Translation Adjustments account in the Equity section. Such translation differences will be realized only, and reclassified to profit or loss, when the foreign subsidiaries are disposed of or sold. EMI, however, intends to keep those subsidiaries long-term and has no intention of liquidating any of them in the near future.

The following tables show the performance of the Philippine peso against the Sterling pound, Euro and the US dollar for the last 5 years. (Source: *Bangko Sentral ng Pilipinas*)





## RISKS MANAGEMENT AND BUSINESS STRATEGY

Risks are integral part of business. Opportunity for advancement cannot be achieved without taking risks. This is why the Company and its subsidiaries adopted a policy whereby risks are identified before they cause significant trouble for the business. They carefully prepare structured/strategic plans to anticipate the inherent risks in their activities and set up methods to mitigate the effects of these risks. Risks are prioritized based on their impact to business, and probability of occurrence. There is a monitoring system that keeps track of the indicators and the actions/corrections undertaken. Feedbacks, both internal and external, are important for current and emerging risks.

The Group's risk management environment, particularly the assessment and adoption of internal control mechanisms are under the oversight responsibilities of the Board, with the Audit Committee assisting the Board in terms of adopting a system of internal controls, monitoring, mitigating risks, and evaluating the adequacy and effectiveness of the Group's internal control system.

The Board and the Audit Committee reviews on an annual basis the Company's material controls and risk management system and both has found the Group's internal controls and risk management systems to be adequate.

The Group's risk management is coordinated with the Board of Directors and focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes.

## 2. PRINCIPAL PROPERTIES

EDI produces its alcoholic beverage products at two facilities in the vicinity of Laguna, Philippines. The Company's main facility in Santa Rosa, Laguna is located on high ground that is well protected from flooding. It is also located on what the Company considers to be one of the best sources of fresh water in the Philippines. The other production facility is located at Laguna Technopark 1 in Biñan, Laguna, in close proximity to the main plant. EDI's head office is in Quezon City, Philippines and under a long-term lease arrangement with MREIT Inc., expiring on May 31, 2034.

The glass manufacturing plant at Canlubang Industrial Estate in Calamba, Laguna is being leased from AGI.

EDI owns two distillery plants in Batangas, Philippines which are being leased to and operated by Progreen. The Nasugbu plant was acquired from Condis in February 2013 and leased to Progreen

beginning January 2017. The Balayan plant is constructed in a lot acquired in 2015 and it began commercial operations in 2018. The distillery plants have capability of producing fuel ethanol and potable extra neutral alcohol as well.

In 2017, EDI purchased a land with an area of 49,667 square meters, more or less, located in Biñan, Laguna. This will be further developed to a production facility which includes a bottle washing facility, in line with the process improvement and sustainable objectives of the Group to increase recycled bottle usage. The building construction was completed in November 2023 and operation is yet to begin.

As of end-2025, EDI has 26 sales branches nationwide, majority of which are under lease except for Legazpi, Boracay, Cebu and Iloilo which EDI owns.

In 2020, EDI entered into a Contract to Sell with Suntrust Ecotown Developers, Inc. for the purchase of industrial lots with a total combined area of 50,523 sq. m. This serves as the main warehouse/hub for EDI. The sale and warehouse facility construction were completed in 2021, and EDI commenced operations shortly after its completion

Whyte and Mackay own four malt distilleries and one grain distillery in Scotland, a network of onsite warehouses and related plant and equipment within its facilities. Its distilleries which have a total capacity of almost 49 million liters of alcohol are: (i) Dalmore distillery built on a freehold 15-hectare site; (ii) Tamnavulin distillery built on a freehold 7-hectare site; (iii) Fettercairn distillery built on a freehold 14-acre site; (iv) Jura distillery built on a freehold 5-acre site; and (v) Invergordon (grain) distillery and maturation facility built across two freehold sites totalling 112-acres.

The Grangemouth bottling facility is owned by Whyte and Mackay and built on a 10-acre site. During 2016, Whyte and Mackay acquired the freehold of a cased goods warehouse in Grangemouth, which occupies 126,000 sqft.

The corporate headquarters of Whyte and Mackay is at 319 St Vincent St, Glasgow and is occupied under a 15-year lease. Whyte and Mackay has warehouses in Edinburgh that are leased under a 50-year term which started in 1979. There are properties that are no longer used by the business and have been partially subleased.

GES is headquartered in Torre Emperador, Madrid. The Spain group owns vineyard estates in Toledo, called 'Daramezas' and 'Bergonza', and in Madrid, called 'Monte Batres', acquired in 2013 and 2014. Bodegas Fundador owns the vineyards 'El Majuelo' and 'Santa Bárbara' in Jerez de la Frontera that have a surface area of 268 hectares and approximately 875 000 vines. In addition, Bodegas Fundador owns three vineyards called 'Cerro Viejo', 'La Loba 1' and 'La Loba 2' with a total arable area of 52 hectares.

Bodegas Fundador also owns a Bottling Center in Jerez de la Frontera where Brandies de Jerez, Sherry and Spirits are blended and bottled. It also owns Wineries located in San Ildefonso 3 where the offices, heritage center, touristic site and Sherry and Brandy maturing are located; and the Complex called 'Picadero' in Puerta de Rota no. 2 where the main activity is maturing and blending of Sherry and Brandy de Jerez.. It owns a Distillery in Tomelloso for the distillation of wines and the concentration of must. It also owns a finished goods warehouse located on the Jerez-Algeciras road, Km. 2,3

All its properties are equipped with the machinery and equipment needed to carry out its activities. Bodegas Fundador additionally owns other property in Jerez de la Frontera located in Pizarro 10, devoted to a Sherry maturing area, heritage center and a touristic site

In Mexico, Domecq BLC's subsidiary owns a winery located in the Guadalupe Valley, about 40km North of Ensenada Baja California and 140km from San Diego, California. The wine is produced (winemaking, ageing and bottled) in Ensenada.

BLC's main industrial facilities are located at Jerez de la Frontera in Cadiz and Tomelloso in Ciudad Real. BLC owns a production and bottling center in Jerez where vinegars, wines, brandies and spirits

in general are distilled, matured, blended and bottled, and a distillation center in Tomelloso for the distillation and sale of spirits.

### 3. LEGAL PROCEEDINGS

The Company may be subject to various legal proceedings and claims that arise in the ordinary course of business. As of to-date, the Company is not engaged in or subject to any material pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party or of which any of its property is the subject.

### 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On June 9, 2025, the Company submitted for approval of its stockholders the Minutes of the Annual Meeting of Stockholders held on June 24, 2024 and the Special Stockholders' Meeting held on November 14, 2024. Additionally, the stockholders elected the directors to the Board and approved the appointment of Punongbayan and Araullo as the independent auditors for the financial statements for the year ending December 31, 2025. The stockholders also ratified the acts and resolutions of the Board of Directors, Board Committees, and Officers from June 24, 2024 to June 8, 2025, and approved the amendment of Article II, Section 1, Article II, paragraphs D and E on Committees, and Article IV, Sections 1 and 2 on Officers, of the Amended By-Laws.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

#### MARKET INFORMATION

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol of EMI and the Singapore Exchange Securities Trading Ltd. ("SGX-ST") under the stock code 'EMI'. The Company's common stock was first listed on the PSE on December 19, 2011. The closing price of the common shares on March 31, 2026 is P16.00.

On July 14, 2022, the Company successfully listed (secondary listing) on the Main Board of the SGX-ST. This secondary listing marked the latest step in its ambitious plans for future international growth. The closing price of the said shares on March 31, 2026 is SGD0.35.

The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE Edge portal:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2023	High	21.40	21.85	21.70	21.10
	Low	20.00	20.60	20.60	20.60
2024	High	21.15	19.30	19.00	18.86
	Low	16.18	18.04	18.42	17.70
2025	High	18.20	16.28	16.78	16.54
	Low	11.26	12.22	14.50	15.00
2026	High	16.24			
	Low	14.78			

## SHAREHOLDERS

As of March 31, 2026, the Company has 29 shareholders of record and 102 nominees holding 15,746,471,238 common shares. The following table sets forth the Top 20 shareholders of the Company with their holdings as of March 31, 2026:

Rank	Name of Stockholder	No. Of Shares Subscribed	% ownership
1	Alliance Global Group, Inc.	11,803,310,600 <sup>1</sup>	74.96
2	PCD Nominee Corporation (Filipino)	2,155,542,193 <sup>2</sup>	13.69
3	PCD Nominee Corporation (Non-Filipino)	1,777,455,065 <sup>3</sup>	11.29
4	The Andresons Group, Incorporated	10,000,000	0.06
5	John T. Lao	60,000	-nil-
6	Eric U. Lim	40,000	-nil-
7	Marjorie Anne Lim Lee	30,000	-nil-
8	Edwin U. Lim	30,000	-nil-
9	Dondi Ron R. Limgenco	1,111	-nil-
10	Stephen G. Soliven	1,000	-nil-
11	Demetrio D. Mateo	500	-nil-
12	Bartholomew Dybuncio Young	200	-nil-
13	Christine F. Herrera	100	-nil-
14	Francis J. Ricamora	100	-nil-
15	Julius Victor Emmanuel D. Sanvictores	100	-nil-
16	Joseph A. Sy &/or Evangeline T. Sy	100	-nil-
17	Jesus San Luis Valencia	100	-nil-
18	Owen Nathaniel S. Au ITF: Li Marcus Au	50	-nil-
19	Joselito T. Bautista	9	-nil-
20	Jose Rene Gregory D. Almendras	1	-nil-
	Others	9	-nil-
	<b>TOTAL</b>	<b>15,746,471,238</b>	<b>100%</b>

<sup>1</sup> Includes 253,614,900 shares lodged with PCD Nominee Corporation (Filipino) and 1,180,382,726 lodged with PCD Nominee Corporation (Non-Filipino).

<sup>2</sup> Excludes (a) 253,614,900 beneficially owned by AGI, which is added to AGI<sup>1</sup> above, and (b) 20,354,500 treasury shares.

<sup>3</sup> Excludes 1,180,382,726 beneficially owned by AGI, which is added to AGI<sup>1</sup> above.

## DIVIDEND POLICY

The Company maintains it as a policy to declare dividends when there are unrestricted retained earnings available, after taking into consideration a number of factors including restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results, working capital needs and long-term capital expenditures of its businesses/subsidiaries; and regulatory requirements on dividend payments, among others. Unrestricted retained earnings represent the net accumulated earnings of the Company, with its capital unimpaired, which have not been allocated for any other purposes. Pursuant to the provision in the Corporation Code of the Philippines, the Company can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired.

Dividends may be paid in cash, by distribution of property, by the issuance of shares or by a combination of the three, subject to the approval by the board of directors. Stock dividends are subject to further approval of shareholders representing at least two-thirds of the outstanding stock voting at a shareholders' meeting duly called for the purpose. The board of directors may not declare dividends which will impair the Company's capital.

The Company has declared approximately 40% of the preceding year's consolidated net profit to owners as dividends when practicable. For the two most recent years, the Company declared a cash

dividend per share of ₱0.19 on January 15, 2025 and ₱0.24 on April 1, 2024. The Company declared a cash dividend per share of P0.1351 on January 6, 2026..

**RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES,  
INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION,  
WITHIN THE PAST THREE YEARS**

There were no transactions of this nature within the past three years.

**6. MANAGEMENT'S DISCUSSION AND ANALYSIS**

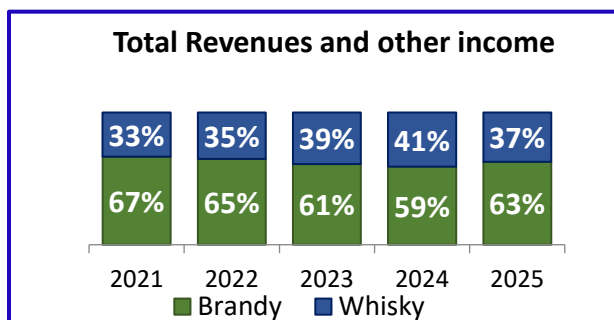
This section must be read in conjunction with the audited financial statements of the Group, including the related notes thereto.

**KEY PERFORMANCE INDICATORS**

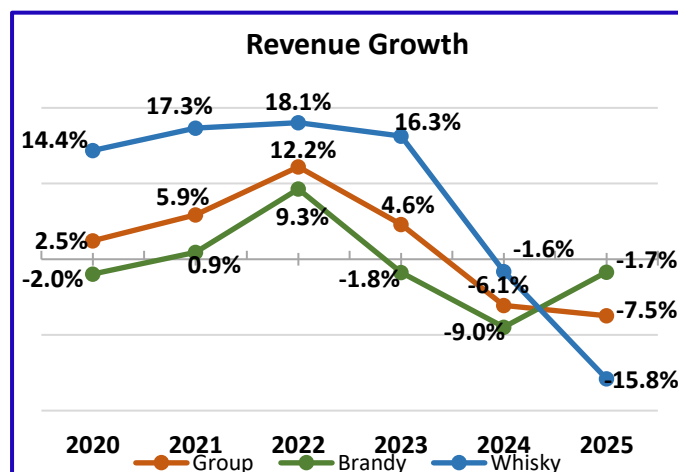
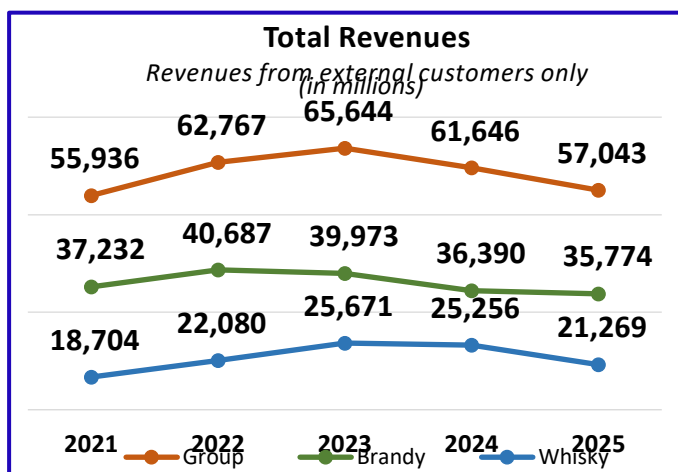
<i>In Million Pesos</i>	2025	2024	2023	2022	% growth yoy		
					2025	2024	2023
Revenues and other income	₱ 57,043	₱ 61, 646	₱ 65,644	₱ 62,767	-7.5	-6.1	4.6
Sale of goods and services	₱ 56,207	₱ 60,743	₱ 64,499	₱ 60,671	-7.5	-5.8	6.3
Gross profit	₱ 16,630	₱ 18,784	₱ 21,153	₱ 19,130	-11.5	-11.2	10.6
Net profit ["NP"]	₱ 4,005	₱ 6,485	₱ 8,944	₱ 10,212	-38.2	-27.5	-12.4
Net profit to owners ["NPO"]	₱ 3,858	₱ 6,322	₱ 8,706	₱ 10,061	-39.0	-27.4	-13.5
EBITDA	₱ 9,097	₱ 11,394	₱ 13,768	₱ 13,807	-20.2	-17.2	-0.3
Interest expense	₱ 1,861	₱ 1,711	₱ 1,372	₱ 610	8.8	24.7	124.8
Interest cover	4.89	6.66	10.03	22.62			
Interest cover [net of interest income]	5.81	7.83	13.75	29.16			
Total assets	₱ 178,275	₱ 159, 527	₱ 148,709	₱141,211	11.8	7.3	5.3
Total current assets	₱ 90,612	₱ 82,301	₱79,459	₱ 78,356	10.1	3.6	1.4
Quick assets	₱ 31,479	₱ 30,483	₱29,966	₱36,176	3.3	1.7	-17.2
Total current liabilities	₱ 21,444	₱ 20,184	₱23,351	₱ 28,350	6.2	-13.6	-17.6
GPR %	29.6	30.9	32.8	31.5			
NPR %	7.0	10.5	13.6	16.3			
NPOR %	6.8	10.3	13.3	16.0			
EBITDAR %	16.0	18.5	21.0	22.0			
ROA %	2.3	4.1	6.0	7.2			
Current ratio	4.2x	4.1x	3.4x	2.8x			
Quick ratio	1.5x	1.5x	1.3x	1.3x			

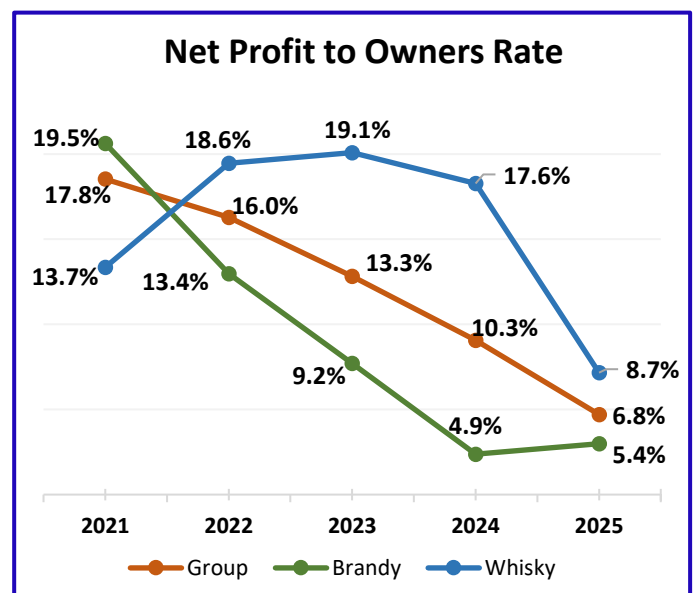
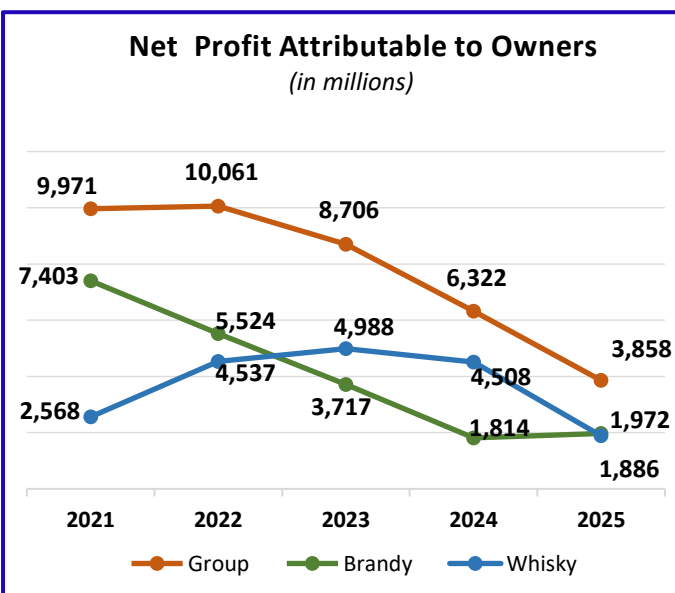
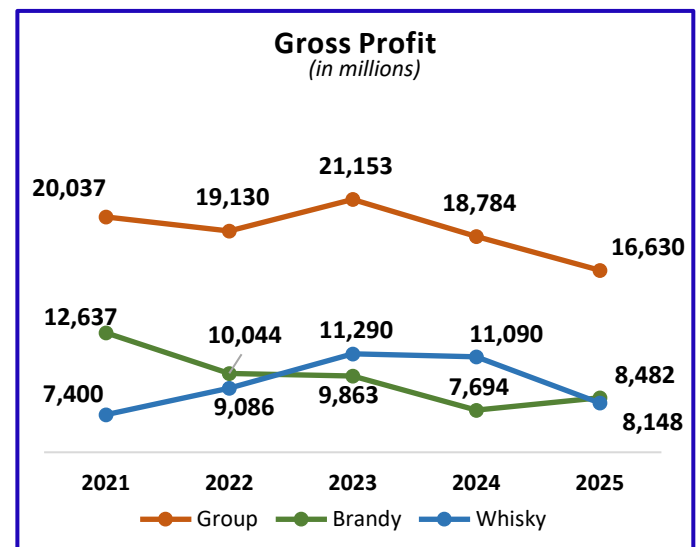
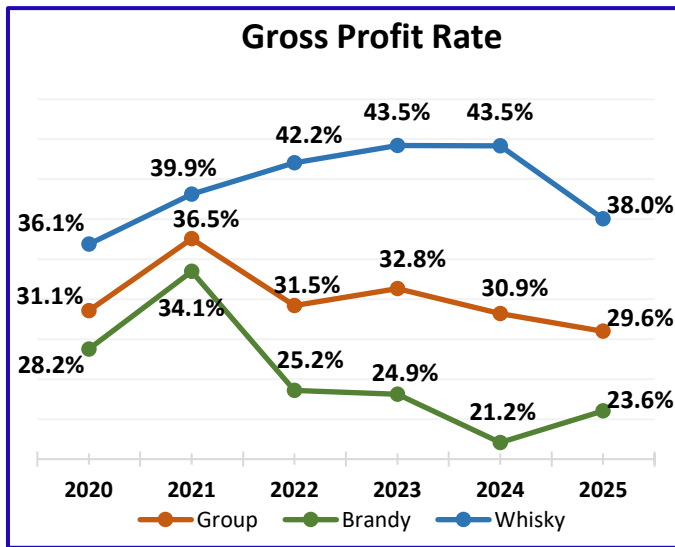
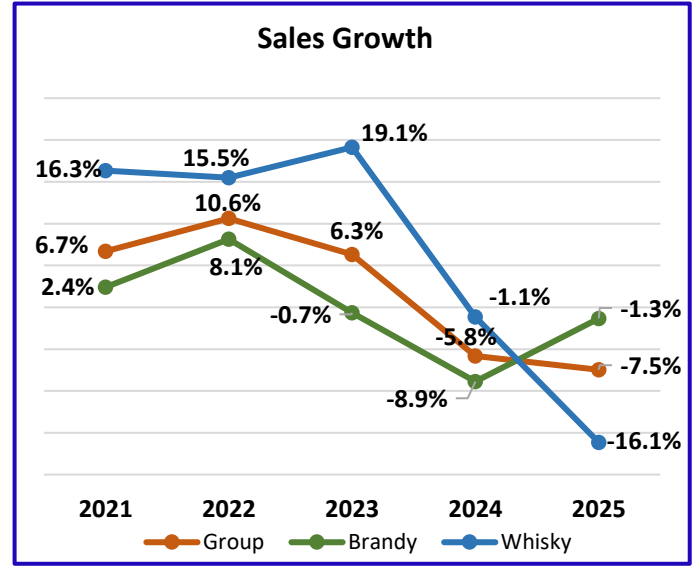
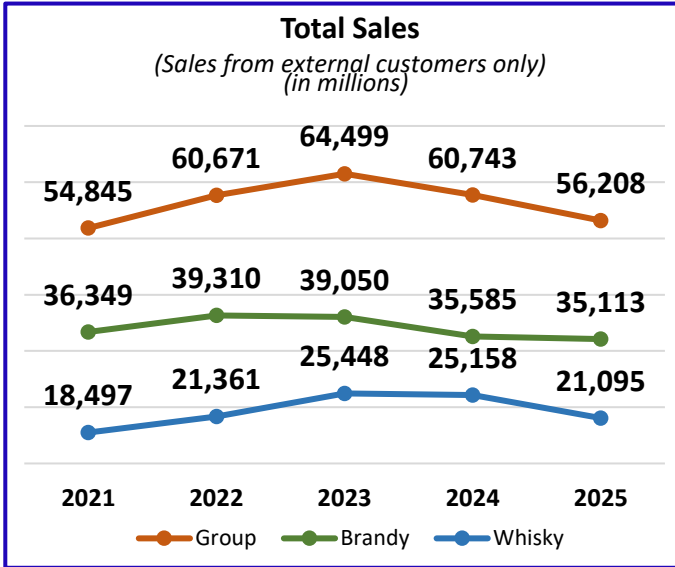
- Revenue growth – measures the percentage change in revenues over a designated period of time
- Net profit growth – measures the percentage change in net profit over a designated period of time.
- Gross profit rate ("GPR" or "GPM") – computed as percentage of gross profit [which is sales less cost of sales] to sales – gives indication of pricing, cost structure and production efficiency.
- Net profit rate ("NPR" or "NPM") – 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 income

- 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. Also computed net of interest income from banks.



The Group is presented into two segments: Scotch Whisky (representing the UK operations) and Brandy (representing the Philippine, Spanish and Mexican operations and all the rest).





In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Revenue and other income [external customers] <sup>1</sup>	57,043	61,646	65,644	62,767	55,936	(4,603)	(7.5)	(3,998)	(6.1)	2,877	4.6	6,831	12.2
Brandy	35,774	36,390	39,973	40,687	37,232	(615)	(1.7)	(3,584)	(9.0)	(714)	(1.8)	3,455	9.3
Whisky	21,269	25,256	25,671	22,080	18,704	(3,988)	(15.8)	(414)	(1.6)	3,591	16.3	3,376	18.1
Gross profit ["GP"] <sup>2</sup>	16,630	18,784	21,153	19,130	20,037	(2,154)	(11.5)	(2,369)	(11.2)	2,023	10.6	(907)	(4.5)
Brandy	8,482	7,694	9,863	10,044	12,637	788	10.2	(2,169)	(22.0)	(181)	(1.8)	(2,593)	(20.5)
Whisky	8,148	11,090	11,290	9,086	7,400	(2,942)	(26.5)	(200)	(1.8)	2,204	24.3	1,686	22.8
NP before tax	5,525	8,118	10,941	11,710	12,895	(2,593)	(31.9)	(2,823)	(25.8)	(769)	(6.6)	(1,185)	(9.2)
Brandy	3,015	2,559	4,955	6,568	8,894	456	17.8	(2,396)	(48.4)	(1,614)	(24.6)	(2,326)	(26.2)
Whisky	2,510	5,559	5,986	5,142	4,001	(3,049)	(54.9)	(427)	(7.1)	845	16.4	1,141	28.5
Tax expense	1,520	1,633	1,997	1,498	2,747	(113)	(6.9)	(364)	(18.2)	499	33.3	(1,248)	(45.4)
Brandy	896	582	999	893	1,314	314	54.0	(417)	(41.8)	106	11.8	(421)	(32.0)
Whisky	624	1,051	998	605	1,433	(427)	(40.6)	53	5.3	393	65.0	(828)	(57.8)
NP	4,005	6,485	8,944	10,212	10,148	(2,480)	(38.2)	(2,458)	(27.5)	(1,268)	(12.4)	63	0.6
Brandy	2,119	1,977	3,956	5,675	7,580	142	7.2	(1,978)	(50.0)	(1,719)	(30.3)	(1,906)	(25.1)
Whisky	1,886	4,508	4,988	4,537	2,568	(2,622)	(58.2)	(480)	(9.6)	452	10.0	1,969	76.7
NP to owners ["NPO"]	3,858	6,322	8,706	10,061	9,971	(2,464)	(39.0)	(2,384)	(27.4)	(1,355)	(13.5)	90	0.9
Brandy	1,972	1,814	3,717	5,524	7,403	158	8.7	(1,904)	(51.2)	(1,807)	(32.7)	(1,879)	(25.4)
Whisky	1,886	4,508	4,988	4,537	2,568	(2,622)	(58.2)	(480)	(9.6)	452	10.0	1,969	76.7
EBITDA	9,097	11,394	13,768	13,807	15,225	(2,297)	(20.2)	(2,374)	(17.2)	(39)	(0.3)	(1,418)	(9.3)
Brandy	5,296	4,889	7,279	8,090	10,713	407	8.3	(2,390)	(32.8)	(811)	(10.0)	(2,623)	(24.5)
Whisky	3,801	6,505	6,489	5,716	4,512	(2,704)	(41.6)	16	0.2	773	13.5	1,205	26.7
GP rate ["GPR"] <sup>3</sup>	29.59%	30.92%	32.80%	31.53%	36.53%								
Brandy	23.63%	21.25%	24.87%	25.16%	34.08%								
Whisky	38.02%	43.51%	43.53%	42.22%	39.87%								
NP rate ["NPR"]	7.02%	10.52%	13.62%	16.27%	18.14%								
Brandy	5.80%	5.34%	9.75%	13.74%	19.97%								
Whisky	8.73%	17.62%	19.07%	20.40%	13.68%								
NPO rate ["NPOR"]	6.76%	10.26%	13.26%	16.03%	17.83%								
Brandy	5.40%	4.90%	9.16%	13.38%	19.50%								
Whisky	8.73%	17.62%	19.07%	20.40%	13.68%								
EBITDA margin	15.95%	18.48%	20.97%	22.00%	27.22%								
Brandy	14.49%	13.21%	17.94%	19.59%	28.22%								
Whisky	17.59%	25.42%	24.81%	25.71%	24.04%								

Notes: Numbers may not add up due to rounding. <sup>1</sup>Segment Revenues presented in the table are from external customers only.  
<sup>2</sup>GP is all-inclusive Sales less Cost of Sales. <sup>3</sup>GPR is GP over Sales



## RESULTS OF OPERATIONS FOR TWO COMPARATIVE PERIODS FOR LAST THREE YEARS

### Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

**The Group** delivered a resilient performance against a softer and evolving global spirits landscape<sup>47</sup>. The Group continues to strengthen the foundations of its business anchored by the sustained strength of its core brandy portfolio. The Group benefited from a diversified product mix and a well-established international distribution network spanning more than 100 countries. This breadth and scale enabled it to navigate uneven market conditions while preserving its competitiveness and leadership position across key regions.

During the period, the Group achieved improved operating performance, reflecting a clear strategic emphasis on margin expansion, cost discipline, and value-driven growth. Focused execution across markets supported stronger profitability, even as external headwinds persisted. These results underscore the Group's ability to respond decisively to external pressures while enhancing operational efficiency and financial resilience.

Looking ahead, while market conditions are expected to remain dynamic, the Group is well-positioned to build on its strengthened fundamentals. With a disciplined approach to growth, continued investment in its core brands, and a focus on operational excellence, the Group remains confident in its ability to deliver sustainable value and capture opportunities as the global spirits market stabilizes.

**The Group ended 2025** with revenues and other income of ₱57.0 billion, a 7% dip year-on-year ("YoY"). This performance reflects the broader slowdown in global spirits market<sup>48</sup>, which hit the Scotch Whisky segment significantly harder than the Brandy segment. While external Scotch Whisky sales trailed 16% YoY, external Brandy sales remained stable, effectively buoying the Group's overall margins. Net profit ("NP") reached ₱4.0 billion - with ₱3.9 billion attributable to the Parent Company ("NPO") - as higher interest costs and other operating expenses further weighed on the bottom line.

The Group maintained a modest 30% gross profit margin ("GPR") (from 31% a year ago) despite an 11% decline in consolidated gross profit. Operating expenses were kept flat at ₱9.9 billion as the Group focused on cost discipline, while interest costs and unrealized foreign currency losses put pressure on the bottom line. Net profit margins (NPR and NPOR) eased to 7% (from 10%), largely due to Scotch Whisky segment's margin compression by a half while the Brandy segment maintained a modestly consistent margin, effectively protecting the overall margins. EBITDA margin moderated to 16% from 18% a year ago.

The Group's global business maneuvered the global spirits industry challenges, remaining resilient due to its diversified product portfolio, which covers numerous price points, and its wide distribution-reach in over 100 global markets. The Group maintains its financial strength and business stability, upholding its commitment to sustainability, long-term value creation and market expansion.

The **Brandy segment**<sup>49</sup> reported revenues and other income of ₱35.8 billion from external customers which was relatively stable YoY. Despite persistent softening in the global spirits markets, the Brandy segment gained traction in France, Italy, the USA and the Philippines while remaining steady in Spain and Mexico. In the Philippines, 'Fundador Super Special' and 'Emperador CLVB' drove significant momentum, with demand exceeding supply particularly during the fourth quarter. The segment's consolidated gross profit rose 10% YoY to ₱8.5 billion, pushing the GPR to 24% (up from 21%). Operating expenses were well-contained at ₱4.9 billion, with minimal 2% increase (+₱0.1 billion) primarily attributed to salaries and employee benefits, travel and transportation, and taxes and

---

<sup>47</sup> 2025 was a particularly difficult trading environment for the beverage alcohol industry. Continued economic challenges caused severe disruption across the sector. Continued increases in cost of living put further pressure on discretionary spending. *Source: www.theiwsr.com/insight/press-release* dated April 2, 2026. [See footnotes 51-55 also]

<sup>48</sup> The global total beverage alcohol ("TBA") volume declined in the last three years [-1% in 2023 and 2024, and -2% in 2025 (based on 2025's preliminary data)] and value showed an easing pattern as well (+2% in 2023, +1% in 2024, -4% in 2025). Spirits was the worst performing major category in 2025 with TBA volumes down by 4% and value by 9%. *Source: theiwsr.com/insight*

<sup>49</sup> See related discussions in *Our Philippine Business and Our Spanish Brandy Business under Description of Business in this Report.*

licenses. However, a minimal 8% increase in interest and other charges (+₱0.1 billion) due to unrealized foreign currency loss (overturning last year's gains), and higher tax expense (+₱0.3 billion) stemming from higher taxable base pinched on the margin. Consequently, the segment realized NP of ₱2.1 billion and NPO of ₱2.0 billion, with higher margins (NPR and NPOR) reaching 6% and 5%, respectively. The EBITDA rate improved to 14% (from 13%).

The **Scotch Whisky segment**<sup>50</sup> reported revenues and other income of ₱21.3 billion from external customers, a 16% decline YoY. This was driven by an industry-wide global slowdown attributed to shifts in consumer demand and high cost of living. While demand softened in most markets, the segment saw resilience in the UK and India. Furthermore, the blended 'Whyte&Mackay' remained strong throughout the year and the single malts 'Dalmore', 'Jura', and 'Tamnavulin' showed improved traction in fourth quarter on a QoQ basis. The segment's gross profit declined 27% YoY to ₱8.1 billion, contracting the GPR to 38% (from 43%). Operating expenses were well-contained at ₱5.0 billion (-1%), with the reduced advertising and promotions offset largely by marginal increases in other expense items. Interest expense rose 52% (+₱0.3 billion) due to additional loans drawn during the year, while tax expense dropped 41% (-₱0.4 billion) on a lower taxable base. Consequently, the segment realized NP of ₱1.9 billion - all attributable to the Parent Company – reflecting a 58% YoY decline, with margins moderating to 9% (from 18%). EBITDA rate stood at 18% (from 25%).

*By Profit or Loss Accounts*

**Revenues and Other Income**

Total revenues and other income declined 7% (-₱4.6 billion) YoY to ₱57.0 billion from ₱61.6 billion, driven by a contraction in sales to external customers across both segments, reflecting an industry-wide slowdown triggered by persistent inflation and shifting consumer preferences.

*Other income* contracted 7% (-₱0.1 billion) YoY to ₱0.8 billion, primarily due to reversal of prior-year foreign exchange gains into a loss this year, signaling the strength volatility of functional foreign currencies, which was partially mitigated by the increases in interest income and in the share in net profit of BLC.

In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Other Income	835	903	1,145	2,096	1,091	(68)	(7.5)	(242)	(21.2)	(951)	(45.4)	1,005	92.1
Brandy	662	804	923	1,378	884	(143)	(17.7)	(119)	(12.8)	(455)	(33.0)	494	55.8
Whisky	173	98	222	718	207	75	76.4	(124)	(55.7)	(496)	(69.1)	511	247.1

**Costs and Expenses**

Total costs and expenses went down moderately 4% (-₱2.0 billion) to ₱51.5 billion from ₱53.5 billion, mainly due to lower costs of sales because of lower sales in both segments.

*Cost of Goods Sold*

Costs decreased 6% (-₱2.4 billion) to ₱39.6 billion from ₱42.0 billion, slightly slower than the decline in sales.

*Gross Profit*

The consolidated GPR eased to 30% (from 31%) as the Group successfully managed overall costs. The GPR for the Brandy and Scotch Whisky segments stood at 24% and 38%, respectively, compared to 21% and 44% in the prior year. These shifts were primarily driven by rising production costs and changes in product mix.

*Other operating expenses*

Other operating expenses were kept flat (+₱0.06 billion) at ₱9.9 billion. This stability was the result of higher general and administrative expenses being largely offset by a reduction in selling and distribution expenses. Specifically, increases in salaries and employee benefits (+₱0.2 billion), travel and transportation (+₱0.1 billion) and taxes and licenses (+₱0.1 billion) were mitigated by a significant reduction in advertising and promotional spending (-₱0.5 billion).

<sup>50</sup> See related discussions in Our Scotch Whisky Business under Description of Business in this Report..

In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Selling and distribution	7,091	7,152	6,758	6,205	4,840	(61)	(0.9)	394	5.8	553	8.9	1,365	28.2
Brandy	3,198	3,144	3,158	3,147	2,546	54	1.7	(14)	(0.4)	11	0.4	601	23.6
Whisky	3,893	4,008	3,600	3,058	2,294	(115)	(2.9)	408	11.3	542	17.7	764	33.3
General and Administrative	2,826	2,700	3,022	2,631	4,840	127	4.7	(323)	(10.7)	391	14.9	425	19.3
Brandy	1,711	1,664	1,420	1,325	1,075	47	2.8	244	17.2	94	7.1	250	23.3
Whisky	1,115	1,036	1,602	1,306	1,131	79	7.7	(567)	(35.4)	297	22.7	175	15.5
Total Operating Expenses	9,917	9,851	9,780	8,836	7,046	66	0.7	71	0.7	944	10.7	1,791	25.4

*Selling and distribution* expenses decreased negligibly 0.8% (-P0.06 billion) YoY, driven by 3% decline in Scotch Whisky segment's spending offset by 2% increase in Brandy segment. While advertising and promotions were reduced and salaries and employees' benefits were increased in both segments, travel and transportation expenses grew in Brandy segment while Scotch Whisky just maintained its level of spending same as last year. The growth seen in taxes and licenses is related to the local taxes in the Philippines.

*General and administrative* expenses increased minimally 5% (+P0.1 billion) YoY to P2.8 billion, driven by increased spending seen in travel and transportation, and taxes and licenses. However, the spend for salaries and employees' benefits declined, particularly in Scotch Whisky segment.

#### Interest and Other charges

Interest and other charges had gone up 18% (+P0.3 billion) YoY to P2.0 billion because of high interest costs and unrealized foreign exchange losses. *Interest expense* increased 9% (+P0.1 billion) YoY to P1.9 billion mainly due to additional GBP loans mitigated by lower interest rate due to decreasing SONIA, and further offset by decrease in Euro loans (from net principal repayments) and the decreasing Euribor. Meanwhile *Other charges* reflected a total of P0.2 billion foreign exchange losses, a turnaround from last year's gains, signaling the volatile behavior of Euro, GBP and USD.

In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Interest expense	1,861	1,711	1,372	611	783	151	8.8	338	24.6	762	124.8	(172)	(22.0)
Brandy	973	1,126	1,210	358	597	(153)	(13.6)	(85)	(7.0)	853	238.6	(239)	(40.1)
Whisky	888	585	162	253	186	303	51.8	423	261.5	(91)	(36.0)	67	36.1

In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Other Charges	161	6	203	69	404	155	2485.7	(197)	(96.9)	134	194.7	(335)	(82.9)
Brandy	247	6	43	24	409	240	3848.1	(37)	(85.4)	19	81.2	(385)	(94.2)
Whisky	(85)	-	161	45	(5)	(85)		(161)	(100.0)	115	253.9	50	(1104.7)

#### Profit before Tax

As a result of the foregoing, profit before tax slid 32% YoY to P5.5 billion from P8.1 billion a year ago.

#### Tax Expense

Tax expense deescalated 7% (-P0.1 billion) YoY to P1.5 billion (from P1.6 billion) due to lower taxable income from Scotch Whisky segment mitigated by higher taxable income from Brandy segment. [New corporation tax in UK took effect in April 2023.]

In Million Pesos	2025	2024	2023	2022	2021	YoY 2025	YoY %	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Tax Expense	1,520	1,633	1,997	1,498	2,747	(113)	(6.9)	(364)	(18.2)	499	33.3	(1,248)	(45.4)
Brandy	896	582	999	893	1,314	314	54.0	(417)	(41.8)	106	11.8	(421)	(32.0)
Whisky	624	1,051	998	605	1,433	(427)	(40.6)	53	5.3	393	65.0	(828)	(57.8)

### **Net Profit**

As a result of the foregoing, NP declined 38% (-₱2.5 billion) YoY to ₱4.0 billion and NPO declined 39% (-₱2.5 billion) YoY to ₱3.9 billion. NP to non-controlling interest likewise decreased 10% (-₱0.02 billion) YoY to ₱0.1 billion mainly due to lower NP in Mexican subsidiaries.

### **EBITDA**

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, stood at ₱9.1 billion (from ₱11.4 billion), down 20% YoY, showing margin of 16% (from 18%).

### **Year Ended December 31, 2024 Compared with Year Ended December 31, 2023**

**The Group** experienced softening of demand for its products and inflationary crunch in its profits over the last three years to 2024, reflective of domestic and global economic conditions that have impacted the global beverage alcohol industry and the global economy in general.

The **global economy**<sup>51</sup> has been treading on soft growth trajectory. As the Covid-19 pandemic<sup>52</sup> came to an end, the last three years have been marked by high inflation that pressed on consumer spending<sup>53, 54</sup>, and by supply chain disruptions, not only as an aftermath of the pandemic but not least from geopolitical tensions<sup>55</sup>. Under these conditions, the **global beverage alcohol industry** faced weakening demand during the last three years. While inflation has recently calmed in most markets, high living costs still persist that affected consumers' disposable income. The last three years have been characterized by shifts in beverage alcohol drinkers' consumption patterns, purchasing platforms and market dynamics. The global total beverage alcohol ("TBA") numbers showed further declines over the last three years<sup>56</sup> as moderation and downtrading continue to permeate the markets.

The Group's global business operated in the above backdrop and maneuvered similar challenges, remaining resilient due to its diversified product portfolio, which covers numerous price points, and its wide distribution reach in over 100 global markets. The Group maintains its financial strength and business stability, upholding its commitment to sustainability, long-term value creation and market expansion.

**The Group ended 2024** with revenues and other income -6% behind year-on-year ("YoY"), mainly attributed to weakness in consumer demand driven by high living costs resulting in consumers' shift to more affordable product options and moderation. Sales from EMEA (Europe, Middle East and Africa) had grown during the year while sales from Latin America were at about same level as last year. While the Group managed to keep consolidated gross profit rate ("GPR") above 30% of sales, amid the global rise in prices of inputs and product mix impact, GP amount lagged -11% YoY. Operating

<sup>51</sup> Based on revised numbers from World Bank, the world's full year GDP growth eased from 3.4% in 2022 to 2.9% in the next three years (2023, 2024 and **[projected] 2025**). The Phil. full year GDP growth eased to 5.6% in 2023 and 2024 and further to 4.4% **in 2025** (the softest since 2011). Spain's economy slowed down by 2.5% in 2023, 3.5% in 2024, and 2.8% **in 2025**. Meanwhile, the UK economy was climbing from 0.3% in 2023 to 1.1% in 2024 to 1.4% **in 2025**, as businesses and consumers stayed cautious. *Source: tradingeconomics.com*

<sup>52</sup> As the pandemic situation improved due to vaccination, economic activities and travel resumed. The Philippine state of calamity ended on December 31, 2022. On May 5, 2023, WHO declared that COVID-19 pandemic is no longer a global health emergency, yet warning that the danger of the pandemic remains. In the Philippines, the state of public health emergency was lifted on July 22, 2023 throughout the country.

<sup>53</sup> The world food price index started rising in 2021, reaching 160.2 index points in March 2022, hovering above 155 points in the next couple of months, before easing to 117.6 points in January 2024, and settling at 127.3 ave points in last quarter of 2024, still way above pre-pandemic level of below 100 index points. Full year ave index points reached 122 in 2024 and 127 **in 2025**. *Source: tradingeconomics.com*

<sup>54</sup> Inflation rates for most economies started rising in 2021 and reached their highest peaks about mid-2022 to early months of 2023 before easing to still high levels. *Source: tradingeconomics.com*

<sup>55</sup> Russia's unprovoked invasion of Ukraine in February 2022 has caused disruptions in global supply chains and in availability of key commodities resulting in rising inflation and interest rates. Moreover, the ongoing Middle Eastern instability sparked by Hamas-led Gaza and Israel conflict in October 2023 is still ongoing and is creating a "major maritime chokehold".

<sup>56</sup> The global TBA volume declined -1% in 2023 and -1% in 2024 while value increased +2% in 2023. The 2024 TBA volume was -2% lower than pre-pandemic 2019. Total spirits volumes were comparatively flat in 2023, and declined -3% in 2024 and by -1% excluding national spirits. Super-premium-plus spirits, excluding national spirits volumes, comparatively declined by more than -3% in 2024 and by -2% in 2023. **In 2025's** preliminary data, TBA volume declined -2% and value declined -4%. *Source: the iwsr.com/insight*

expenses were at about +0.7% uptick YoY while interest and other charges jumped +9% YoY, due to higher interest on higher principal base this year. Net profit (“NP”) and net profit to owners (“NPO”) were posted at P6.5 billion and P6.3 billion, respectively, shrinking -27% YoY. NP rate (“NPR”) and NPO rate (“NPOR”) were registered at 11% and 10% respectively. EBITDA slid to 18% this year from 21% a year ago, mainly from low GP. The Group continues to pursue its strategic long-term CPI strategy – Contemporize offering, Premiumize portfolio and Internationalize business - while adapting to the current trends, which is made possible by its wide range of aging liquid stockholdings.

The **Brandy segment**<sup>57</sup> turned over revenues and other income from its external customers of P36.4 billion which was a -9% fall YoY. Persisting high living costs resulted in consumers’ discretionary spending towards affordable alternatives and moderation, causing the general softening in the domestic and international markets. Nevertheless, Bodegas Fundador expanded sales in Spain and USA this year while it was tough for Emperador Brandy on the domestic front. GPR reached 21% versus 25% a year ago, or a -22% drop in value YoY, due to high cost of inputs, product-sales mix, and, to a modest extent, the Peso to Euro currency weakness. With increased operating expenses (+5%) largely on advertising and promotions, lower other charges (-10%) due to lower interest expense, and reduced tax expense (-42%) due to lower taxable base, the segment realized NP and NPO of P2.0 billion and P1.8 billion, respectively, with both NPR and NPOR hitting 5%. EBITDA rate reached 13% this year versus 18% last year.

The **Scotch Whisky segment**<sup>58</sup> turned over revenues and other income from external customers of P25.3 billion, slightly down -2% YoY due to the global market slowdown attributed to moderation and downtrading. Sales of single malt whiskies took a dip while bulk sales pushed revenues up during the year. Sales in EMEA, Latin America, India and the Global Travel Retail rose from last year. GPR remained at 43.5% for both comparable years as the segment managed its costs. Operating expenses went down -3% YoY, in spite of increased spending on advertising and promotions and salaries and benefits which was tempered by the release of excess onerous lease provision during the year. Interest expense surged +2.6 times YoY due to additional loans drawn during the year and higher interest rates. Tax expense climbed +5% due to higher taxable base and rate<sup>59</sup>. As a result of all these, the segment realized NP and NPO of P4.5 billion during the year, lagging -10% YoY, with NPR and NPOR of 18% versus 19% a year ago. EBITDA rate stayed at 25% for both comparable years, with this year’s rate improved by 61bps.

*By Profit or Loss Accounts*

### **Revenues and Other Income**

Total revenues and other income dropped -6% (-P4.0 billion) YoY to P61.6 billion in 2024 as compared to P65.6 billion in 2023 as external sales revenues declined due to soft demand for the Group’s products in both segments.

In Million Pesos	2024	2023	2022	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Other Income	903	1,145	2,096	(242)	(21.2)	(951)	(45.4)	1,005	92.1
Brandy	804	923	1,378	(119)	(12.8)	(455)	(33.0)	494	55.8
Whisky	98	222	718	(124)	(55.7)	(496)	(69.1)	511	247.1

*Other income* contracted -21% (-P0.2 billion) to P0.9 billion mainly due to lower interest income and lower share in net income of BLC reported this year.

### **Costs and Expenses**

Total costs and expenses went down marginally -2% (-P1.2 billion) to P53.5 billion in 2024 from P54.7 billion in 2023, mainly due to lower costs of sales because of lower sales in both segments.

<sup>57</sup> See related discussions in *Our Philippine Business and Our Spanish Brandy Business under Description of Business in this Report.*

<sup>58</sup> See related discussions in *Our Scotch Whisky Business under Description of Business in this Report.*

<sup>59</sup> Corporation tax rates increased from 19% to 25% effective April 1, 2023, by Royal Assent received on June 10, 2021.

### Cost of Goods Sold

Costs decreased -3% (-P1.4 billion) to P42.0 billion from P43.3 billion a year ago, slightly slower than the decline in sales.

### Gross Profit

Gross profit rate on consolidated level eased at 31% in 2024 from 33% in 2023, as the Group managed costs overall. The GPRs of the Brandy and Scotch Whisky segments were respectively posted at 21% and 44% in 2024 as compared to 25% and 44% in 2023 due to rising costs and product mix.

### Other operating expenses

Other operating expenses barely increased 0.7% (+P0.1 billion) YoY to P9.9 billion from P9.8 billion as the increase in selling and distribution expenses was mitigated by the decrease in general and administrative expenses. Increases were seen in advertising and promotions (+P0.6 billion), salaries and employee benefits (+P0.03 billion) and taxes and licenses (+P0.1 billion) during the year.

In Million Pesos	2024	2023	2022	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Selling and distribution	7,152	6,758	6,205	394	5.8	553	8.9	1,365	28.2
Brandy	3,144	3,158	3,147	(14)	(0.4)	11	0.4	601	23.6
Whisky	4,008	3,600	3,058	408	11.3	542	17.7	764	33.3
General and Administrative	2,700	3,022	2,631	(323)	(10.7)	391	14.9	425	19.3
Brandy	1,664	1,420	1,325	244	17.2	94	7.1	250	23.3
Whisky	1,036	1,602	1,306	(567)	(35.4)	297	22.7	175	15.5
Total Operating Expenses	9,851	9,780	8,836	71	0.7	944	10.7	1,791	25.4

*Selling and distribution* expenses increased 6% (+P0.4 billion) from a year ago, mainly from Scotch Whisky segment's increased spending 11% YoY (+P0.4 billion), particularly on advertising and promotions and salaries and employees' benefits. Brandy segment just maintained its level of spending same as last year, in spite of increased spending on local advertising and promotions and taxes and licenses.

*General and administrative* expenses decreased -11% (-P0.3 billion) from a year ago, from drop in Scotch Whisky segment's expenses as reduced by climb in Brandy segment's expenses, particularly in salaries and employee benefits. There was also a reversal of onerous lease provision included under general and administrative expenses that reduced Scotch Whisky segment's expenses.

### Interest and Other charges

Interest and other charges had gone up 9% (+P0.1 billion) YoY to P1.7 billion from P1.6 billion because of high interest costs this year and unrealized foreign exchange losses last year (gains in 2024). *Interest expense* shot up 25% (+P0.3 billion) mainly due to interest hikes in SONIA and additional loans while *Other charges* decreased -97% (P0.2 billion) from unrealized foreign exchange losses last year which turned around this year.

In Million Pesos	2024	2023	2022	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Interest expense	1,711	1,372	611	338	24.6	762	124.8	(172)	(22.0)
Brandy	1,126	1,210	358	(85)	(7.0)	853	238.6	(239)	(40.1)
Whisky	585	162	253	423	261.5	(91)	(36.0)	67	36.1

In Million Pesos	2024	2023	2022	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Other Charges	6	203	69	(197)	(96.9)	134	194.7	(335)	(82.9)
Brandy	6	43	24	(37)	(85.4)	19	81.2	(385)	(94.2)
Whisky	-	161	45	(161)	(100.0)	115	253.9	50	(1104.7)

### Profit before Tax

As a result of the foregoing, profit before tax slid -26 YoY to P8.1 billion from P10.9 billion a year ago.

### **Tax Expense**

Tax expense deescalated -18% (-P0.4 billion) to P1.6 billion from P2.0 billion a year ago due to lower taxable income from Brandy segment lessened by higher taxable income from Scotch Whisky segment. New corporation tax in UK took effect in April 2023.

In Million Pesos	2024	2023	2022	YoY 2024	YoY %	YoY 2023	YoY %	YoY 2022	YoY %
Tax Expense	1,633	1,997	1,498	(364)	(18.2)	499	33.3	(1,248)	(45.4)
Brandy	582	999	893	(417)	(41.8)	106	11.8	(421)	(32.0)
Whisky	1,051	998	605	53	5.3	393	65.0	(828)	(57.8)

### **Net Profit**

As a result of the foregoing, NP and NPO this year both declined -27% YoY to P6.5 billion and P6.3 billion, respectively. NP to non-controlling interest likewise decreased (-P0.1 billion) due to lower NP in Mexican subsidiaries.

### **EBITDA**

EBITDA stood at P11.4 billion, down -17% YoY, showing margin of 18% in 2024 versus 21% a year ago.

## **FINANCIAL CONDITION**

### **December 31, 2025 and 2024**

Total assets amounted to ₱178.3 billion as at December 31, 2025, up 12% (+₱18.7 billion) YoY. The Group is strongly liquid with current assets (₱90.6 billion) exceeding current liabilities (₱21.4 billion) 4.2 times. Quick assets alone covered current liabilities 1.5 times. Moreover, the Group has low leverage ratio of 0.4 signaling lower financial risk and higher stability. Total-liabilities-to-equity ratio is at 0.6 times. Interest expense (net of interest income from banks) is covered 5.8 times by EBITDA (net of interest income from banks) indicating sound financial health.

Cash and cash equivalents increased 3% (+₱0.3 billion) to ₱10.1 billion, mainly from net cash flows from operations, driven by collection of trade and other receivables.

#### *Explanations on accounts with at least +/-5% comparative changes*

Financial assets at fair value through profit or loss rose 10% (+₱0.05 billion) to ₱0.6 billion as a result of marked-to-market valuation and translation adjustment.

Inventories increased 15% (+₱7.3 billion) to ₱56.0 billion primarily due to laying down of aged liquid holdings for future sales (due to long aging process required for premium products, especially for Scotch Whisky). Finished goods and packaging materials increased as the Group stocked on the shelves to ensure availability (to address the global logistics' longer lead time in the supply chain).

Net property, plant and equipment escalated 16% (+₱6.7 billion) to ₱47.6 billion, driven by the ongoing expansion in Scotch Whisky business, assets attributed to the newly-acquired Mexican subsidiary, and translation adjustment reduced by depreciation and amortization. Capital expenditures went largely to machinery and equipment (+₱3.7 billion), buildings (+₱2.5 billion) and construction in progress (+₱0.2 billion). Capital expenditures were regularly made to expand operations and efficiency as well as upgrade and improve manufacturing facilities and equipment. In 2025, about 86% of additional assets were in UK because of the ongoing expansion in Scotch Whisky business.

Intangible assets increased 11% (+₱3.4 billion) to ₱35.1 billion, driven by translation adjustment plus the trademarks added from Los Danzantes.

Investment in a joint venture increased 15% (+₱0.6 billion) to ₱4.2 billion, primarily from translation adjustment and the share in net profit of BLC.

Retirement benefit assets declined 55% (-₱0.2 billion) to ₱0.2 billion, due to changes in financial assumptions and foreign exchange adjustments, mainly from EDI and EGB.

Deferred tax assets increased 21% (+₱0.1 billion) to ₱0.5 billion, due to movements in timing differences, largely from Philippine subsidiaries.

Other non-current assets decreased 46% (-₱0.1 billion) to ₱0.1 billion, mainly from reduction in advances to suppliers.

Interest-bearing loans increased 26% (+₱8.5 billion) to ₱42.0 billion from fresh loans incurred in Spain and Scotland and translation adjustment, since all loans are in foreign currencies (Euro and GBP). *Currently maturing* loans went up 45% (+₱0.3 billion) to ₱1.0 billion and *non-current portion* went up 25% (+₱8.2 billion) to ₱41.0 billion. The Group is low leveraged at 0.4 times of equity, and net interest is supported by EBITDA 5.8 times.

Trade and other payables increased 7% (+₱1.3 billion) to ₱18.4 billion, mainly due to timing of purchases for production and construction (+₱0.8 billion) and accruals of expenses (₱0.6 billion).

Lease liabilities showed 7% (-₱0.1 billion) decline to ₱1.0 billion, attributable to lease repayments and terminations as reduced by additional obligations, interest amortizations and translation adjustments. *Current portion* went up 5% (+₱0.01 billion) to ₱0.2 billion while *non-current portion* went down 10% (-₱0.1 billion) to ₱0.8 billion. Lease liabilities were accounts brought about by the adoption of PFRS 16-Leases beginning January 1, 2019

Income tax payable decreased 15% (-₱0.3 billion) to ₱1.8 billion primarily from lower tax obligation of the Group by end of year attributed to lower net taxable profit.

Provisions went up 11% (+₱0.02 billion) mainly from additional provisions during the year net of utilizations and reversal. Provisions refer to the amounts provided by WMG (for onerous lease and for dilapidations) for leased properties located in Scotland.

Put option liability of ₱0.2 billion is the financial obligation established over the minority interest of the newly-acquired subsidiary.

Deferred tax liabilities increased 29% (+₱1.5 billion) to ₱6.5 billion, mainly due to movements in timing differences of EGB.

Equity attributable to owners of the Parent Company increased by 7% (+₱7.2 billion) mainly from net profit (+₱3.9 billion), additional legal reserves (+₱0.2 billion) and translation adjustments (+₱6.1 billion), as reduced by dividends and interest on ELS (-₱3.1 billion).

*Accumulated translation adjustments* refer to the difference resulting in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate and income and expenses at average exchange rates. The accumulated balance of the account is reflective of the weakening value of Philippine peso and/or foreign currencies. In 2025, it increased almost five-folds (+₱6.1 billion) due to stronger GBP, Euro and USD at year-end.

*Treasury shares* pertain to the acquisition cost of the shares that have been bought back from the market pursuant to the Company's buyback program. The program had already ended and there were no further acquisitions done in 2025 and 2024. However, there were treasury shares issued to grantees (-₱0.02 billion) on their partial exercise of their vested share options. The account also included shares held by a subsidiary.

*Share options* pertain to the options granted to qualified employees of the Group pursuant to an approved employee share option plan. The balance reflects the accumulated amortizations of fair values of the share options during the vesting period. The increment of 10% (+₱0.04 billion) was a result of recognition of additional share options expense (i.e. amortized value); less forfeited options (of resigned employees) and exercised vested options, both transferred to APIC.

*Revaluation reserves* (debit balance) increased by ₱0.2 billion due to actuarial revaluation on retirement benefit obligations booked by WMG.

*Other reserves* include legal reserves that represent the statutory requirements in Luxembourg which comprise of net wealth tax reserve and capital reserve at year-end. The account increased 11% (+₱0.2 billion) in 2025.

Non-controlling interest increased 31% (+P0.4 billion) mainly from net profit share (+₱0.15 billion) and other comprehensive income (translation adjustment +₱0.21 billion) attributable to minority owners of the not-wholly-owned subsidiaries.

### **December 31, 2024 and 2023**

Total assets amounted to P159.5 billion as at December 31, 2024, up 7% (+P10.8 billion) from P148.7 billion as at December 31, 2023. The Group is strongly liquid with current assets exceeding current liabilities 4.1 times by end-2024, higher than the 3.4 times by end-2023. Quick assets were 1.5 times of current liabilities by end-2024.

Cash and cash equivalents shrank -7% (-P0.8 billion) mainly due to dividends paid (-P3.9 billion), acquisitions of property, plant and equipment (-P7.5 billion) and loan and interest repayments (-P2.7 billion) that ate up net cash flows from operating activities (+P5.3 billion) and were mitigated by additional loan drawdowns during the year (+P7.9 billion). Trade and other receivables went up 6% (+P1.1 billion) due to increase in trade receivables (+P4.2 billion) caused by high sales nearing the Christmas season. Meanwhile, advances to suppliers went down (-P2.7 billion) as these were applied to payables. Advances to officers and employees also saw a reduction (-P0.3 billion) from liquidation as their purpose got completed.

#### *Explanations on accounts with at least +/-5% comparative changes*

Financial assets at fair value through profit or loss of P0.4 billion at the beginning of the year rose to P0.5 billion at the end of the year as a result of marked-to-market valuation and translation adjustment.

Inventories increased 5% (+P2.3 billion) primarily due to laying down of liquid holding for future sales (especially, long aging for Scotch Whisky). Finished goods and raw materials decreased as the Group reduced on volume of stockholdings. Meanwhile, packaging materials were up due to higher holdings as a result of slowdown in production and the introduction of new products.

Property, plant and equipment escalated 20% (+P6.7 billion) mainly from capital expenditures for machinery and equipment (+P4.5 billion), buildings (+P2.0 billion) and office furniture and fixtures (+P0.2 billion). Capital expenditures were regularly made to expand operations and efficiency as well as upgrade and improve manufacturing facilities and equipment. In 2024, about 79% of capital expenditures were in UK because of the ongoing expansion relating to Scotch Whisky business.

Retirement benefit assets surged 82% (+P0.2 billion) due to changes in financial assumptions and foreign exchange adjustments.

Deferred tax assets swelled 86% (+P0.2 billion) due to movements of timing differences.

Other non-current assets ballooned 60% (+P0.1 billion) due to increase in advances to suppliers and refundable security deposits.

Current Interest-bearing loans shrank -25% (-P0.2 billion) while non-current portion expanded 31% (+P7.7 billion), for net expansion of +P7.5 billion, due to drawdowns in Scotland loan facility and changes in translation of Euro and GBP loans, as reduced by loan repayments during the year. There is no loan in the Philippines in both comparable periods.

Trade and other payables downscaled -13% (-P2.6 billion), mainly due to timing of purchases for production and construction (+P2.3 billion) and accruals of expenses (-P4.3 billion).

Lease liabilities were accounts brought about by the adoption of PFRS 16-Leases beginning January 1, 2019. The current and non-current portions amounted to P0.2 billion and P0.8 billion, respectively, at end of 2024, up 42% (+P0.1 billion) and 89% (+P0.4 billion), respectively, primarily due to new leases, translation adjustments and interest amortization and reduced by lease payments, termination and modification.

Income tax payable was slashed -18% (-P0.5 billion) primarily from lower taxable income of the Group at current year-end.

Provisions refer to the amounts provided by WMG for leased properties located in Scotland. Provisions depleted 41% (-P0.1 billion) mainly from utilizations during the year together with the reversal of unutilized amounts, i.e. no longer required.

Deferred tax liabilities increased 22% (+P0.9 billion) due to movements in timing differences.

Equity attributable to owners of the parent company increased by 6% (+P5.5 billion) mainly from net profit (+P6.3 billion) realized during the year, additional legal reserves (+P0.5 billion) and translation adjustments (+P2.3 billion), as reduced by dividends (-P3.9 billion).

*Accumulated translation adjustments* refer to the difference resulting in the translation of the foreign subsidiaries' financial statements to Philippine pesos. Monetary assets and liabilities are translated at the closing rate and income and expenses at average exchange rates. The accumulated balance of the account is reflective of the depreciation in the value of Philippine peso and/or foreign currencies.

*Treasury shares* pertain to the acquisition cost of the shares that have been bought back from the market pursuant to the Company's buyback program. The account also included shares held by a subsidiary. There were no transactions during 2024.

*Share options* pertain to the options granted to qualified employees of the Group pursuant to an approved employee share option plan. The increment of 21% (+P66 million) was a result of recognition of additional share options expense less forfeited options under the employee share option plan during the year.

*Revaluation reserves* increased by P0.1 billion due to actuarial revaluation on retirement benefit obligations booked by WMG.

*Other reserves* include legal reserves that represent the statutory requirements in Luxembourg which comprise of net wealth tax reserve and capital reserve at year-end.

Non-controlling interest decreased -24% (-P0.4 billion) mainly from net profit share (+P0.16 billion) mitigated by translation adjustment (-P0.52 billion) realized by minority owners in DBLC, a foreign subsidiary consolidated by end-2017, and in Boozy, a local company consolidated starting in 2018.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group sources funds principally from operations, and loans and borrowings. The Company expects to meet its working capital requirements for the ensuing year primarily from available funds at year-end plus cash flows from operations. It may also from time to time seek other sources of funding, if necessary, which may include debt or equity financings, depending on its financing needs and market conditions.

The Group has a low gearing ratio of 0.39. Total-liabilities-to-equity ratio is healthy at 0.65 times. Interest expense (net of interest income from bank accounts) is covered 5.8 times by EBITDA (net of interest income from bank accounts).

## **PROSPECTS FOR THE FUTURE**

The Group's renowned brandy and whisky products sold all over the world are the catalyst for continued growth and, with its high-quality aged inventory, put the Group in best position for

premiumization and innovation opportunities, as well as to adapt to current trends and consumer appetite.

## **OTHER MATTERS**

Except for what have been noted:

There were no other known material events subsequent to the end of the year that would have a material impact in the current year being reported.

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. 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.

## **7. FINANCIAL STATEMENTS**

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ('PFRS') Accounting Standards, on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

## **8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS**

### **EXTERNAL AUDIT FEES AND SERVICES**

#### ***Audit and audit-related services***

Punongbayan & Araullo ("P&A") is the appointed principal auditor for 2025 and 2024 by the stockholders. P&A audited the Group's consolidated financial statements from the years 2013 to 2025. In compliance with Revised Securities Regulation Code Rule 68, Part I, 3(B)(ix), Rotation of External Auditors, which adopted the provisions on long association of external auditors (including partner rotation) with public-interest-entity audit client as prescribed in the Code of Ethics for

Professional Accountants in the Philippines, and as adopted by the Company, the engagement partners are rotated or changed every [maximum] seven years or less ('time-on' period). To date, the engagement partners have been rotated on a shorter time-on period (none had reached seven and more years in the past). The current lead engagement partner, Mr. Ramilito L. Nañola, has acted in such capacity for three consecutive audits (from 2023).

The combined fees billed by P&A for the audit of the 2025 and 2024 annual consolidated financial statements of EMI Group, excluding out-of-pocket expenses and VAT, totaled ₱7.5million and ₱6.8million, respectively. These services are those normally provided in connection with statutory and regulatory filings or engagements.

#### ***Tax fees and all other fees***

There were no separate tax fees and no other fees billed by P&A to EMI in the last two fiscal years.

#### ***Approval of services***

The above services have been approved by the Audit Committee through the internal policies and procedures of approval. The Audit Committee is composed of Jesli A. Lapus as Chairman, and Ho Poh Wah and Jose Rene Gregory D. Almendras as members, who are all independent directors of the Company. The auditors' appointments were endorsed to and approved by the Board of Directors, and then by the stockholders at the annual stockholders' meetings.

### **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

P&A issued an unqualified opinion on the consolidated financial statements. There are no disagreements with them on any matter of accounting principles or practices, financial statement disclosures, and auditing scope or procedure which, if not resolved would have caused the auditors to make reference thereto in their reports.

## **PART III - CONTROL AND COMPENSATION INFORMATION**

### **9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board" or "BOD"). Currently, the Board consists of seven members, of which three are independent directors. Except for Mr. Glenn D. Manlapaz who was elected as a Director at a BOD meeting on July 1, 2025, all of the directors were elected at the Company's annual stockholders meeting on June 9, 2025, and all directors will hold office until their successors have been duly elected and qualified at the next annual stockholders' meeting.

The table below sets forth each member of the Company's current Board. No other independent director has served more than nine terms as of to-date.

<b>Name</b>	<b>Age</b>	<b>Gender</b>	<b>Citizenship</b>	<b>Type/Position</b>	<b>Date First Elected</b>
Andrew L. Tan	76	Male	Filipino	Non-exec/ Chairman	Aug 28, 2013
				Chairman Emeritus	June 9, 2025
Winston S. Co	68	Male	Filipino	Executive Director	Aug 28, 2013
				Executive / Chairman	July 1, 2025
Glenn D. Manlapaz	55	Male	Filipino	Executive Director	July 1, 2025
Kendrick Andrew L. Tan	45	Male	Filipino	Executive Director	Aug 28, 2013
Kevin Andrew L. Tan	46	Male	Filipino	Non-Exec Director	Oct 04, 2017
Jesli A. Lapus	76	Male	Filipino	Independent Director	May 17, 2021
Ho Poh Wah	63	Male	Singaporean	Independent Director	May 15, 2023

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Jose Rene Gregory D. Almendras	66	Male	Filipino	Independent Director	June 9, 2025

The table below sets forth the Company's executive officers as of report date:

Name	Age	Gender	Citizenship	Position
Glenn D. Manlapaz	55	Male	Filipino	President and Chief Executive Officer
Katherine L. Tan	74	Female	Filipino	Treasurer
Kendrick Andrew L. Tan	45	Male	Filipino	Executive Director
Dina D.R. Inting	66	Female	Filipino	Chief Financial Officer, Compliance Officer and Corporate Information Officer
Anna Michelle T. Llovido	47	Female	Filipino	Corporate Secretary
Marydale C. Manato-Zoleta	36	Female	Filipino	Assistant Corporate Secretary [resigned in April 2026]
Mary Grace P. Maralit	45	Female	Filipino	Chief Audit Officer and Chief Risk Officer
Kenneth V. Nerecina	56	Male	Filipino	Investor Relations Officer

### Andrew L. Tan Chairman Emeritus

Mr. Tan is currently the Chairman Emeritus since June 2025. He served as Director and Chairman of the Board from August 28, 2013 until June 2025. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Alliance Global Group, Inc.	Chairman of the Board	September 2006	June 2025	19
	Chief Executive Officer	September 2006	September 2017	11
	Vice Chairman of the Board	August 2003	September 2006	3
Megaworld Corporation	Chairman and President	August 1989	June 2023	34
	Chairman	August 1989	June 2025	36
Global-Estate Resorts, Inc. (subsidiary of Megaworld)	Chairman and CEO	January 2011	June 2025	14
Empire East Land Holdings, Inc. (subsidiary of Megaworld)	Chairman	July 1994	June 2025	31

He served as the Chairman of Emperador Distillers, Inc. since its incorporation in 2003 until June 2025. He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Mr. Tan is concurrently the Chairman of the Board and President of Progreen Agricorp, Inc., Zabana Rum Company, Inc., Megaworld Land, Inc., Megaworld Globus Asia, Inc., Manila Bayshore Property Holdings, Inc., Mactan Oceanview Properties and Holdings, Inc., Twin Lakes Corporation, Richmond Hotel Group International Limited, The Bar Beverage, Inc. and Yorkshire Holdings, Inc. He is also the Chairman of Megaworld Newport Property Holdings, Inc., Alliance Global Group Cayman Islands, Inc., Alliance Global Brands, Inc., Suntrust Properties, Inc., Adams Properties, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., Megaworld Cayman Islands, Inc., Eastwood Cyber One Corporation, Gilmore Property Marketing Associates, Inc., Megaworld Central Properties, Inc., Raffles & Company, Inc. and Townsquare Development, Inc. He is the Chairman and Treasurer of The Andresons Group, Incorporated and sits in the boards of Travellers International Hotel Group, Inc., Alliance Global-Infracorp Development, Inc., Megaworld Cebu Properties, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Anglo Watsons Glass, Inc. and Alcazar De Bana Holdings Company, Inc. He is also the Vice-Chairman and Treasurer of Golden

Arches Development Corporation and Golden Arches Realty Corporation and a Director and Treasurer of Andresons Global, Inc. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration and was conferred Doctor of Philosophy in Humanities (Honoris Causa) in 2011 by the same university.

**Winston S. Co  
Chairman**

Mr. Co was first appointed as the Chairman of the Board on July 1, 2025. He served as Director and President since 28 August 2013 until July 2025. He is also a Director and President of Emperador Distillers, Inc. since 2007 until his appointment as Chairman on June 2025. He is also the Chairman of TWFLI since 2022. His field of expertise is in finance and marketing of consumer products. He is concurrently Chairman and President of New Town Land Partners, Inc.; Chairman of Anglo Watsons Glass, Inc.; Director and President of Cocos Vodka Distillers Philippines, Inc. and Alliance Global Brands, Inc., Director and Treasurer of Raffles & Company, Incorporated; Director of The Bar Beverage, Inc.; and Senior Vice President of The Andresons Group, Incorporated. Mr. Co is a Magna Cum Laude graduate of Jose Rizal College with a Bachelor of Science in Commerce.

**Glenn D. Manlapaz  
President and CEO**

Mr. Manlapaz was first elected as the Chief Executive Officer on June 2025 and elected as Director on July 2025. He is the former President for Asia and the Pacific of the Emperador International business. He has been with the Company's wholly owned subsidiary, Emperador Distillers Inc. since 2014 working as Regional Managing Director for Asia. Prior to joining the group, he was Diageo's Managing Director for the Philippines and General Manager for Indonesia. He has extensive experience in the liquor industry, and executive management functions. Mr. Manlapaz holds a Bachelor's Degree in Commerce and Master's Degree in Business Administration in De La Salle University.

**Kendrick Andrew L. Tan  
Director**

Mr. Tan was first elected as Director on 28 August 2013. He is the Corporate Secretary and Executive Director of Emperador Distillers, Inc., and also its Vice President for New Products & Innovation and the Head for Research & Development. He is concurrently Chairman and President of Alcazar De Bana Holdings Company, Inc., Globaland Holdings, Inc., and Altavision Resources, Inc.; Director and President of The World's Finest Liquor, Inc., Director and Treasurer of Anglo Watsons Glass, Inc., and Le Bristol Holdings, Inc.; Trustee and Executive Director of Megaworld Foundation, Inc., Director and Corporate Secretary of Progreen Agricornp, Inc., Emperador Brandy, Inc. and Newport World Resorts Properties, Inc.; Director of The Bar Beverage, Inc., Alliance Global Brands, Inc., The Andresons Group, Incorporated, Yorkshire Holdings, Inc., Andresons Global, Inc., Cocos Vodka Distillers Philippines, Inc., Consolidated Distillers of the Far East, Inc., New Town Land Partners, Inc., Raffles & Company, Incorporated, and Zabana Rum Company, Inc. Mr. Tan graduated from Southern New Hampshire University with a degree in Bachelor of Science in Accountancy.

**Kevin Andrew L. Tan  
Director**

Mr. Tan, was first elected as Director on 04 October 2017. He holds position in the following other listed companies:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Alliance Global Group, Inc.	Chief Executive Officer	June 2018	June 2025	7
	President	June 2024	June 2025	1
	Vice Chairman	Sept 2018	June 2025	7
	Director	April 2012	June 2025	13
	Executive Director	Sept 2016	Sept 2017	1

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Megaworld Corporation	Executive Vice President and Chief Strategy Officer	Nov 2018	June 2024	6
	Executive Director	October 2024	June 2025	1
MREIT, Inc.	President and CEO	Oct 2020	June 2024	4
	Chairman	June 2025	September 2025	1
Global-Estate Resorts, Inc.	Director	June 2014	June 2025	11
Empire East Land Holdings, Inc.	Director	June 2015	June 2025	10

Mr. Tan has over 11 years of experience in retail leasing, marketing and operations. Prior to being the Executive Director, he was the Executive Vice President and Chief Strategy Officer of Megaworld Corporation where he is in charge of developing corporate strategies, expansion and new opportunities as well as investor and stakeholder relations, he was the head of the Commercial Division which markets and operates the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, Burgos Circle at Forbestown Center, and Uptown Mall, all in Fort Bonifacio, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila. He is the Chairman of Travellers International Hotel Group, Inc., Chairman and CEO of Agile Digital Ventures, Inc., Chairman and President of Alliance Global-Infracorp Development, Inc., Asia Finest Cuisine, Inc., and Newport World Resorts Properties, Inc., among others, Director and President of Townsquare Development, Inc., and Adams Properties, Inc.; Director and Corporate Secretary of Alliance Global Brands, Inc., ERA Real Estate, Inc., and Paseo Center Building Administration, Inc., Director and Treasurer of Consolidated Distillers of the Far East, Inc., Asiagroup Holdings, Inc., Eastin Holdings, Inc., Festivewalk Cinemas, Inc., and Uptown Cinemas, Inc., Chairman of Megaworld Foundation, Inc., and Director of Emperador Distillers, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., New Town Land Partners, Inc., Eastwood Cyber One Corporation, Twin Lakes Corporation, Alcazar De Bana Holdings Company, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., Luxury Global Malls, Inc., Choice Gourmet Banquet, Inc., Dew Dreams International, Inc., Global Estate Properties, Inc., and The Andresons Group Incorporated, among others. He holds a degree in Bachelor of Arts Major in Humanities with Professional Certificate in Management, from the University of Asia and the Pacific

[Note: The tenure of an independent director is set to a cumulative term of nine years. Reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 7, Series of 2026. None of EMI's independent directors has served for more than five years as of report date.]

### Jesli A. Lapus Independent Director

Dr. Lapus has served as Independent Director since May 2021. He holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Alliance Global Group, Inc.	Independent Director	June 2021	June 2025	5

Dr. Lapus is currently Chairman and Independent Director of STI Education Services Group, Inc. since 2013 and Chairman of LSERV Corporation since 2012. He is a Governor of Information and Technology Academy (iAcademy) since 2010, Independent Director of Philippine Life Financial Assurance Corporation since 2012, STI Education Systems Holdings, Inc. since 2013 and STI West Negros University, Inc. since 2022. He is a former Chairman of the Board of Investments, Philippine Exports Zone Authority, National Development Corporation, Export Development Council, Export Development Council, Micro, Medium and Small Enterprises Council (MSMED), Summer Institute of Linguistics (SIL) and Manila Tytana Colleges. He is a former Board Member of Metrobank, Land Bank

of the Philippines, Philippine Airlines, Meralco, and Union Bank of the Philippines; former Governor/Trustee of the Asian Institute of Management, Management Association of the Philippines, and Bankers Association of the Philippines; and former Advisor of Philplans First, Inc.

As a top executive in the private sector, he has successfully managed celebrated firms and a universal bank in attaining industry leadership. As the youngest President and CEO of the Landbank of the Philippines at 42 years old, Lapus steered the bank from number 18 to become the 3rd biggest in the banking industry. As the first Filipino and the youngest Managing Director of the German multinational company Triumph International (Phils.), Inc. from 1979-1985, he led it to become the biggest manufacturing operation of its kind in the world making it a top Philippine exporter and employer. At 23, he was the Chief Finance Officer (CFO) of the Ramcar Group where he engineered mergers and acquisitions which established Ramcar as the undisputed market leader in the country. At age 20, he was Auditor-in-Charge and Management Consultant at SGV & Co., CPA's (1969-1973).

Dr. Lapus has the distinction of having served in the cabinets of three (3) Philippine Presidents in the following capacities: Secretary of the Department of Trade and Industry, Secretary of the Department of Education, President and CEO of The Land Bank of the Philippines, and Undersecretary of the Department of Agrarian Reform. He had been elected member of the Philippine Congress for three consecutive terms in 1998-2007 where he spearheaded many famous legislation such as the 2005 Fiscal Reform Measures (EVAT, Sin Taxes, Tax Amnesty and Attrition Law).

Dr. Lapus has been elected by the 180-country international organization, the United Nations Educational and Scientific Council (UNESCO) in Paris, France as a member of its Executive Board. He also served as the President of the South East Asian Ministers of Education Council (SEAMEO).

Dr. Lapus received his Doctor of Public Administration (Honoris Causa) from the Polytechnic University of the Philippines and his Master in Business Management from the Asian Institute of Management and is a Certified Public Accountant. He also pursued his Post Graduate Studies in Investment Appraisal and Management from Harvard University, USA; Management of Transfer of Technology from INSEAD, France; Project Management from BITS, Sweden; Personal Financial Planning from UCLA, USA; and Cursos Internacionales from the Universidad de Salamanca, Spain.

### **Ho Poh Wah (Jason Ho)** **Independent Director**

Mr. Ho, a resident of Singapore, was first elected as Director on May 15, 2023. He is an experienced Board Member and senior executive with years of experience as group chief human resources officer and global business leader in banking and finance industry. His areas of expertise are human capital strategy, business transformation, vision and mission advocacy, executive coaching, talent acquisition, corporate governance, risk management, shareholder relations, market alignment and regulatory compliance.

He is a Board Member of the Leap Philanthropy and Daughters of Tomorrow (DOT) since 2024. He was a Board member of the Institute of Human Resources Professionals from 2016 to 2022, OCBC Property Service Ltd. from 2020 to 2022 and MAS HR Industry Group Committee from 2021 to 2022. He was also the Group Chief Human Resources Officer (CHRO) from 2015 to 2022, Executive Vice President from 2015 to 2022, and Global Head – Asset and Liability Management from 2013 to 2014, of OCBC Bank Singapore. He also served as Treasurer of KBC Bank, Singapore from 1999 to 2012. Prior to these, he was also employed by Standard Chartered Bank, Volvo Group Treasury and Citibank. Mr. Ho earned his Bachelor of Business Administration from the National University of Singapore and Master of Applied Finance from Macquarie University in Sydney, Australia.

### **Jose Rene Gregory D. Almendras** **Independent Director**

Mr. Almendras was first elected as Independent Director on June 2025. He has vast experience in both the private and public sectors. He currently serves as a consultant at Ayala Corporation (AC). Previously, he held the position of Senior Managing Director and Head of the Public Affairs Group.

Over more than two decades with the Ayala Group, he served as CEO of seven (7) companies and held various positions on the management committees of the holding companies.

He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. Mr. Almendras was Treasurer of Aboitiz Equity Ventures and Aboitiz and Company before President of City Savings Bank. In 2001, he was hired by Ayala Land to take over as CEO of Cebu Holdings Inc. and Cebu Property Ventures concurrently head of Ayala Land VisMin. He eventually occupied several other roles in Ayala Land as a member of the management committee prior to moving to Manila Water. In 2007, Mr. Almendras was moved to Manila Water as COO to eventually take over as President.

In 2011, the World Economic Forum recognized him and Manila Water Company as a Sustainability Champion while he was President thereof. During his stint as MWCI President and Chief Operating Officer, the company received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company.

As a public servant Mr. Almendras served in various high-level positions, namely, Secretary of Energy, Cabinet Secretary and Secretary of Foreign Affairs. In June 2016, Mr. Almendras was awarded the Order of Lakandula, Rank of Gold Cross Bayani, a Presidential award and the highest honor given to a civilian by the Republic of the Philippines. The award was President Aquino's recognition of his exemplary service during his administration.

In 2024, he was the 76th President of the Management Association of the Philippines (MAP). He is a Board Member of the Center for Family Ministries of the Ateneo de Manila, and a Board Member of the Institute for Regional Security, a Regional Organization based at Deakin University in Canberra, Australia.

**Katherine L. Tan**  
**Treasurer**

Ms. Tan was first elected as Treasurer on 28 August 2013. She also served as Director since August 2013 until May 2023. She holds positions in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/Years
Alliance Global Group, Inc.	Director and Treasurer	February 2007	June 2025	18

She served as Director of Megaworld Corporation from August 1989 to October 2024. She also served as Director of MREIT, Inc. from May 2021 to June 2025. She is a Director and Treasurer of Emperador Distillers, Inc. since 2003, and of Alliance Global Brands, Inc., Yorkshire Holdings, Inc., Emperador Brandy, Inc., Proggreen Agricorp, Inc., Cocos Vodka Distillers Philippines, Inc., Zabana Rum Company, Inc., Dew Dreams International, Inc., and The World's Finest Liquor, Inc. She is concurrently Chairman of Andresons Global, Inc., and Chairman and President of Choice Gourmet Banquet, Inc.; Director and President of The Andresons Group, Incorporated, Consolidated Distillers of the Far East, Inc., and Raffles & Company, Inc.; Director and Corporate Secretary of The Bar Beverage, Inc., and Director of Altavision Resources, Inc., Globaland Holdings, Inc., Le Bristol Holdings, Inc., Anglo Watsons Glass, Inc., Alcazar De Bana Holdings Company, Inc. Emperador International Limited, Kenrich Corporation, McKesterPik-Nik International Limited, Megaworld Cayman Islands, Inc., and Venezia Universal Limited. Mrs. Tan graduated from St. Scholastica's College with a degree in Nutrition.

**Dina D.R. Inting**  
**Chief Financial Officer, Corporate Information Officer**  
**and Compliance Officer**

Ms. Inting was first elected as Chief Financial Officer, Compliance Officer and Corporate Information Officer on 28 August 2013. She holds position in the following other listed company:

Listed Company	Position	Date First Appointed/ Elected	Date Last Appoint/Elected	No. of Term/ Years
Alliance Global Group, Inc.	Chief Financial Officer (Principal Financial Officer)	January 1995	June 2025	31
	Compliance Officer	August 2005	June 2025	20
	Corporate Information Officer	August 2002	June 2025	23
	Chief Audit Executive	July 2024	June 2025	1

She is currently a director of Progreen Agricornp, Inc and Adams Properties, Inc. She gained an extensive experience in the fields of audit, comptrollership, treasury, finance, branch operations and personnel management from her previous employments in SGV & Co., Raffles & Company, Inc. and First Oceanic Property Management, Inc. She is a Cum Laude graduate of Bachelor of Science in Commerce major in Accounting, Honors Program, at the Philippine College of Commerce (Polytechnic University of the Philippines), holds a certificate in Organizational Development from the Ateneo de Manila University, and is a Certified Public Accountant.

**Anna Michelle T. Llovido**  
**Corporate Secretary**

Ms. Llovido was first elected as Assistant Corporate Secretary on May 20, 2019 until her appointment as Corporate Secretary on April 30, 2020. She holds position in the following other listed company:

Listed Company	Position	Date First Elected	Date Last Elected	No. of Term/ Years
Megaworld Corporation	Corporate Secretary	August 2014	June 2025	11

Ms. Llovido concurrently serves as Chief Counsel for Corporate Affairs and EPR Officer of Emperador Distillers, Inc. She is an experienced in-house counsel with 20 years of practice in mergers and acquisitions, financing, regulatory compliance, transactional contracts negotiation, data privacy, litigation, labor and intellectual property law. She is the data protection officer of Emperador Inc. and Emperador Distillers, Inc., and the corporate secretary of The World's Finest Liquor Inc.

Prior to her employment in Emperador Distillers, Inc., Ms. Llovido was a Manager at Reeves & Associates International Corporation and was charged with the management of its Philippine representative office. She also served as Legal Counsel to Transnational Diversified Group, Inc. from May 2008 to September 2009 where she serviced the legal requirements of over 30 companies engaged in total logistics, ship management, air and travel services, and information and communications technology. She was an Associate Lawyer at Tantoco Villanueva De Guzman & Llamas law offices from April 2006 to April 2008. Ms. Llovido obtained her Juris Doctor in 2004 and Hotel and Restaurant Management in 1999 from the University of Santo Tomas.

**Marydale C. Manato-Zoleta**  
**Asst. Corporate Secretary**

Ms. Manato-Zoleta was first appointed as the Corporation's Assistant Corporate Secretary on May 15, 2023. In addition to this role, she concurrently served as the Legal Counsel of Emperador Distillers, Inc. and as the Assistant Corporate Secretary and Data Protection Officer of The World's Finest Liquor Inc. She resigned from her positions in April 2026. [As of this report date, the Assistant Corporate Secretary position remains vacant.]

Prior to her employment in Emperador Distillers, Inc. she was the Data Protection Officer of Bank of Makati, Inc. and was responsible in ensuring the bank's compliance with data privacy laws. She also served as Senior Corporate Affairs Officer/Data Protection Officer of Anchor Land Holdings, Inc. from September 2019 to October 2021 and handled various regulatory compliance requirements, prepared, reviewed and negotiated contracts, rendered advisory opinions on day-to-day corporate and labor matters, drafted pleadings, and assisted in preparing cases for trial. She was a Junior Associate Lawyer at Dinsay Caguioa & Associates law offices from February 2018 to September

2019. She obtained her Juris Doctor degree in 2017 from the Pamantasan ng Lungsod ng Maynila and her undergraduate degree in Legal Management in 2011 from the San Beda College (now San Beda University).

**Mary Grace P. Maralit**  
**Chief Audit Executive and Chief Risk Officer**

Ms. Maralit was first appointed as the Corporation's Chief Audit Executive and Chief Risk Officer on May 15, 2023. Ms. Maralit concurrently serves as Corporate Audit Director of Emperador Distillers, Inc. She joined Emperador Distillers, Inc. in 2013. She is a Certified Public Accountant with 19 years of finance and audit experience. Prior to her employment in Emperador Distillers, Inc., she was an Audit Manager at Ernst & Young, Ltd. and KPMG Laya Mananghaya. She graduated from Far Eastern University in 2003 with the degree of Bachelor of Science in Accountancy.

**Kenneth V. Nerecina**  
**Investor Relations Officer**

Mr. Nerecina has been the Investor Relations Officer of Emperador Inc since 2013. Prior to that, he had years of experience as an equity analyst and head of equity research. Mr. Nerecina obtained his bachelor's degree in Mathematics in 1990 from the Ateneo de Manila University.

**SIGNIFICANT EMPLOYEES**

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

**FAMILY RELATIONSHIPS**

Chairman Emeritus Andrew L. Tan is married to Treasurer Katherine L. Tan while their sons, Kendrick Andrew L. Tan and Kevin Andrew L. Tan, are also Directors. Kendrick is currently serving as director of Anglo Watsons Glass, Inc. and Executive Director and Corporate Secretary of EDI. Kevin is currently serving as Director of other listed companies: Alliance Global Group, Inc. (where he is the Vice-Chairman, CEO and President), MREIT, Inc. (where he is the Chairman), Global-Estate Resorts, Inc. and Empire East Land Holdings, Inc, and Megaworld Corporation (where he is an Executive Director).

**INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

The Company is not aware of the occurrence during the past five (5) years up to the date hereof of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, or executive officer:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law of regulation, and the judgment has not been reversed, suspended, or vacated.

### BOARD ATTENDANCE AT BOARD AND COMMITTEE MEETINGS HELD IN 2025

Regular board meetings are held at least quarterly and scheduled in advance before the start of the year. The attendance of the directors at the meetings of the Board of Directors for the year 2025 is as follows:

Board Member	Name	No. of Meetings Held during the year	No. of Meetings Attended	%
<b>Chairman</b>	Andrew L. Tan <sup>60</sup>	9	9	100%
<b>Member</b>	Winston S. Co <sup>61</sup>	18	18	100%
<b>Member</b>	Kendrick Andrew L. Tan	18	18	100%
<b>Member</b>	Kevin Andrew L. Tan	18	18	100%
<b>Independent</b>	Ho Poh Wah	18	18	100%
<b>Independent</b>	Jesli A. Lapus	18	18	100%
<b>Independent</b>	Enrique M. Soriano III <sup>62</sup>	9	9	100%
<b>Independent</b>	Jose Rene Gregory D. Almendras <sup>63</sup>	9	9	100%
<b>Member</b>	Katherine L. Tan <sup>64</sup>	1	1	100%
<b>Member</b>	Glenn D. Manlapaz <sup>65</sup>	8	8	100%

The Audit Committee meets at least four times annually. The attendance of the members of the Audit Committee at Audit Committee meetings for the year 2025 is as follows:

Name	Designation	Meetings Attended	Percentage
Enrique M. Soriano III	Chairman (from January 1, 2025 to June 8, 2025)	4/4	100%
Jesli A. Lapus	Member (from January 1, 2025 to June 8, 2025)  Chairman (from June 9, 2025 to December 31, 2025)	9/9	100%
Kevin Andrew L. Tan	Member (from January 1, 2025 to June 8, 2025)	3/4	75%
Jose Rene Gregory D. Almendras	Member (from June 9, 2025 to December 31, 2025)	5/9	100%

<sup>60</sup> Dr. Andrew L. Tan's term as Chairman and Regular Director ended on June 09, 2025. Prior to the end of his term, the Board of Directors held a total of 9 meetings.

<sup>61</sup> Mr. Winston S. Co was elected as Chairman of the Board on June 09, 2025.

<sup>62</sup> Mr. Enrique M. Soriano's term as Independent Director ended on June 09, 2025. Prior to the end of his term, the Board of Directors held a total of 9 meetings.

<sup>63</sup> Mr. Jose Rene Gregory D. Almendras was elected as an Independent Director during the Annual Stockholders Meeting held on June 09, 2025. From the date of his election, the Board of Directors held a total of 9 meetings.

<sup>64</sup> Ms. Katherine L. Tan was elected as Regular Director during the Annual Stockholders Meeting held on June 09, 2025. During her term, the Board of Directors held one (1) meeting. Her term ended as Regular Director ended on July 1, 2025.

<sup>65</sup> Mr. Glenn D. Manlapaz was elected as a Regular Director on July 1, 2025. From the date of his election, the Board of Directors held a total of 8 meetings.

The attendance of the members of the Related Party Transaction Committee at Related Party Transaction meetings for the year 2025 is as follows:

<b>Name</b>	<b>Designation</b>	<b>Meetings Attended</b>	<b>Percentage</b>
Enrique M. Soriano III	Chairman (from January 1, 2025 to June 8, 2025)	1/2	100%
Ho Poh Wah	Member (from January 1, 2025 to June 8, 2025)  Chairman (from June 9, 2025 to December 31, 2025)	2/2	100%
Jesli A. Lapus	Member	2/2	100%
Jose Rene Gregory D. Almendras	Member (from June 9, 2025 to December 31, 2025)	1/2	100%

The Corporate Governance Committee meets at least twice annually. The attendance of the members of the Corporate Governance Committee at Corporate Governance Committee meetings for the year 2025 is as follows:

<b>Name</b>	<b>Designation</b>	<b>Meetings Attended</b>	<b>Percentage</b>
Enrique M. Soriano III	Chairman (from January 1, 2025 to June 8, 2025)	1/1	100%
Ho Poh Wah	Member (from January 1, 2025 to June 8, 2025)  Chairman (from June 9, 2025 to December 31, 2025)	2/2	100%
Jesli A. Lapus	Member	2/2	100%
Jose Rene Gregory D. Almendras	Member (from June 9, 2025 to December 31, 2025)	1/1	100%

The attendance of the members of the Board Risk Oversight Committee at Board Risk Oversight Committee meetings for the year 2025 is as follows:

Name	Designation	Meetings Attended	Percentage
Jesli A. Lapus	Chairman (from January 1, 2025 to June 8, 2025) Member (from June 9, 2025 to December 31, 2025)	2/2	100%
Jose Rene Gregory D. Almendras	Chairman (from June 9, 2025 to December 31, 2025)	1/1	100%
Enrique M. Soriano III	Member (from January 1, 2025 to June 8, 2025)	1/1	100%
Kendrick Andrew L. Tan	Member	1/2	50%

## 10. DIRECTORS AND EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

The following table identifies the Company's Chief Executive Officer and the four most highly compensated executive officers and summarize their aggregate annual compensation in the last two completed years and the estimated aggregate compensation for the ensuing year. Such compensation is received from EDI and none from the Company.

	Name and principal position	Year	Salary (P) '000	Bonus (P)	Other Annual Compensation
CEO	Glenn Manlapaz, President and CEO				
A	Winston S. Co, Chairman				
B	Katherine L. Tan, Treasurer				
C	Kendrick Andrew L. Tan, Executive Director				
D	Edwin Jaranilla, VP-Production				
	Total – President/CEO and four most highly compensated executive officer	2024 2025 (estimate) 2026	37,460 39,008 40,763		None None None

### COMPENSATION OF DIRECTORS

The Company's By-Laws stipulates that, except for reasonable per diem, directors, as such, are entitled to receive only such compensation as may be granted to them upon the recommendation of the Corporate Governance Committee and subsequent approval by vote of stockholders representing at least a majority of outstanding capital stock at a regular or special meeting of stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before tax of the Corporation for the preceding year. In the last two completed years, directors received per diem only from the Company.

	Name of Director	Per Diem 2022 (P) '000	Per Diem 2023 (P) '000	Per Diem 2024 (P) '000	Per Diem 2025 (P) '000	Per Diem 2026 (P)'000 (estimate)
1	Andrew L. Tan, Chairman Emeritus	75	75	150	75	n/a
2	Winston S. Co, Chairman	75	75	150	75	75

	Name of Director	Per Diem 2022 (P) '000	Per Diem 2023 (P) '000	Per Diem 2024 (P) '000	Per Diem 2025 (P) '000	Per Diem 2026 (P)'000 (estimate)
3	Kendrick Andrew L. Tan, Director	75	75	150	75	75
4	Kevin Andrew L. Tan, Director	75	75	150	75	75
5	Glenn D. Manlapaz, Director	n/a	n/a	n/a	n/a	75
6	Jesli A. Lapus, Independent Director	195	1,060	1,000	1,000	1,000
7	Ho Poh Wah (Jason Ho), Independent Director	n/a	1,000	1,000	1,000	1,000
8	Jose Rene Gregory D. Almendras, Independent Director	n/a	n/a	n/a	1,000	1,000
9	Enrique M. Soriano III, Independent Director	225	1,060	1,000	n/a	n/a
10	Katherine L. Tan, Director	75	75	n/a	n/a	n/a
[1to10]	Total – Directors' Per Diem	795	3,495	3,600	3,300	3,300

### EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENT

There are no employment contracts between the Company and a named executive officer; and no compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, that results or will result from the resignation, retirement or any other termination of such executive's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and amount involved, including all periodic payments or installments, exceeds P2.5 million.

### OUTSTANDING OPTION AND WARRANTS

On December 15, 2014, stockholders representing more than 2/3 of the subscribed and outstanding capital stock of the Company approved an Employee Stock Option Plan (the "Plan") for qualified employees of the Company and its subsidiaries. On August 17, 2021, the Board of Directors ("BOD") approved an Amended Plan which provided certain amendments. On March 26, 2024, the Philippine Securities and Exchange Commission confirmed that the issuance of One Hundred Seventy Million (177,000,000) common shares to eligible optionees is exempt from registration requirements pursuant to SRC Rule 10.2.

At a special meeting of stockholders on November 14, 2024, those holding at least 2/3 of the Company's voting shares approved and ratified the extension of the Amended Plan's validity and effectivity period for an additional period of three (3) years, from December 15, 2024 to December 14, 2027, under the existing terms and conditions.

Under the Plan, as Amended, stock options may be granted within thirteen (13) years from the approval of the Plan by stockholders of the Company owning at least 2/3 of its outstanding capital stock. The exercise price shall be at most a 15% discount from the volume weighted average closing price ("VWAP") of the Company's common shares for the nine months immediately preceding the date of grant. The Company shall reserve up to 1,000,000,000 common shares representing 5% of the authorized capital stock for issuance pursuant to the Plan.

The Plan shall be administered by the Corporate Governance Committee of the Board, which shall determine the eligible participants of the Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company and subsidiaries, and such other factors as the Committee may deem relevant.

The purpose of the Plan is to enable qualified employees of the Company and subsidiaries to participate in the growth of the group, thereby encouraging long-term commitment and to encourage senior management to develop and train future leaders that will continue business growth and success of the group.

The stock options shall generally vest on the 60<sup>th</sup> birthday or the date of retirement of the option holder ("Option Holder" or "grantee"), whichever is later, provided that the Option Holder had continuously served for 11 years after the Option Offer Date or 3 years from retirement date for Option Holder who has continuously served for at least 20 years before the Option Offer Date, and may be exercised within 5 years from vesting date, subject to the terms and conditions of the Amended Plan.

On November 6, 2015, stock options were granted to first batch of qualified executives giving them the right to subscribe to a total of 118 million common shares of the Parent Company at the exercise price of P7.00 per share, out of which a total of 26 million share options were cancelled as of December 31, 2025 due to resignations.

On March 15 and August 25, 2021, stock options were granted to qualified employees to subscribe to 20 million and 55 million common shares of the Parent Company at an exercise price of P10.10 and P10.65 per share, respectively. And on February 11, 2022, stock options were granted to a qualified employee of EDI to subscribe to 5 million shares of the Parent Company at an exercise price of P13.95 per share.

As of 31 December 2025, a total of 14,000,000 stock options have been vested, out of which 2,200,000 shares have been exercised and fully paid. The balance of these vested options are expected to be fully exercised within the first half of 2026.

The Company does not have any warrants.

## 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS OF MORE THAN 5% AS OF MARCH 31, 2026

Title of Class	Name, address of Record Owner and Relationship with Issuer [Direct]	Name of Beneficial Owner and Relationship with Record Owner [Indirect]	Citizenship	No. of Shares Held	Percent
Common	Alliance Global Group, Inc., 7/F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Parent of the Issuer	Alliance Global Group, Inc.	Filipino	10,369,312,974	65.85
		Alliance Global Group, Inc., ultimate parent <sup>1</sup>		1,433,997,626	9.11
Common	PCD Nominee Corporation (Non-Filipino)	Standard Chartered Bank. <sup>2</sup>	Non-Filipino	2,763,484,852	17.55

<sup>1</sup>AGI beneficially owns 1,433,997,626 shares lodged with PCD Nominee Corporation (Fil and Non-Fil).

<sup>2</sup>This is SGX-ST CDP's account with the Philippine custodian. AGI is the beneficial owner of 1,180,382,726 shares and Arran is beneficial owner of 1,495,667,038 shares or 9.5% lodged with broker members in this account.

## SECURITY OWNERSHIP OF MANAGEMENT AS OF MARCH 31, 2026

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
<i>Directors</i>				
Common	Andrew L. Tan	1 (direct)	Filipino	Nil
Common	Winston S. Co	1 (direct)	Filipino	Nil
Common	Glenn D. Manlapaz	1 (direct)	Filipino	Nil
Common	Kendrick Andrew L. Tan	1 (direct)	Filipino	Nil
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	Nil
Common	Jesli A. Lapus	1 (direct)	Filipino	Nil
Common	Ho Poh Wah	1 (indirect)	Singaporean	Nil
Common	Jose Rene Gregory D. Almendras	1 (direct)	Filipino	Nil
<i>Other Executive Officers</i>				
Common	Glenn D. Manlapaz		Same as above	
Common	Katherine L. Tan	1 (direct)	Filipino	Nil
Common	Kendrick Andrew L. Tan		Same as above	
Common	Dina D.R. Inting	0	Filipino	N/A
Common	Anna Michelle T. Llovido	0	Filipino	N/A
Common	Marydale C. Manato-Zoleta	0	Filipino	N/A
Common	Mary Grace P. Maralit	0	Filipino	N/A
Common	Kenneth V. Nerecina	0	Filipino	N/A

## VOTING TRUST HOLDERS OF 5% OR MORE

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

## CHANGES IN CONTROL

The Company is not aware of any arrangement which may result in a significant change in control.

## 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company's policy with respect to related party transactions is to ensure that these are entered into on terms comparable to those available to unrelated third parties. All transactions involving related parties are conducted in strict adherence to the principle of **arm's length dealings** to ensure that the same are executed at fair market value, with the goal of ensuring fairness and the best interests of the Company's stakeholders, as well as preventing potential conflicts of interests.

Except for the material related party transactions described in the notes to the consolidated financial statements of the Company for the years 2025 and 2024 (*please see as filed in here*), there has been **no material transaction** during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as director, stockholder of ten percent (10%) or more of the Company's voting shares, and any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any such director or officer or stockholder of ten percent (10%) or more of the Company's voting shares had or is to have a direct or indirect material interest.

## PART IV – CORPORATE GOVERNANCE

### 13. CORPORATE GOVERNANCE

The Company is committed to sustainability and creating value for stakeholders by adhering to the highest standards of corporate governance. Integrity, transparency, and accountability guide our operations, enhancing value for shareholders, investors, employees, and the community. The Company's corporate governance principles are outlined in its Revised Manual on Corporate Governance ("Revised Manual"), which was approved by our Board of Directors on May 30, 2017, in accordance with SEC Memorandum Circular No. 19, Series of 2016 otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("Code"). The Revised Manual sets forth corporate governance practices based on internationally recognized standards, systems, and processes to ensure the Company's progress and stability. It ensures an effective system of checks and balances and upholds a high standard of accountability and transparency for all stakeholders. The Board conducts an **annual self-assessment** to evaluate its performance as a governing unit, as well as the performance of the Board Committees, individual directors, and Management. This self-assessment involves completing an evaluation and assessment questionnaire, through which the directors provide their ratings and opinions on areas such as Board Composition, Board Responsibilities, Board Committees, Individual Board Members, and Management Relationship.

The Company **fully complies** with the Code and the Revised Manual. There has been **no material deviation** from the Revised Manual, neither has there been any director or executive officer of the Company who has violated any material provision of the same.

The Company's Integrated Annual Corporate Governance Report (I-ACGR), which sets forth the Company's compliance with good corporate governance, will be filed separately.

#### Enterprise Risk Management

The Company's risk management focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

The Company's Board of Directors is directly responsible for risk management and the Management carries our risk management policies approved by the Board. After the Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations, the Board approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, credit risk, and liquidity risk.

The Board Risk Oversight Committee **annually reviews** the Company's approaches to risk management and recommends to the Board the changes or improvements to key elements of its processes and procedures. After submission of the Committee's recommendation, the Board then reviews the risk management system.

Risks are also managed through internal controls, see discussion under *Risk Management and Business Strategy*.

#### Sustainability Report

A copy of the Company's Sustainability Report for 2025 is attached herewith.

**PART V - EXHIBITS AND SCHEDULES**

**14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

**REPORTS ON SEC FORM 17-C FILED DURING THE LAST SIX-MONTH PERIOD COVERED BY THIS REPORT**

Date	Disclosures
June 1, 2025	<ul style="list-style-type: none"> <li>Material Information – Emperador Ramps Up Sustainability Efforts in Production, Business Operations</li> </ul>
June 1, 2025	<ul style="list-style-type: none"> <li>Press Release – Emperador Ramps Up Sustainability Efforts in Production, Business Operations</li> </ul>
June 9, 2025	<ul style="list-style-type: none"> <li>Material Information – Emperador Continues to Invest in its Business with Capex of PhP4 Billion for 2025</li> </ul>
June 9, 2025	<ul style="list-style-type: none"> <li>Press Release – Emperador Continues to Invest in its Business with Capex of PhP4 Billion for 2025</li> </ul>
June 9, 2025	<ul style="list-style-type: none"> <li>Results of Annual Stockholders’ Meeting</li> </ul>
June 9, 2025	<ul style="list-style-type: none"> <li>Results of Organizational Meeting of Board of Directors</li> </ul>
June 25, 2025	<ul style="list-style-type: none"> <li>Change in STT Rate and Referenced Website</li> </ul>
July 1, 2025	<ul style="list-style-type: none"> <li>Change in Directors and/or Officers</li> </ul>
July 14, 2025	<ul style="list-style-type: none"> <li>Material Information – Emperador’s Jura cements global whisky dominance, becomes only Single Malt Whisky in UK’s ‘Biggest Alcohol Brands’ list</li> </ul>
July 14, 2025	<ul style="list-style-type: none"> <li>Press Release – Emperador’s Jura cements global whisky dominance, becomes only Single Malt Whisky in UK’s ‘Biggest Alcohol Brands’ list</li> </ul>
August 6, 2025	<ul style="list-style-type: none"> <li>Notice of Analysts’ Briefing</li> </ul>
August 7, 2025	<ul style="list-style-type: none"> <li>Amended Notice of Analysts’ Briefing</li> </ul>
August 11, 2025	<ul style="list-style-type: none"> <li>Material Information - Bodegas Fundador in Spain nets Tripadvisor Travellers’ Choice 2025 Award</li> </ul>
August 11, 2025	<ul style="list-style-type: none"> <li>Press Release - Bodegas Fundador in Spain nets Tripadvisor Travellers’ Choice 2025 Award</li> </ul>
August 12, 2025	<ul style="list-style-type: none"> <li>Update – Issuance of Tranche 2 Equity-Linked Securities</li> </ul>
October 15, 2025	<ul style="list-style-type: none"> <li>SEC approval of the amendments to Amended By-Laws</li> </ul>
November 6, 2025	<ul style="list-style-type: none"> <li>Approval of the utilization of 1.2 million treasury shares for ESOP implementation; Sale of 700,000 Treasury Shares under ESOP</li> </ul>
November 18, 2025	<ul style="list-style-type: none"> <li>Sale of 500,000 Treasury Shares under ESOP</li> </ul>
December 11, 2025	<ul style="list-style-type: none"> <li>Approval of the additional utilization of 12.8 million treasury shares for ESOP implementation; Sale of 1,000,000 Treasury Shares under ESOP</li> </ul>

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

**EMPERADOR INC.**  
Issuer Company

By:

**GLENN D. MANLAPAZ**  
President  
(Principal Executive Officer)  
(Principal Operating Officer)

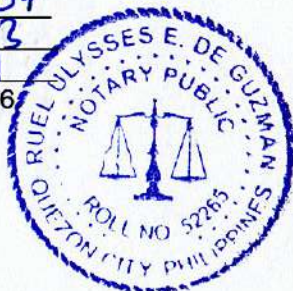
**DINA D.R. INTING**  
Chief Financial Officer  
(Principal Financial Officer)  
(as Principal Accounting Officer  
and Comptroller)

**ANNA MICHELLE T. LLOVIDO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 14 MAY 2026 day of \_\_\_\_\_ 2026 affiants exhibiting to me their Passport/SSS No., as follows:

NAMES	Passport/SSS No.	DATE OF ISSUE	PLACE OF ISSUE
Glenn D. Manlapaz	P9259000C	March 14, 2025 to March 13, 2035	DFA Manila
Dina D. R. Inting	SSS 03-5204775-3		
Anna Michelle T. Llovido	P6403359B	March 1, 2021 to Feb 28, 2031	DFA NCR East

Doc No. 207  
Page No. 43  
Book No. 1  
Series of 2026



**ATTY. RUEL ULYSSES E. DE GUZMAN**  
Notary Public for ~~Notary Public~~  
Adm. Matter No. NP-163 (2026-2027)  
Commission until Dec. 31, 2027  
PTR No. 8024169; 1/6/2026; Quezon City  
IBP Lifetime No. 06311; 1/17/2007; Quezon City  
MCLE Compliance No. VII-0007235; valid until 4/14/2028  
7th Floor, 1880 Eastwood Avenue  
Eastwood Cyberpark, E. Rodriguez Jr., Avenue (C-5)  
Bagumbayan, Quezon City 1110



## EMPERADOR INC.

7F 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue,  
Bagumbayan 1110, Quezon City, Philippines Tel: 8709-2040 Fax: 8709-1966

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

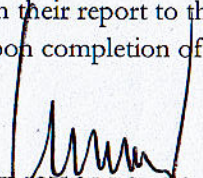
The management of *Emperador Inc. and Subsidiaries* (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

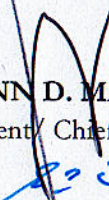
In preparing the consolidated financial statements, management is responsible for assessing Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

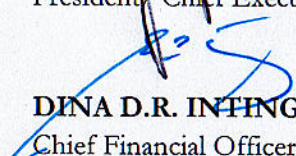
The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

*Punongbayan & Araullo*, the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.

  
**WINSTON S. CO**  
Chairman of the Board

  
**GLENN D. MANLAPAZ**  
President/ Chief Executive Officer

  
**DINA D.R. INTING**  
Chief Financial Officer

Signed this 14th day of May 2026

14 MAY 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_, affiants exhibiting to me their  
Passport/ SSS No./ DL No., as follows:

Names	Passport No./ SSS No./ DL No	Date	Place of Issue
Winston S. Co	N01-80-016240	valid until Jan. 31, 2033	Manila
Glenn D. Manlapaz	P9259000C	March 14, 2025 to March 13, 2035	DFA Manila
Dina D.R. Inting	SSS 03-5204775-3		

Doc. No. 208  
Page No. 43  
Book No. 1  
Series of 2026



**ATTY. RUEL ULYSSES E. DE GUZMAN**  
 Notary Public for Quezon City  
 Adm. Matter No. NP-163 (2026-2027)  
 Commission until Dec. 31, 2027  
 PTR No. 8024161; 1/6/2026; Quezon City  
 IBP Lifetime No. 06311; 1/17/2007; Quezon City  
 MCLE Compliance No. VIII-0007235; valid until 4/14/2026  
 7th Floor, 1880 Eastwood Avenue  
 Eastwood Cyberpark, E. Rodriguez Jr., Avenue (C-5)  
 Bagumbayan, Quezon City 1110



**P&A**  
**Grant Thornton**

**FOR SEC FILING**

Consolidated Financial Statements and  
Independent Auditors' Report

**Emperador Inc. and Subsidiaries**

December 31, 2025, 2024 and 2023



## Report of Independent Auditors

**The Board of Directors and Stockholders  
Emperador Inc. and Subsidiaries  
(A Subsidiary of Alliance Global Group, Inc.)**  
7<sup>th</sup> Floor, 1880 Eastwood Avenue  
Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue  
Bagumbayan, Quezon City

### **Opinion**

We have audited the consolidated financial statements of Emperador Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **(a) Impairment Assessment of Goodwill and Trademarks with Indefinite Useful Lives**

##### *Description of the Matter*

In accordance with Philippine Accounting Standard 36, *Impairment of Assets*, the Group is required to perform an annual impairment test of goodwill and trademarks with indefinite useful lives. As of December 31, 2025, goodwill amounted to P11.0 billion, while the trademarks with indefinite useful lives amounted to P24.1 billion. We considered the impairment of these assets as a key audit matter because the amounts of goodwill and trademarks are material to the consolidated financial statements. Additionally, management's impairment assessment process involved significant judgment in identifying the relevant cash-generating units (CGUs) and in allocating the goodwill to those CGUs, and is subject to estimation uncertainty in determining their recoverable amounts using value-in use models, which rely on key assumptions such as discount rates, growth rates and projected cash flows.

The Group's accounting policy on impairment is more fully described in Note 2 to the consolidated financial statements. The significant judgments and key sources of estimation uncertainty relating to the impairment of non-financial assets, including trademarks and goodwill with indefinite useful lives, is presented in Note 3; while the related carrying amounts are presented in Note 10.

##### *How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the goodwill and trademarks with indefinite useful lives included, among others, the following:

- Evaluated the appropriateness and reasonableness of methodology and assumptions used in determining the value-in-use of cash-generating units attributable to the trademarks and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- Tested the calculation of valuation model for mathematical accuracy, validated the appropriateness and reliability of inputs and amounts used and recomputed the value-in-use of cash-generating units attributable to the trademarks and goodwill; and,
- Performed independent sensitivity analysis of the projections and discount rate using the valuation model used to determine whether a reasonably possible change in assumptions could cause the carrying amount of cash generating units to exceed the recoverable amount.
- Evaluated management's identification of the relevant CGUs and assessed the appropriateness of the allocation of goodwill to those CGUs by considering the Group's operating structure and management's monitoring of operations.

**(b) Revenue Recognition***Description of the Matter*

Revenue is one of the key performance measures used to assess business performance of the Group. For the year ended December 31, 2025, the Group recognized revenue from sale of goods amounted to P55.7 billion, representing 98% of the Group's total revenues and other income. Revenue from sale of goods is recognized when control over the goods has been transferred at a point in time to the customer, generally when the customer has acknowledged receipt of the goods.

We considered revenue recognition to be a key audit matter due to its material impact on the consolidated financial statements and the significant auditor attention required to address the risk of inappropriate revenue recognition particularly in relation to the timing of recognition (cut-off), given the high volume sales transaction.

The Group's accounting policy on revenue recognition and the related disclosures, including trade receivables and breakdown of sale of goods are set out in Notes 2, 6 and 18 to consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others, the following:

- Tested the design and operating effectiveness of the Group's processes and controls over revenue recognition, approval and documentation, including the implemented information technology general and application controls over automated systems that process and record the revenue transaction with assistance from our IT specialists;
- Evaluated the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Tested sales transactions on a sample basis, including sales invoices, delivery receipts and cash receipts throughout the reporting period to verify the occurrence of sales;
- Confirmed trade receivables using positive confirmation, on a sample basis, and performed alternative procedures for non-responding customers, such as, examination of evidence of subsequent collections, or corresponding sales invoices and proof of deliveries;
- Tested sales invoices and delivery receipts immediately before and after the reporting period to determine whether the related sales transactions are recognized in the correct period; and,
- Performed substantive analytical review procedures over revenues, including yearly and monthly analyses of sales per product/brand and location, and sales mix composition based on our expectations and following up variances from our expectations; and, verified that the underlying data used in the analyses are valid.

**(c) Existence and Valuation of Inventories***Description of the Matter*

As of December 31, 2025, inventories amounted to P56.0 billion, representing 31% of the Group's total assets. Inventories are valued at the lower of cost and net realizable value (NRV). The Group's core business is influenced by market factors that directly affect the demand for alcoholic beverages including consumer purchasing power, competition, and other market-related factors. The recoverability of inventories is affected by changes in selling price and the costs necessary to complete and sell the products. Given the materiality of inventories, the high volume of transactions, and the carrying amount of inventories, and the significant estimation uncertainty in determining its NRV, we considered the existence and valuation of inventories as key audit matter.

The Group's disclosures on accounting policy, estimation uncertainty on determination of NRV of inventories, and Inventories account are presented in Notes 2, 3, and 8, respectively, to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the existence and valuation of inventories included, among others, the following:

On existence of inventories:

- Observed physical inventory count procedures, and tested the design and operating effectiveness of relevant controls over inventory count procedures;
- Obtained relevant cut-off information and count control documents, and verified inventory movements between the actual count date and reporting date to test the quantities of inventory items as of the end of the reporting date; and,
- Performed substantive analytical review procedures over inventory-related ratios, such as inventory turnover and current period's components of inventories, and verified the validity of underlying data used in the analyses.

On valuation of inventories:

- Tested the design and operating effectiveness of processes and controls over inventory costing, reconciliation, data entry and review, including IT general and application controls over automated systems that process and record the inventory transaction, with assistance from our IT specialists;
- Evaluated the appropriateness of the method used by management for inventory costing and valuation at the lower of cost and NRV, and assessed the consistency of their application from period to period;
- Performed inventory price tests on a sample basis, by examining purchase contracts, invoices and relevant importation documents, and by verifying movements affecting the inventory costing;
- Performed detailed analysis of the Group's standard costing of inventories through analytical review procedures, comparing actual costs during the current period against the budgeted standard, and tested significant actual costs, on a sample basis, by agreeing with contracts and invoices; and,
- Evaluated the appropriateness and sufficiency of the amount of allowance for inventory write-down by testing the reasonableness of key assumptions used on the expected realization of inventories.

**(d) Consolidation Process***Description of the Matter*

The Group's consolidated financial statements comprise Emperador Inc. and its subsidiaries, as described in Note 1, and include the elimination of material intercompany balances, transactions, and unrealized profits. The Group's consolidation process is determined to be a key audit matter due to the extent of judgment involved, the significance of foreign operations, and the complexity and manual nature of consolidation and elimination adjustments, which collectively increase the risk of material misstatement.

The Group operates through multiple subsidiaries, including entities in foreign jurisdictions. This requires management to exercise significant judgment in determining functional currencies and in translating foreign currency-denominated financial information into the Group's presentation currency. Given the judgment involved and the potential effect of exchange rate movements, there is an increased risk that errors in functional currency determination or translation may result in material misstatements in the consolidated financial statements.

In addition, the consolidation process involves significant manual adjustments, including the identification of intercompany relationships and the elimination of intercompany balances, transactions, and unrealized profits arising from intercompany transactions. The volume and complexity of intercompany transactions, combined with the reliance on manual consolidation entries, increase the risk that such eliminations may be incomplete or inaccurate.

The Group's policies on consolidation and translation of foreign currency denominated financial statements of foreign subsidiaries are more fully described in Note 2 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement arising from the consolidation process included, among others, the following:

- Obtained an understanding of the Group's structure, consolidation policies and processes, including management's identification of intercompany relationships and the procedures for reconciling intercompany balances and transactions;
- Tested the mathematical accuracy of the consolidation and reconciled financial information included in the consolidation to the audited financial statements of the Group's components, and evaluated the consistency of accounting policies applied across the Group;
- Evaluated management's judgments in determining the functional currencies of foreign subsidiaries and assessed the appropriateness of the translation of foreign currency-denominated financial statements into the Group's presentation currency;
- Tested the accuracy and appropriateness of significant manual consolidation and intercompany elimination entries, including the elimination of intercompany balances, transactions, unrealized profits, and translation adjustments;
- Performed analytical procedures at the consolidated level to assess the reasonableness of consolidated balances and relationships; and
- Evaluated the sufficiency and adequacy of disclosures in the Group's consolidated financial statements in accordance with PFRS Accounting Standards.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Ramilito L. Nañola.

**PUNONGBAYAN & ARAULLO**



By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 10770767, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002511-019-2023 (until December 10, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-009 (until August 12, 2027)

May 14, 2026

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>P 10,072,328,439</b>	P 9,739,188,511
Trade and other receivables - net	6	<b>20,810,842,835</b>	20,199,924,248
Financial assets at fair value through profit or loss	7	<b>596,292,935</b>	543,477,409
Inventories - net	8	<b>55,955,403,462</b>	48,649,145,978
Prepayments and other current assets	11.1	<b>3,176,856,021</b>	3,169,170,956
Total Current Assets		<b>90,611,723,692</b>	82,300,907,102
 <b>NON-CURRENT ASSETS</b>			
Property, plant and equipment - net	9	<b>47,647,271,386</b>	40,906,530,431
Intangible assets - net	10	<b>35,058,348,849</b>	31,692,812,706
Investment in a joint venture	12	<b>4,202,448,347</b>	3,640,406,308
Retirement benefit asset - net	21.3	<b>199,176,903</b>	440,192,427
Deferred tax assets - net	22	<b>471,997,413</b>	389,625,744
Other non-current assets - net	11.2	<b>84,150,562</b>	156,825,996
Total Non-current Assets		<b>87,663,393,460</b>	77,226,393,612
<b>TOTAL ASSETS</b>		<b>P 178,275,117,152</b>	P 159,527,300,714
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans	14	<b>P 984,769,817</b>	P 679,108,834
Trade and other payables	16	<b>18,410,478,780</b>	17,157,695,057
Lease liabilities	9.3	<b>245,108,877</b>	232,830,824
Income tax payable		<b>1,804,128,150</b>	2,114,512,029
Total Current Liabilities		<b>21,444,485,624</b>	20,184,146,744
 <b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans	14	<b>40,994,332,847</b>	32,753,446,587
Lease liabilities	9.3	<b>761,904,255</b>	844,538,141
Provisions	17	<b>200,586,214</b>	180,866,410
Put option liability	1.2	<b>248,391,682</b>	-
Deferred tax liabilities - net	22	<b>6,497,357,673</b>	5,037,395,096
Total Non-current Liabilities		<b>48,702,572,671</b>	38,816,246,234
Total Liabilities		<b>70,147,058,295</b>	59,000,392,978
 <b>EQUITY</b>			
Equity attributable to owners of the parent company	24	<b>106,644,686,036</b>	99,395,903,383
Non-controlling interest		<b>1,483,372,821</b>	1,131,004,353
Total Equity	30	<b>108,128,058,857</b>	100,526,907,736
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 178,275,117,152</b>	P 159,527,300,714

*See Notes to Consolidated Financial Statements.*

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>REVENUES AND OTHER INCOME</b>	18	<b><u>P 57,042,804,216</u></b>	<b><u>P 61,645,652,583</u></b>	<b><u>P 65,643,761,074</u></b>
<b>COSTS AND EXPENSES</b>				
Costs of goods sold	19	39,577,762,031	41,959,005,518	43,346,168,289
Selling and distribution expenses	20	7,090,994,572	7,151,983,463	6,758,279,313
General and administrative expenses	20	2,825,923,678	2,699,374,268	3,022,236,234
Interest expense	14	1,861,321,328	1,710,651,171	1,372,370,985
Other charges - net		161,460,083	6,244,409	203,455,451
		<u>51,517,461,692</u>	<u>53,527,258,829</u>	<u>54,702,510,272</u>
<b>PROFIT BEFORE TAX</b>		<b>5,525,342,524</b>	<b>8,118,393,754</b>	<b>10,941,250,802</b>
<b>TAX EXPENSE</b>	22	<b><u>1,520,078,039</u></b>	<b><u>1,632,967,373</u></b>	<b><u>1,997,373,601</u></b>
<b>NET PROFIT</b>		<b><u>4,005,264,485</u></b>	<b><u>6,485,426,381</u></b>	<b><u>8,943,877,201</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that will be reclassified subsequently to profit or loss				
Translation gain		<u>6,280,888,872</u>	<u>1,813,019,675</u>	<u>2,593,026,410</u>
Items that will not be reclassified subsequently to profit or loss				
Net actuarial gain (loss) on retirement benefit plan	21	( 305,312,332 )	190,465,801	( 287,497,627 )
Tax income (expense) on remeasurement of retirement benefit plan	22	<u>74,651,271</u>	( <u>47,616,451</u> )	<u>71,874,407</u>
		<u>( 230,661,061 )</u>	<u>142,849,350</u>	<u>( 215,623,220 )</u>
Total Other Comprehensive Income		<u>6,050,227,811</u>	<u>1,955,869,025</u>	<u>2,377,403,190</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>P 10,055,492,296</u></b>	<b><u>P 8,441,295,406</u></b>	<b><u>P 11,321,280,391</u></b>
Net profit attributable to:				
Owners of the parent company		<u>P 3,858,028,043</u>	<u>P 6,322,070,571</u>	<u>P 8,705,726,613</u>
Non-controlling interest		<u>147,236,442</u>	<u>163,355,810</u>	<u>238,150,588</u>
		<u>P 4,005,264,485</u>	<u>P 6,485,426,381</u>	<u>P 8,943,877,201</u>
Total comprehensive income (loss) attributable to:				
Owners of the parent company		<u>P 9,703,123,828</u>	<u>P 8,793,324,708</u>	<u>P 11,035,730,629</u>
Non-controlling interest		<u>352,368,468</u>	( <u>352,029,302</u> )	<u>285,549,762</u>
		<u>P 10,055,492,296</u>	<u>P 8,441,295,406</u>	<u>P 11,321,280,391</u>
<b>Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic</b>	25	<b><u>P 0.25</u></b>	<b><u>P 0.40</u></b>	<b><u>P 0.56</u></b>
<b>Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Diluted</b>	25	<b><u>P 0.24</u></b>	<b><u>P 0.39</u></b>	<b><u>P 0.53</u></b>

*See Notes to Consolidated Financial Statements.*

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Attributable to Owners of the Parent Company										Retained Earnings			Non-controlling Interest (see Note 24.6)	Total Equity
	Capital Stock (see Note 24.1)	Additional Paid-in Capital (see Note 24.1)	Deposit for Future Stock Subscription - ELS (see Note 15)	Treasury Shares (see Note 24.2)	Conversion Options Outstanding (see Note 15)	Share Options Outstanding (see Note 24.4)	Accumulated Translation Adjustments (see Note 2)	Revaluation Reserves (see Note 2)	Other Reserves (see Note 2)	Retained Earnings					
										Appropriated (see Note 24.5)	Unappropriated (see Note 24.5)	Total	Total		
Balance at January 1, 2025	P 16,242,391,176	P 23,126,856,086	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 385,193,968	P 1,311,399,865	(P 562,869,850)	P 1,334,224,629	P 1,200,000,000	P 57,574,173,011	P 58,774,173,011	P 99,395,905,383	P 1,131,004,353	P 100,526,907,736
Movements during the year	-	-	-	-	-	-	-	-	550,969,396	-	-	-	550,969,396	-	550,969,396
Exercise of stock options	-	5,966,454	-	15,930,640	-	(6,497,094)	-	-	-	-	-	-	15,400,000	-	15,400,000
Option expense during the year	-	-	-	-	-	59,468,964	-	-	-	-	-	-	59,468,964	-	59,468,964
Option forfeited during the year	-	14,525,315	-	-	-	(14,525,315)	-	-	-	-	-	-	-	-	-
Transfer to equity reserves	-	-	-	-	-	-	-	(399,781,440)	-	-	399,781,440	399,781,440	-	-	-
Reversal of appropriation	-	-	-	-	-	-	-	-	(122,000,000)	-	122,000,000	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	6,075,756,846	(230,661,061)	-	-	3,858,028,043	3,858,028,043	9,703,123,828	352,368,468	10,055,492,296
Cash dividends declared and paid during the year	-	-	-	-	-	-	-	-	-	-	(3,080,179,535)	(3,080,179,535)	(3,080,179,535)	-	(3,080,179,535)
<b>Balance at December 31, 2025</b>	<b>P 16,242,391,176</b>	<b>P 23,147,347,855</b>	<b>P 3,443,750,000</b>	<b>(P 4,731,783,263)</b>	<b>P 88,498,401</b>	<b>P 423,640,523</b>	<b>P 7,387,156,711</b>	<b>(P 793,530,911)</b>	<b>P 1,485,412,585</b>	<b>P 1,078,000,000</b>	<b>P 58,873,802,959</b>	<b>P 59,951,802,959</b>	<b>P 106,644,686,036</b>	<b>P 1,483,372,821</b>	<b>P 108,128,058,857</b>
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	-	-	-	-	-	-	-	-	481,511,308	-	-	-	481,511,308	-	481,511,308
Issuances during the year	-	-	-	-	-	86,961,825	-	-	-	-	-	-	86,961,825	-	86,961,825
Option forfeited during the year	-	20,478,254	-	-	-	(20,478,254)	-	-	-	-	-	-	-	-	-
Transfer to equity reserves	-	-	-	-	-	-	-	-	24,392,164	-	(24,392,164)	(24,392,164)	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	2,328,404,787	142,849,350	-	-	6,322,070,571	6,322,070,571	8,793,324,708	(352,029,302)	8,441,295,406
Cash dividends declared and paid during the year	-	-	-	-	-	-	-	-	-	-	(3,890,753,097)	(3,890,753,097)	(3,890,753,097)	-	(3,890,753,097)
<b>Balance at December 31, 2024</b>	<b>P 16,242,391,176</b>	<b>P 23,126,856,086</b>	<b>P 3,443,750,000</b>	<b>(P 4,747,713,903)</b>	<b>P 88,498,401</b>	<b>P 385,193,968</b>	<b>P 1,311,399,865</b>	<b>(P 562,869,850)</b>	<b>P 1,334,224,629</b>	<b>P 1,200,000,000</b>	<b>P 57,574,173,011</b>	<b>P 58,774,173,011</b>	<b>P 99,395,905,383</b>	<b>P 1,131,004,353</b>	<b>P 100,526,907,736</b>
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	-	-	-	-	-	-	-	-	139,993,042	-	-	-	139,993,042	-	139,993,042
Issuances during the year	-	-	-	-	-	58,522,404	-	-	-	-	-	-	58,522,404	-	58,522,404
Transfer to equity reserves	-	-	-	-	-	-	-	-	252,352,226	-	(252,352,226)	(252,352,226)	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	2,545,627,236	(215,623,220)	-	-	8,705,726,613	8,705,726,613	11,035,730,629	285,549,702	11,321,280,391
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	(4,701,326,659)	(4,701,326,659)	(4,701,326,659)	-	(4,701,326,659)
<b>Balance at December 31, 2023</b>	<b>P 16,242,391,176</b>	<b>P 23,106,377,832</b>	<b>P 3,443,750,000</b>	<b>(P 4,747,713,903)</b>	<b>P 88,498,401</b>	<b>P 318,710,397</b>	<b>(P 1,017,004,922)</b>	<b>(P 705,719,200)</b>	<b>P 828,321,157</b>	<b>P 1,200,000,000</b>	<b>P 55,167,247,701</b>	<b>P 56,367,247,701</b>	<b>P 93,924,858,639</b>	<b>P 1,483,033,655</b>	<b>P 95,407,892,294</b>

*See Notes to Consolidated Financial Statements.*

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 5,525,342,524	P 8,118,393,754	P 10,941,250,802
Adjustments for:				
Interest expense	9, 5, 14, 21	1,861,321,328	1,710,651,171	1,372,370,985
Depreciation and amortization	19, 20	1,710,196,265	1,564,921,588	1,453,925,808
Interest income	18	( 358,082,544 )	( 293,267,490 )	( 400,254,627 )
Share in net profit of a joint venture	12	( 83,269,846 )	( 77,607,480 )	( 111,644,188 )
Impairment losses on inventories	8, 19	60,540,307	231,007,592	54,588,118
Share option benefits expense	24	59,468,964	86,961,825	58,522,404
Impairment losses on trade and other receivables	6, 20	53,204,642	90,953,844	120,264,334
Provisions	17	30,303,936	36,707,116	34,159,365
Gain on sale of property, plant and equipment	9	-	-	( 7,300,670 )
Amortization of trademarks	10	-	-	538,464
Operating profit before working capital changes		8,859,025,576	11,468,721,920	13,516,420,795
Decrease (increase) in trade and other receivables		340,523,993	( 899,903,557 )	4,194,325,883
Decrease (increase) in financial instruments at fair value through profit or loss		( 970,346 )	( 169,510,019 )	88,891,007
Increase in inventories		( 2,947,928,417 )	( 923,563,848 )	( 5,938,000,189 )
Decrease (increase) in prepayments and other current assets		121,131,769	( 27,039,465 )	( 1,120,237,517 )
Increase in retirement benefit asset		( 95,078,675 )	( 32,625,289 )	( 53,153,154 )
Decrease (increase) in other non-current assets		74,893,401	( 58,471,634 )	3,983,658
Increase (decrease) in trade and other payables		1,860,054,881	( 2,519,415,043 )	( 2,241,226,941 )
Cash generated from operations		8,211,652,182	6,838,193,065	8,451,003,542
Cash paid for income taxes		( 1,267,419,466 )	( 1,536,644,991 )	( 1,300,999,863 )
Net Cash From Operating Activities		6,944,232,716	5,301,548,074	7,150,003,679
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property, plant and equipment	9	( 6,675,800,843 )	( 7,510,353,613 )	( 4,784,942,658 )
Interest received	5	365,119,892	296,432,964	394,361,781
Acquisition of a new subsidiary	1.2	( 128,670,037 )	-	-
Proceeds from sale of property, plant and equipment	9	41,496,753	5,375,245	17,105,661
Net Cash Used in Investing Activities		( 6,397,854,235 )	( 7,208,545,404 )	( 4,373,475,216 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from interest-bearing loans	31	6,846,008,059	7,925,241,802	24,454,462,162
Dividends paid	15, 24.3	( 3,080,179,535 )	( 3,890,753,097 )	( 4,701,326,659 )
Repayments of interest-bearing loans	31	( 1,980,055,780 )	( 1,046,806,584 )	( 23,111,368,380 )
Interest paid	31	( 1,748,541,091 )	( 1,692,719,669 )	( 1,426,792,902 )
Repayments of lease liabilities	31	( 265,870,206 )	( 161,902,224 )	( 216,495,315 )
Exercise of share options	24.4	15,400,000	-	-
Net Cash From (Used in) Financing Activities		( 213,238,553 )	1,133,060,228	( 5,001,521,094 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>333,139,928</b>	<b>( 773,937,102 )</b>	<b>( 2,224,992,631 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>9,739,188,511</b>	<b>10,513,125,613</b>	<b>12,738,118,244</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>P 10,072,328,439</b>	<b>P 9,739,188,511</b>	<b>P 10,513,125,613</b>

*Supplemental information on non-cash investing and financing activities is fully disclosed in Note 31 to the consolidated financial statements.*

*See Notes to Consolidated Financial Statements.*

**EMPERADOR INC. AND SUBSIDIARIES**  
**(A Subsidiary of Alliance Global Group, Inc.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, 2024 AND 2023**  
**(Amounts in Philippine Pesos)**

**1. CORPORATE INFORMATION**

Emperador Inc. (“EMI” 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, tourism-entertainment and gaming , and quick-service restaurants businesses.

The registered principal office of EMI is located at 7<sup>th</sup> 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 in 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	Explanatory Notes	Percentage of Effective Ownership	
		2025	2024
<b>EDI and subsidiaries (EDI Group)</b>			
Emperador Distillers, Inc. (“EDI”)	(a)	100%	100%
Anglo Watsons Glass, Inc. (“AWGP”)	(b)	100%	100%
Alcazar De Bana Holdings Company, Inc. (“Alcazar De Bana”)	(c)	100%	100%
<i>Progreen Agricorp Inc. (“Progreen”)</i>	(c)	100%	100%
<i>Ocean One Transport, Inc. (“OOTI”)</i>	(c)	100%	100%
<i>South Point Science Park Inc. (“SSPI”)</i>	(c)	100%	100%
The Bar Beverage, Inc.		100%	100%
Tradewind Estates, Inc. (“TEI”)	(d)	100%	100%
<i>Boozylife Inc. (“Boozylife”)</i>	(d)	87%	87%
Cocos Vodka Distillers Philippines, Inc.		100%	100%
Zabana Rum Company, Inc.		100%	100%
The World Finest Liquor Inc. (“World Finest”)	(r)	100%	100%

Names of Subsidiaries	Explanatory Notes	Percentage of Effective Ownership	
		2025	2024
<b>EIL and offshore subsidiaries and joint venture:</b>			
Emperador International Ltd. (“EIL”)	(e)	100%	100%
Emperador Holdings (GB) Limited (“EGB”)	(f)	100%	100%
<i>Emperador UK Limited</i> (“EUK”)	(f)	100%	100%
<i>Whyte and Mackay Group Limited</i> (“WMG”)	(g), 10	100%	100%
<i>Whyte and Mackay Global Limited</i> (“WMGL”)	(g), (h)	100%	100%
<i>Whyte and Mackay Limited</i> (“WML”)	(i)	100%	100%
<i>Whyte and Mackay Warehousing Limited</i> (“WMWL”)	(j)	100%	100%
Emperador Asia Pte. Ltd. (“EA”)	(k)	100%	100%
Grupo Emperador Spain, S.A. (“GES”)	(l), 10	100%	100%
<i>Bodega San Bruno, S.L.</i> (“BSB”)	(m)	100%	100%
<i>Bodegas Fundador, S.L.U.</i> (“BFS”)	(l), (n), (o)	100%	100%
<i>Grupo Emperador Gestion S.L.</i> (“GEG”)	(m)	100%	100%
<i>Stillman Spirits, S.L.</i> (“Stillman”)	(s)	100%	100%
<i>Domecq Bodega Las Copas, S.L.</i> (“DBLC”)	(p), 10	50%	50%
<i>Bodegas Las Copas, S.L.</i> (“BLC”)	(q)	50%	50%
Emperador Europe Sarl (“EES”)	(t)	100%	100%

Explanatory notes:

- (a) EDI and its subsidiaries are engaged in businesses related to the main business of EDI in the Philippines. EDI became a wholly owned subsidiary on August 28, 2013 when EMI acquired it from AGI as a condition to AGI’s subscription to EMI shares (see Note 24.1). EDI was incorporated in the Philippines on June 6, 2003 to primarily engage in the manufacturing and trading of brandy, wine or other similar alcoholic beverage products. EDI’s brands include Emperador brandy, The BaR flavored alcoholic beverage, Andy Player whisky, and So Nice, and Smirnoff Mule (under license). EDI also imports and sells the products of EIL’s offshore subsidiaries.

EDI’s registered office, which is also its principal place of business, is located at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City, where its subsidiaries, except Boozylife and Alcazar De Bana’s subsidiaries, also have their registered offices and principal places of business.

- (b) AWGI is a domestic corporation presently engaged in flint glass container manufacturing and primarily supplies EDI’s bottle requirements.
- (c) Alcazar De Bana is a domestic holding entity and presently holds 100% ownership interest in Progreen, a domestic corporation engaged in the business of alcohol and alcohol-related products, which in turn holds 100% ownership interest in SSPI, a domestic corporation engaged in management and maintenance of office, commercial, industrial and institutional developments in a certain science park, and 100% ownership interest in OOTI, a domestic corporation engaged in ocean, coastwise and inland commerce, and generally in waterborne commerce.

Alcazar De Bana’s registered office and principal place of business is located at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

- (d) TEI is a domestic corporation presently engaged in leasing its land and manufacturing complex in Sta. Rosa, Laguna. In 2018, TEI acquired 51% ownership in Boozylife for a total consideration of P45.0 million. The acquired identifiable net assets are not material to the Group’s consolidated financial statements. In 2020 and 2024, TEI increased its ownership to 62% and to 87%, respectively [see Notes 3.1(d) and 24.6].
- (e) EIL is a foreign entity incorporated in the British Virgin Islands. EIL is presently the parent company of the Group’s offshore subsidiaries. EIL is effectively a wholly owned subsidiary of EMI through EMI’s 84% direct ownership and EDI’s 16% direct ownership.

EIL’s registered office is at the offices of Portcullis TrustNet (BVI) Limited, which is currently located at Portcullis Trust Net Chambers, 4<sup>th</sup> Floor Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands.

EGB is a foreign entity incorporated in the United Kingdom (“UK”) to operate as an investment holding entity. It is the ultimate UK parent undertaking and controlling entity. It holds 100% ownership interest over EUK, which in turn holds 100% ownership interest over WMG [see Note 1.1(g)].

EGB’s registered office is located at Suite 1, 7<sup>th</sup> Floor, 50 Broadway, London SW1H 0BL.

- (g) WMG is a foreign entity incorporated in the UK on August 7, 2001 and presently operating as an investment holding entity. WMG and its subsidiaries (collectively referred to as “WMG Group”) are all engaged in businesses related to the main business of production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. On September 5, 2019, the Group’s Board of Directors (“BOD”) approved WMG’s restructuring by transferring its 100% direct ownership in WML and WMWL to its newly-incorporated wholly owned subsidiary, WMGL, through share exchange agreement [(see Note 1.1(h)]. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.3(b)]. As a result of the restructuring, WMGL now holds 100% ownership in WML and WMWL while WMG holds 100% ownership in WMGL. EUK acquired WMG from United Spirits (Great Britain) Limited on a deal signed on May 9, 2014 and closed on October 31, 2014 for a total cash consideration of P30.3 billion.

WMG Group’s registered office is located at St. Vincent Plaza, 4<sup>th</sup> Floor, 319 St. Vincent Street, Glasgow G2 5RG, Scotland.

- (h) WMGL is a foreign holding company established in 2018 in the UK to effect WMG Group’s restructuring in 2019 [see Note 1.1(g)].
- (i) WML is a foreign entity incorporated in the UK to carry out the production, marketing and distribution of Scotch whisky, vodka, liqueurs and other alcoholic drinks. WML holds 100% ownership interest in 46 dormant companies, all incorporated in the UK, and one active company, Whyte and Mackay Americas LLC, which handles the distribution of Whyte and Mackay brands within the United States of America.
- (j) WMWL is a foreign entity incorporated in the UK to carry out warehousing for WML and third-party customers.
- (k) EA is a foreign entity incorporated in Singapore on July 10, 2013 as a limited private company with principal activity as a wholesaler of liquor, food and beverages, and tobacco. It holds 100% ownership interest in GES [see Note 1.1(l)].

EA’s registered office is located at 1 Scotts Road, 22-01/02 Shaw Centre, Singapore.

- (l) GES is a foreign entity incorporated on September 28, 2011 as a small limited liability company and subsequently changed to a large liability company on February 5, 2014. GES carries out activities related to the production of wines, fortified wines, brandies, and all types of alcoholic drinks, as well as the purchase, ownership and operations of any type of land, particularly, vineyards.

On November 27, 2015, GES reached a definitive agreement with Beam Suntory Spain, S.L. to purchase the latter’s Spanish brandy and sherry business (the Fundador Business Unit) in Jerez de la Frontera (Jerez), the brandy capital of Spain. GES assigned its rights and obligations under the agreement to its direct wholly owned subsidiary, BFS, on January 28, 2016. The purchase was subsequently completed on February 29, 2016 for a total cash consideration of P14.7 billion (see Note 10).

GES’s registered office, which is also its principal place of business, is located at Torre Emperador Castellana – Paseo de la Castellana n° 259 D Planta 28, C.P. 28046, Madrid, Spain. GES currently holds direct interests in BSB, BFS, GEG, DBLC, Stillman, and BLC, which were established in Spain with activities similar or related to its main business.

- (m) Subsidiaries with registered office and principal place of business located at Torre Emperador Castellana – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain.
- (n) Subsidiaries with registered office located at Torre Espacio – Paseo de la Castellana n° 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain.

- (o) BFS has a wholly owned subsidiary, Harvey's Cellars S.L.U. (changed name from Destilados de la Mancha S.L. on February 12, 2021). On January 1, 2020, Complejo Bodeguero San Patricio SLU ("CBSP"), an existing subsidiary of GES at that time, was merged with BFS through merger by absorption wherein the latter was the absorbent or surviving entity. The Group accounted for this business combination under common control using pooling-of-interests method [see Note 2.3(b)]. CBSP acquired from the previous owners (collectively referred to as "Grupo Garvey") certain tangible assets in Spain, including trademarks of well-known brands ("Garvey Acquisition") on January 19, 2017. The Garvey Acquisition is treated as an asset acquisition [see Notes 2.3(c) and 3.1(d)].
- (p) DBLC is a foreign entity incorporated in Spain in later part of 2017 to operate as an investment holding entity with registered office located at Manuel Calle Maria González 12, Jerez de la Frontera, Cadiz, Spain. It presently holds 100% ownership interest in Mexican entities namely: Pedro Domecq S.A. de C.V. ("Pedro Domecq") and Domecq Distribucion De Bebidas S.A. de C.V. ("DDDB"), with registered office at Avenida Presidente Masaryk 275, Colonia Polanco, Alcadia Miguel Hidalgo, C.P. 11560. Ciudad de México, México.

The acquisition of Domecq brand portfolio and its related assets in Mexico ("Domecq Acquisition") was signed by Pernod Ricard with BLC on December 1, 2016 and completed on March 30, 2017 by BLC and its two incorporated Mexican subsidiaries. The acquisition is treated as an asset acquisition [see Notes 2.3(c), 3.1(d) and 24.6]. Pedro Domecq and Bodega Domecq S.A. de C.V. ("Bodega Domecq") are foreign entities created by BLC on March 15, 2017 in relation to the Domecq Acquisition. These entities, together with DDDB, existing subsidiary of BLC, were subsequently transferred to DBLC effectively on September 1, 2017 through spin-off acquisition.

On June 30, 2019, Bodega Domecq was merged by absorption with Pedro Domecq wherein the latter is the absorbent or surviving entity. The Group accounted for this business combination under common control using pooling-of-interests method. On December 15, 2021, Pedro Domecq merged with DDDB with the former as the surviving entity [see Note 2.3(b)].

On January 31, 2025, the Group acquired control of Los Danzantes by obtaining 60% ownership interest through previous acquisition of shares from minority shareholders and a subsequent capital increase. The acquisition is accounted for as a business combination under the acquisition method [see Note 2.3 (a) and 3.2 (b)]. The total consideration transferred amounted to P432.9 million. Los Danzantes owns the premium mezcal brands Los Danzantes, Alipús and Encantado, which are exported to over 20 countries (see Note 1.2).

As part of the acquisition structure, the shareholders' agreement includes a put option granted to the remaining shareholders over their 40% equity interest. The put option may be exercised within the contractually agreed exercise period. If exercised, the Group is obliged to acquire the shares for cash [see Note 2.5(b)(ii)].

- (q) BLC is a jointly controlled entity with registered office located at Torre Espacio – Paseo de la Castellana nº 259 D Planta 28, Madrid, Spain and principal place of business located in Jerez de la Frontera, Cadiz, Spain (see Note 12). BLC presently holds 100% ownership interests in Alcoholera dela Mancha Vinícola, S.L. and Vinedos del Rio Tajo S.L., which are both established in Spain with activities similar and related to the main businesses of GES and BLC.
- (r) World Finest was incorporated in 2022 to engage in among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages. World's Finest has started its commercial operations in November 2022.
- (s) Stillman is a foreign entity established in Spain on March 20, 2019. Stillman is responsible for carrying the business of GES in the UK, following UK's exit from the European Union.
- (t) EES is a foreign entity incorporated in Luxembourg as a private limited liability company, primarily to operate as an investment holding entity.

EES's registered office is located at 17 Boulevard F.W. Raiffeisen L-2411 Luxembourg.

## 1.2 Acquisition of Los Danzantes

GES's acquisition of Los Danzantes is aligned with EMI's expansion strategies, particularly its focus on strengthening its presence in the premium and artisanal spirits segment [see Note 1.1(p)].

The acquisition did not result in the recognition of goodwill, as the excess of the consideration transferred over the identifiable net assets acquired was fully attributable to the fair value of the trademarks recognized at the acquisition date. The trademarks were measured at fair value at the acquisition date, determined using the relief-from-royalty method, an income-based valuation technique that estimates fair value based on the present value of forecasted royalty savings. Accordingly, the trademarks were separately recognized as identifiable intangible assets in accordance with PFRS 3, *Business Combination*, reflecting their ability to generate future economic benefits independently of other assets.

The following table summarizes the consideration paid for the acquisition of Los Danzantes and the recognized amounts of the identifiable assets acquired and liabilities assumed. The consideration transferred did not include any contingent consideration. For purposes of determining the excess of consideration allocable to the trademarks, the Parent Company determined the fair value of the identified net assets as of January 31, 2025.

The details of the acquisition are presented below:

<i>(Amounts in thousands PHP)</i>	<u>Notes</u>	
Consideration:		
Cash		226,869
Put option	2.5(b)(ii), 3.1(h)	206,068
		<u>432,937</u>
Identifiable assets acquired:		
Cash		98,199
Trade and other receivables		57,551
Inventories		68,892
Property and equipment	9	78,473
Other assets		1,152
		<u>304,267</u>
Liabilities assumed		<u>(110,615)</u>
		<u>193,652</u>
<b>Trademarks (see Note 10)</b>		<u><b>239,285</b></u>

At the acquisition date, the fair value of trade receivables approximates the gross contractual amount receivable of P57.6 million, with no significant contractual cash flow expected to be uncollectible.

From the acquisition date to December 31, 2025, Los Danzantes contributed revenues of P155.2 million and net loss of P6.0 million to the Group's consolidated financial performance.

Had the acquisition of Los Danzantes occurred on January 1, 2025, the Group's consolidated revenue and profit for the year ended December 31, 2025 would not have been materially different, as the related pre-acquisition results would have comprised one month of operations only.

### ***1.3 Approval of the Consolidated Financial Statements***

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Parent Company's BOD on May 14, 2026.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

### ***2.1 Basis of Preparation of Consolidated Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS") Accounting Standards. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council ("FSRSC") from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

#### ***(b) Presentation of Consolidated Financial Statements***

The consolidated financial statements are presented in accordance with Philippine Accounting Standard ("PAS") 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses and other comprehensive income or loss in a single consolidated statement of comprehensive income.

#### ***(c) Functional and Presentation Currency***

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

Items included in the consolidated financial statements of the Group are measured using the Parent Company's functional currency (see Note 2.12). Functional currency is the currency of the primary economic environment in which the Parent Company operates.

## 2.2 Adoption of New and Amended PFRS Accounting Standards

### (a) Effective in 2025 that is Relevant to the Group

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the consolidated financial statements of the Group.

### (b) Effective Subsequent to 2025 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).
- (ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iii) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- (iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

## 2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of EMI, and its subsidiaries as enumerated in Note 1.1, after the elimination of material intercompany transactions. Intercompany balances and transactions with subsidiaries, including income, expenses, dividends and unrealized profits and losses from intercompany transactions that are recognized in assets are eliminated in full on consolidation. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Parent Company, using consistent accounting principles. Financial statements of a certain entity in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

Investment in a joint venture is initially recognized at cost and subsequently accounted for using the equity method (see Note 12).

Acquired investment in the jointly controlled entity is subject to the purchase method.

The Parent Company holds interests in various subsidiaries and in a joint venture as presented in Notes 1.1 and 12, respectively.

Business acquisitions are accounted for using the acquisition or pooling-of-interest method of accounting.

(a) *Accounting for Business Combination using the Acquisition Method*

Business combinations arising from transfers of interests in entities that are not under the common control of the principal stockholder are accounted for under the acquisition method.

The Group used this method in accounting for the acquisition of Los Danzantes on January 31, 2025 [see Note 1.2 and 2.5(b)(ii)].

(b) *Accounting for Business Combination using the Pooling-of-interest Method*

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interest method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

No restatement are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements* (as amended by PIC Q&A No. 2015-01, *Conforming Changes to PIC Q&As – Cycle 2015*, and PIC Q&A No. 2018-13, *Conforming Changes to PIC Q&As – Cycle 2018*); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as “equity reserves”. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements. The Group used this method in accounting for the merger between Pedro Domecq and DDDDB in 2021, the merger between BFS and CBSP in 2020, the merger between Pedro Domecq and Bodega Domecq in 2019 and the restructuring of WMG in 2019 [see Notes 1.1(g), (o) and (p)].

(c) *Accounting for Asset Acquisition*

Acquisition of assets in an entity, which does not constitute a business is accounted for as an asset acquisition.

## **2.4 Segment Reporting**

Operating segments (see Note 4) are reported in a manner consistent with the internal reporting provided to the Group's strategic executive committee, its chief operating decision-maker. The strategic executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's product lines, which represent the main products provided by the Group. Each of these operating segments is managed separately as each of these product lines requires different processes and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements. There have been no changes from prior period in the measurement methods used to determine reported segment profit or loss.

## **2.5 Financial Instruments**

(a) *Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits absolutely to purchase or sell the asset).

(i) *Classification and Measurement of Financial Assets*

The Group's financial assets include financial assets at amortized cost and at fair value through profit or loss.

- *Financial Assets at Amortized Cost*

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents (see Note 5), Trade and Other Receivables (except Advances to suppliers and Advances to officers and employees) (see Note 6), and Property mortgage receivable and Refundable security deposits [presented as part of Other Non-current Assets (see Note 11.2)].

- *Financial Assets at Fair Value through Profit or Loss ("FVTPL")*

Financial assets at FVTPL (see Note 7) are held within a business model whose objective is to realize changes in fair values through the sale of the assets. These include financial assets that are held for trading, which are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group occasionally uses derivative financial instruments, such as foreign exchange forward contracts, to manage its risks associated with fluctuations in foreign currency. Derivative instruments arise from foreign exchange margins trading spot and forward contracts entered into by the Group. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative [see Note 2.5(b)(i)]. The term of these forward contracts is usually one month to one year.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to consolidated profit or loss for the period.

(ii) *Impairment of Financial Assets at Amortized Cost*

Since the Group's financial assets measured at amortized cost have no significant financing component, the Group applies the simplified approach in measuring expected credit losses ("ECL"), which uses a lifetime ECL allowance for all trade receivables using provision matrix approach and loss rates approach, as the case may be. The lifetime ECL is estimated based on the expected cash shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Notes 3.1(b) and 27.2].

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months, unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on lifetime ECL.

(iii) *Reclassification of Financial Assets*

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

There were no reclassifications of financial assets in 2025 and 2024.

(b) *Financial Liabilities*

The categories of financial liabilities relevant to the Group are more fully described below and in the succeeding page:

(i) *Financial Liabilities at FVTPL*

When the fair value of derivative financial instruments happens to be negative, these are presented as Financial Liabilities at Fair Value Through Profit or Loss account, in the consolidated statement of financial position [see Note 2.5(a)(i)].

(ii) *Financial Liabilities at Amortized Cost*

This category pertains to financial liabilities that are not held for trading or not designated as financial liabilities at FVTPL upon inception of the liability. This includes interest-bearing loans (see Note 14), trade and other payables [except output value-added tax (“VAT”) and other tax-related payables] (see Note 16) and lease liabilities (see Note 9.3), and is recognized when the Group becomes a party to the contractual agreements of the instrument.

This category also includes the put option of non-controlling shareholders of Los Danzantes (see Note 1.2). When the Group acquires control of a subsidiary and, as part of the acquisition structure, grants a put option to non-controlling shareholders, the Group assesses whether the contractual arrangements give rise to an obligation to deliver cash or another financial asset [see Note 3.1(h)].

Put options granted to non-controlling shareholders that require the Group to purchase the remaining equity interest for cash are accounted for in accordance with PAS 32, *Financial Instruments: Presentation*. Such arrangements give rise to a financial liability, measured initially and subsequently at the present value of the expected redemption amount.

As a consequence of applying this accounting policy, no non-controlling interest is recognized in respect of the equity interests subject to the put option. The financial liability is remeasured at each reporting date, with changes in measurement recognized in equity.

This policy has been applied to the acquisition of Los Danzantes, in respect of which the Group acquired a controlling interest while granting a put option to the remaining shareholders over their retained equity interest.

## **2.6 Inventories**

The cost of inventories is determined using the first-in, first-out method.

Net realizable value (“NRV”) of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of raw materials is the current replacement cost [see Note 3.2(c)].

## **2.7 Property, Plant and Equipment**

Property, plant and equipment (see Note 9) are carried at acquisition cost and, except for land, less accumulated depreciation, amortization and any impairment losses (see Note 2.13). As no definite useful life for land can be determined, the related carrying amount (which is cost less any impairment losses) is not depreciated.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows [see Note 3.2(d)]:

Buildings and improvements	25 to 50 years
Machinery and equipment (including tools and other equipment)	2 to 20 years
Land improvements	10 years
Transportation equipment	3 to 10 years
Office furniture and fixtures	3 to 10 years

Moulds and dies are depreciated using their expected usage for the period. The total usage during the period multiplied by rate results to depreciation expense for the period. The rate is computed by dividing cost by estimated cases to be produced.

Right-of-use assets (“ROUA”) are depreciated over the term of the lease ranging from two to seven years.

Leasehold improvements are amortized over the estimated useful life of the improvements of five to ten years or the lease term, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. The account is not depreciated until such time that the assets are completed and available for use.

## ***2.8 Intangible Assets***

Intangible assets include trademarks and goodwill, which are accounted for under the cost model (see Note 10). Capitalized costs for trademarks with definite lives are amortized on a straight-line basis over their estimated useful lives of 10 years. Capitalized costs for trademarks with indefinite useful lives are not amortized. The useful lives are reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. Changes in the useful life assessment from indefinite to definite, if any, are accounted for as change in accounting estimate.

## ***2.9 Non-current Assets Classified as Held for Sale***

Non-current assets classified as held for sale pertain to land and building previously classified as property, plant and equipment that the Group intends to sell within one year, except when delay is caused by events or circumstances beyond the Group’s control, from the date of reclassification as held for sale [see Notes 3.1(f) and 13].

Non-current assets classified as held for sale are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale, and their fair value less costs to sell. The Group does not hold this kind of assets as of reporting dates.

## ***2.10 Revenue and Expense Recognition***

Revenue arises mainly from the sales of goods and services, and other income such as interest income, dividend income and trading gains (see Note 18).

Revenue from sale of goods are recognized at a point in time, when the customer has acknowledged the receipt of the goods, while services are recognized over time based on the measure of progress of services rendered to the customer. Payment terms for sale of goods on credit vary as to number of days after receipt by the customer.

Revenues and expenses are recognized excluding the amount of value-added tax. As applicable, when the Group is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Group recognizes a right of refund asset on goods to be recovered from customers with a corresponding adjustment to Costs of Goods Sold account. However, there were no contracts that contain significant right of return arrangements that remain outstanding as of the end of the reporting periods.

In obtaining customer contracts, the Group incurs incremental costs. When the expected amortization period of these costs if capitalized would be less than one year, the Group uses the practical expedient by recognizing such costs as incurred. The Group also incurs costs in fulfilling contract with customers (i.e., freight and handling), which are accounted for in accordance with accounting policies related to those assets (see Notes 2.6 and 2.7).

### ***2.11 Leases – Group as Lessee***

The Group depreciates the ROUA on a straight-line basis from the lease commencement date to the end of the lease term.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing an ROUA and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, ROUA are presented as part of Property, Plant and Equipment while Lease Liabilities are presented as separate line item under the Current and Non-current Liabilities sections.

### ***2.12 Foreign Currency Transactions and Translation***

#### ***(a) Transactions and Balances***

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of profit or loss.

#### ***Translation of Financial Statements of Foreign Subsidiaries***

The consolidated operating results and financial position of offshore subsidiaries (see Note 1.1), which are measured using the United States (“U.S.”) dollar, British pound sterling (“GBP” or “£”) and European Union euro (“EUR” or “€”), their functional currencies, are translated to Philippine pesos, the Parent Company’s functional currency, as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- (ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- (iii) All resulting translation adjustments are recognized in other comprehensive income and in a separate component of equity under the Accumulated Translation Adjustments account.

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the foreign currency amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

### ***2.13 Impairment of Non-financial Assets***

Property, plant and equipment (see Note 9.1), ROUA (see Note 9.2), intangible assets (see Note 10), investment in a joint venture (see Note 12), and other non-financial assets (see Note 11) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable, except for goodwill and intangible assets with indefinite useful lives, which are required to be tested for impairment annually.

### ***2.14 Employment Benefits***

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, bonus plans, and other employee benefits.

The Group's retirement cost accrual covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee. The defined benefit obligation is calculated regularly by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds, using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation ("BVAL"), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

The Group also recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group's profits after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

### ***2.15 Share-based Employee Remuneration***

The Parent Company grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (e.g., profitability and sales growth targets and performance conditions), if any [see Note 3.2(i)]. The share-based remuneration is recognized as an expense in the consolidated profit or loss with a corresponding credit to Share Options Outstanding account under the Equity section of the consolidated statement of financial position.

The share-based remuneration expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of share options that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options expire or are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital ("APIC").

Upon expiration of the unexercised share option, the value assigned to the stock option is transferred to APIC.

### ***2.16 Related Party Transactions and Relationships***

Transactions, individually or in aggregate, amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a one-year period that breaches the 10% materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

### ***2.17 Taxes***

On December 20, 2021, the Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") released the Pillar Two Model Rules ("Pillar Two") aimed to address the tax challenges of the digitalisation of the economy. The Pillar Two rules are designed to ensure multinational enterprises, meeting certain conditions, pay a minimum level of tax on the income arising in each jurisdiction where they operate.

The Group has determined that any global minimum top-up tax, which it may be required to pay under Pillar Two legislation, would be an income tax in the scope of PAS 12, *Income Taxes* (see Note 22).

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

### **2.18 Equity**

Deposit for future stock subscription – Equity-linked securities (“ELS”) represent the equity linked securities issued by the Parent Company under an ELS instrument which granted the holder contractual rights that included the option to convert the ELS into fully-paid fixed number of the Parent Company’s common shares. Currently, the account represents the remaining portion of ELS subject for future issuance of shares (see Note 15).

When the holder exercised its conversion right, the Parent Company’s obligation to deliver cash ceases for the portion converted, and the Parent Company becomes obligated solely to issue the fixed number of shares specified in the contract. Thus, the associated balance is classified within equity.

Upon issuance of the shares, the related balance previously recognized as ELS under equity shall be reclassified to the appropriate capital stock and additional paid-in capital accounts within equity, with no gain or loss recognized in profit or loss.

Share options outstanding represent the accumulated total of employee share options’ amortizations over the vesting period as share-based employee remuneration are recognized and reported in the consolidated statement of comprehensive income (see Note 24.4). These will eventually be closed to APIC upon exercise, expiration or termination.

Accumulated translation adjustments represent the translation adjustments resulting from the translation of foreign currency-denominated financial statements of foreign subsidiaries into the Group’s functional and presentation currency [see Note 2.12(b)(iii)].

Revaluation reserves comprise gains and losses due to remeasurements of post-employment defined benefit plan.

Other reserves include legal reserves that represent the statutory requirements in Luxembourg, which comprise of net wealth tax reserve and capital reserve. Certain statutory requirements based on Spanish legislation were also included as part of this account.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Group’s consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### **3.1 Critical Management Judgments in Applying Accounting Policies**

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

(a) *Evaluation of Business Model and Cash Flow Characteristics of Financial Instruments*

The Group applies the business model test and cash flow characteristics test at a portfolio of financial assets (i.e., group of financial instruments that are managed together to achieve a particular objective) and not on an instrument-by-instrument approach (i.e., not based on intention for each or specific characteristic of individual instrument) as these relate to the Group's investment and trading strategies. The business model assessment is performed on the basis of reasonably expected scenarios (and not on reasonably expected not to occur, such as the so-called 'worst case' or 'stress case' scenarios).

A business model for managing financial assets is typically observable through the activities that the Group undertakes to achieve the objective of the business model.

The Group uses judgment when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the Group considers all relevant evidence that is available at the date of assessment which includes, but not limited to:

- how the performance of the business model and the financial assets held within the business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and,
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(b) *Determination of ECL on Financial Assets at Amortized Cost*

The Group applies the ECL methodology, which requires certain judgments in selecting the appropriate method in determining the amount of ECL. In measuring ECL, the Group considers a broader range of information which include past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets. The Group uses loss rates and provision matrix to calculate ECL.

The provision matrix and loss rates are based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Notes 2.5(a)(ii) and 27.2(b).

(c) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option.

Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of bottling plant, warehouses, office spaces, commercial buildings, vehicles, fitting and equipment, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. In assessing the enforceability of the option, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease unilaterally, there are enforceable rights and obligations beyond the initial non-cancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term.

(d) *Distinction Between Business Combination and Asset Acquisition*

The Group determines whether an acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a “business” taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transactions (see Note 2.3).

The groups of assets acquired in the Domecq Acquisition and Garvey Acquisition do not include an integrated set of activities that are capable of being managed. In addition, the group of assets acquired under the Garvey Acquisition was previously under receivership from various third parties. Accordingly, management has assessed that the Domecq Acquisition and Garvey Acquisition, as disclosed in Notes 1.1(p) and (o), are to be accounted for as asset acquisition since these do not constitute a purchase of business; hence, no goodwill or gain on acquisition was recognized.

Conversely, UK’s purchases of ownership in WMG, EDI’s acquisition of full equity ownership in TEI, TEI’s acquisition of 51% ownership in Boozylife, BFS’s purchases of Fundador Business Unit, and DBLC’s acquisition of Los Danzantes as disclosed in Notes 1.1(d), (g), (l), 1.2 and 10, are accounted for as business combinations using the acquisition method. Management determined that these acquisitions involved purchases of an integrated sets of activities and assets that are capable of being conducted and managed to provide goods to customers, or generate other income from ordinary activities. The acquired operations include established brands in their respective geographical jurisdictions, production processes, distribution channels, and organized workforces, which collectively constitute inputs and substantive processes that are critical to the ability to produce outputs.

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in consolidated profit or loss in the subsequent period.

Moreover, the transfers of ownership interest over WML and WMWL from WMG to WMGL, the merger between CBSP and BFS, the merger between Pedro Domecq and Bodega Domecq and the merger between Pedro Domecq and DDDDB are accounted for as business combinations using pooling-of-interest method as these are transfers of interests in entities that are under the common control and there is no change of control before and after the restructuring or mergers [see Note 1.1(g), (o) and (p)].

(e) *Determination of Control or Joint Control*

Judgment is exercised in determining whether the Group has control or joint control over an entity. In assessing each interest over an entity, the Group evaluates its current ability to direct the relevant activities of the investee, being those activities that significantly affect the investee's returns. The Group considers the exercise of its voting rights, power to appoint or remove key management personnel, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual agreement. Based on these factors, management determined that the Group has the present ability to direct the relevant activities of the investee and is therefore exposed, or has rights, to variable returns from its involvement, indicating that control is obtained in accordance with PFRS 10.

Management considers that the Group has control over DBLC because it holds 50% of the common shares. The Parent Company, through its wholly owned subsidiary, GES, exercises control over the entity because GES has the ability to direct the relevant activities of DBLC through appointment of key management personnel (see Note 1.1).

Management considers that the Group has joint control over BLC because the agreement involves contractually agreed sharing of control and that decisions about relevant activities require the unanimous consent of the parties sharing control, such that no party can unilaterally direct these activities, in accordance with PFRS 11, *Joint Arrangements*.

(f) *Classification of Non-current Assets Classified as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Judgment is exercised by the Group by determining whether the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group) (see Notes 2.9 and 13).

As of December 31, 2025 and 2024, the Group has no non-current assets or disposal groups classified as held for sale, and there are no outstanding commitments or plans to dispose these assets.

*(g) Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Notes 17 and 26.

*(h) Put Option Granted to Non-Controlling Shareholders*

In connection with the acquisition of Los Danzantes, the Group entered into a shareholders' agreement that grants a put option to the non-controlling shareholders over their remaining equity interest [see Note 2.5(b)(ii)]. The put option may be exercised from September 1, 2030 through August 31, 2031.

Management exercised judgment in determining the appropriate accounting treatment of this arrangement. In particular, the Group assessed that the put option represents a contractual obligation to deliver cash in exchange for the Group's own equity instruments and it does not meet the definition of a derivative and thus not measured at fair value through profit or loss (see Note 29).

Management concluded that the put option gives rise to a present obligation, as the redemption price is contractually fixed for the remaining equity interest which is payable upon exercise of the option based on the contractual terms of the shareholders' agreement. Accordingly, the put option meets the definition of a financial liability in accordance with PAS 32, and the accounting policy for put options granted to non-controlling shareholders has been applied.

As a result of this assessment, the Group recognized a financial liability measured at the present value of the expected redemption amount, and no non-controlling interest is recognized in respect of the equity interest subject to the put option.

As at December 31, 2025, the put option amounted to P248.4 million and is presented as Put Option Liability in the 2025 consolidated statement of financial position.

**3.2 Key Sources of Estimation Uncertainty**

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Impairment of Financial Assets at Amortized Cost*

In measuring ECL, the Group added significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparties defaulting and the resulting losses), as further detailed in Note 27.2. The Group evaluated impairment based on available facts and circumstances affecting collectability of accounts, including but not limited to, the length of the Group's relationship with the counterparties, counterparties' credit status, age of accounts and collection and historical loss experience. Based on the management's review, appropriate allowance for ECL has been recognized on the Group's financial assets in 2025, 2024 and 2023 [see Notes 2.5(a)(ii) and 6].

(b) *Fair Value Measurement of Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The carrying values and amounts of fair value changes recognized during the years presented on the Group's financial instruments at FVTPL [see Notes 2.5(a)(i) and 2.5(b)(i)] are disclosed in Note 7.

(c) *Determination of Net Realizable Values of Inventories*

In determining the net realizable values of inventories (see Note 2.6), management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to changes in market factors that directly affect the demand for alcoholic beverages such as purchasing power of consumers, degree of competition, and other market-related factors. Future realization of inventories is affected by price changes in the costs incurred necessary to produce the inventories and make a sale. These aspects are considered as key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period. A reconciliation of the allowance for inventory write-down is presented in Note 8.

(d) *Estimation of Useful Lives of Property, Plant and Equipment, Right-of-Use Assets and Trademarks*

The Group estimates the useful lives of property, plant and equipment, ROUA and trademarks based on the period over which the assets are expected to be available for use. Certain trademarks were determined to have indefinite useful lives because these brands have been in existence for more than 100 years.

The estimated useful lives of property, plant and equipment, ROUA and trademarks are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets (see Notes 2.7, 2.8 and 2.11). The carrying amounts of property, plant and equipment, ROUA and trademarks are presented in Notes 9.1, 9.2 and 10, respectively.

(e) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2025 and 2024 will be fully utilized in the subsequent reporting periods. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

(g) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No additional impairment losses were recognized on non-financial assets in 2025, 2024 and 2023 based on management's assessment.

(h) *Valuation of Post-employment Defined Benefit*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by management and actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 21.3.

(i) *Fair Value Measurement of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 24.4 which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, and volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of the share option plan and the amount of fair value recognized are presented in Note 24.4.

(j) *Determination of Provision for Onerous Lease*

The Group determines the provision for leasehold properties, which are no longer used in the business for which the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease using discounted cash flows and assumptions relating to future sublease income expectations. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost and sublease assumptions would result in a significant change in the amount of provision recognized with a corresponding effect in consolidated profit or loss.

In 2025, 2024 and 2023, additional provisions for onerous lease were recognized. An analysis of the Group's provision for onerous lease is presented in Note 17.1.

(k) *Determination of Provision for Restoration of Leased Property*

Determining provision for leased property restoration requires estimation of the cost of dismantling and restoring the leased properties to their original condition. The estimated cost was initially determined based on a recent cost to restore the facilities and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term. A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost would result in a significant change in the amount of provision recognized with a corresponding effect in right-of-use assets.

An analysis of the Group's provisions for leased property restoration cost is presented in Note 17.2.

## 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 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 liabilities represent the assets and liabilities reported in the 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 years ended December 31, 2025, 2024 and 2023 (in millions) are presented below.

	BRANDY			SCOTCH WHISKY			SEGMENT TOTALS		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
<b>REVENUES AND OTHER INCOME</b>									
External customers	35,774	36,390	39,973	21,269	25,256	25,671	57,043	61,646	65,644
Intersegment sales*	783	630	600	334	331	486	1,117	961	1,086
	<b>36,557</b>	<b>37,020</b>	<b>40,573</b>	<b>21,603</b>	<b>25,587</b>	<b>26,157</b>	<b>58,160</b>	<b>62,607</b>	<b>66,730</b>
<b>COSTS AND EXPENSES</b>									
Costs of goods sold	27,080	28,190	29,301	12,498	13,769	14,045	39,578	41,959	43,346
Intersegment cost of goods sold*	334	331	486	783	630	600	1,117	961	1,086
Selling and distribution expenses	3,198	3,144	3,158	3,893	4,008	3,600	7,091	7,152	6,758
General and administrative expenses	1,711	1,664	1,420	1,115	1,036	1,602	2,826	2,700	3,022
Interest expense and other charges	1,220	1,132	1,253	803	585	323	2,023	1,717	1,576
	<b>33,543</b>	<b>34,461</b>	<b>35,618</b>	<b>19,092</b>	<b>20,028</b>	<b>20,170</b>	<b>52,635</b>	<b>54,489</b>	<b>55,788</b>
<b>SEGMENT PROFIT BEFORE TAX</b>	<b>3,014</b>	<b>2,559</b>	<b>4,955</b>	<b>2,511</b>	<b>5,559</b>	<b>5,986</b>	<b>5,525</b>	<b>8,118</b>	<b>10,941</b>
<b>TAX EXPENSE</b>	<b>896</b>	<b>582</b>	<b>999</b>	<b>624</b>	<b>1,051</b>	<b>998</b>	<b>1,520</b>	<b>1,633</b>	<b>1,997</b>
<b>SEGMENT NET PROFIT</b>	<b>2,118</b>	<b>1,977</b>	<b>3,956</b>	<b>1,887</b>	<b>4,508</b>	<b>4,988</b>	<b>4,005</b>	<b>6,485</b>	<b>8,944</b>
<b>SEGMENT ASSETS*</b>	<b>138,433</b>	<b>138,186</b>	<b>150,747</b>	<b>94,358</b>	<b>80,811</b>	<b>67,607</b>	<b>232,791</b>	<b>218,997</b>	<b>218,354</b>
<b>SEGMENT LIABILITIES*</b>	<b>43,221</b>	<b>43,450</b>	<b>55,604</b>	<b>34,002</b>	<b>25,201</b>	<b>17,485</b>	<b>77,223</b>	<b>68,651</b>	<b>73,089</b>
Depreciation and Amortization	1,308	1,205	1,114	402	360	341	1,710	1,565	1,455
Interest Expense	973	1,126	1,210	888	585	162	1,861	1,711	1,372
Equity Share in Net Income of Joint Venture	83	78	112	-	-	-	83	78	112

\*Intersegment accounts are eliminated in consolidation. Numbers may not add up due to rounding off. See reconciliation in Note 4.5 in the succeeding page.

The Group's revenues and other income in the three years presented range from 59% to 62% from the Asia Pacific, 26% to 28% 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 years 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 consolidated financial statements are as follows (in millions):

<i>(Amounts in PHP)</i>	<b>Segment Totals</b>	<b>Intercompany Accounts</b>	<b>Consolidated Balances</b>
<b>2025</b>			
Revenues and other income	58,160	(1,117)	57,043
Costs and expenses	52,635	(1,117)	51,518
Net profit	4,005	-	4,005
Total assets	232,791	(54,516)	178,275
Total liabilities	77,223	(7,076)	70,147
Other segment information:			
Interest expense	1,861	-	1,861
Depreciation and amortization	1,710	-	1,710
Share in net profit of joint venture	83	-	83
<b>2024</b>			
Revenues and other income	62,607	(961)	61,646
Costs and expenses	54,489	(961)	53,528
Net profit	6,485	-	6,485
Total assets	218,997	(59,469)	159,527
Total liabilities	68,651	(9,650)	59,000
Other segment information:			
Interest expense	1,711	-	1,711
Depreciation and amortization	1,565	-	1,565
Share in net profit of joint venture	78	-	78
<b>2023</b>			
Revenues and other income	66,729	(1,086)	65,643
Costs and expenses	55,788	(1,086)	54,702
Net profit	8,944	-	8,944
Total assets	218,354	(69,645)	148,709
Total liabilities	73,089	(19,787)	53,301
Other segment information:			
Interest expense	1,372	-	1,372
Depreciation and amortization	1,455	-	1,455
Share in net profit of joint venture	112	-	112

## 5. CASH AND CASH EQUIVALENTS

This account includes the following components:

<i>(Amounts in PHP)</i>	<b>2025</b>	<b>2024</b>
Cash on hand and in banks	<b>3,231,810,630</b>	3,814,838,178
Short-term placements	<b>6,840,517,809</b>	5,924,350,333
	<b><u>10,072,328,439</u></b>	<b><u>9,739,188,511</u></b>

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 71 days and earn effective annual interest rates ranging from 5.1% to 5.9% in 2025, 5.0% to 6.1% in 2024, and from 5.3% to 6.3% in 2023. Interest earned amounted to P358.1 million, P293.3 million, and P400.3 million in 2025, 2024 and 2023, respectively, and is presented as part of Interest income under the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

## 6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows [see Note 2.5(a)(i)]:

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Trade receivables	23.3	<b>18,915,391,427</b>	18,271,014,806
Advances to suppliers		<b>2,064,083,245</b>	2,106,799,926
Advances to officers and employees	23.4	<b>38,521,769</b>	32,923,698
Accrued interest receivable		<b>4,930,245</b>	11,967,593
Other receivables		<b>156,127,375</b>	157,019,270
		<b>21,179,054,061</b>	20,579,725,293
Allowance for impairment		<b>(368,211,226)</b>	(379,801,045)
		<b><u>20,810,842,835</u></b>	<b><u>20,199,924,248</u></b>

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 ECL model adopted by the Group [see Notes 2.5(a)(ii), 3.1(b) and 3.2(a)]. Certain trade and other receivables were found to be impaired using the ECL methodology as determined by the management; hence, adequate amounts of allowance for impairment have been recognized (see Note 27.2).

A reconciliation of the allowance for impairment at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>379,801,045</b>	297,589,023
Write-offs	<b>(73,172,645)</b>	(9,785,139)
Impairment losses	<b>53,204,642</b>	90,953,844
Translation adjustment	<b>8,378,184</b>	3,712,635
Recoveries	<b>-</b>	(2,669,318)
Balance at end of year	<b><u>368,211,226</u></b>	<b><u>379,801,045</u></b>

Impairment losses on trade and other receivables are presented as Impairment losses on financial assets under the General and Administrative Expenses account in the consolidated statements of comprehensive income (see Note 20).

Recoveries pertain to collections of certain receivables previously provided with allowance, which are presented as part of Other income under Revenues and Other Income in the 2024 consolidated statement of comprehensive income (see Note 18).

## 7. FINANCIAL ASSETS AT FVTPL

The Group's financial instruments at FVTPL pertain to marketable equity securities classified as held for trading and derivative instruments amounting to P596.3 million and P543.5 million as of December 31, 2025 and 2024, respectively [see Note 2.5(a)(i)].

The net fair value gains and dividend income earned on these financial instruments are presented in the consolidated statements of comprehensive income as part of Other income under the Revenues and Other Income section (see Note 18) while the net fair value losses are presented as part of Other charges under the Costs and Expenses section. The Group recognized fair value gains amounting to P19.1 million and P30.1 million in 2025 and 2024, respectively, and fair value loss amounting to P63.0 million in 2023 .

The fair value of the marketable equity securities and derivative financial instruments at FVTPL are measured through quoted market prices and valuation techniques using the net present value computation, respectively [see Notes 3.2(b) and 29.2].

## 8. INVENTORIES

The details of inventories which are valued at lower of cost and net realizable value, are shown below [see Notes 2.6 and 3.2(c)].

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
At cost:			
Finished goods	19, 23.1	<b>5,962,642,306</b>	5,252,984,685
Work-in-process	9.1, 19, 21.1	<b>40,888,042,721</b>	35,158,144,734
Raw materials	19, 23.1	<b>4,579,191,455</b>	4,515,584,449
Packaging materials	19	<b>472,263,442</b>	511,058,362
Machinery spare parts, consumables and factory supplies		<u><b>461,103,020</b></u>	<u>449,377,487</u>
		<u><b>52,363,242,944</b></u>	<u>45,887,149,717</u>
At net realizable value:			
Finished goods			
Cost	19, 23.1	<b>3,082,375,033</b>	2,615,901,913
Allowance for impairment		<b>(350,672,956)</b>	(511,535,642)
Packaging materials			
Cost	19	<b>996,365,933</b>	768,918,490
Allowance for impairment		<u><b>(135,907,492)</b></u>	<u>(111,288,500)</u>
		<u><b>3,592,160,518</b></u>	<u>2,761,996,261</u>
		<u><b>55,955,403,462</b></u>	<u>48,649,145,978</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 P34.6 billion and P29.6 billion as of December 31, 2025 and 2024, 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 2025, 2024 and 2023 is presented in Note 19.

A reconciliation of the allowance for inventory write-down is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>622,824,142</b>	422,988,020
Impairment losses	19	<b>60,540,307</b>	231,007,592
Inventory write-off		<b>(179,568,846)</b>	-
Reversal of impairment losses		<b>(17,215,155)</b>	(31,171,470)
Balance at end of year		<b><u>486,580,448</u></b>	<u>622,824,142</u>

The Group recognized losses on inventory write-down amounting to P60.5 million, P231.0 million and P54.6 million in 2025, 2024 and 2023, respectively, which are presented as Impairment losses under the Costs of Goods Sold account in the consolidated statements of comprehensive income (see Note 19).

In 2025, the Group has written-off inventories amounting to P179.6 million following management's assessment that these items were no longer saleable. There were no similar transactions in 2024 and 2023.

In 2025 and 2024, the Group reversed inventory write-down made in previous years amounting to P17.2 million and P31.2 million, respectively, following its subsequent sale. There was no similar transaction in 2023.

## 9. PROPERTY, PLANT AND EQUIPMENT

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

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Property, plant and equipment	9.1	<b>46,704,197,375</b>	39,909,765,923
Right-of-use assets	9.2	<b>943,074,011</b>	996,764,508
		<b><u>47,647,271,386</u></b>	<u>40,906,530,431</u>

No impairment losses were recognized in 2025, 2024 and 2023 for the Group's property, plant and equipment. As of December 31, 2025 and 2024, certain ROUA, which are considered as onerous lease were fully impaired through direct offset of portion of provision for onerous lease (see Notes 9.2 and 17.1)

### 9.1 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.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Furniture and Fixtures</u>	<u>Moulds and Dies</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2025										
Cost	8,258,324,682	154,749,897	22,959,088,503	770,982,428	35,275,552,209	1,076,971,077	1,481,103,172	168,026,486	1,404,693,539	71,549,491,993
Accumulated depreciation and amortization	-	(74,839,698)	(5,344,319,082)	(265,808,853)	(17,553,187,000)	(637,960,661)	(854,326,766)	(114,852,558)	-	(24,845,294,618)
Net carrying amount	<u>8,258,324,682</u>	<u>79,910,199</u>	<u>17,614,769,421</u>	<u>505,173,575</u>	<u>17,722,365,209</u>	<u>439,010,416</u>	<u>626,776,406</u>	<u>53,173,928</u>	<u>1,404,693,539</u>	<u>46,704,197,375</u>
December 31, 2024										
Cost	7,685,976,947	121,203,472	19,083,317,322	600,204,466	29,354,969,191	1,055,869,194	1,174,441,530	132,546,027	1,647,552,183	60,856,080,332
Accumulated depreciation and amortization	-	(63,585,228)	(4,598,701,847)	(200,475,806)	(14,747,785,949)	(566,229,675)	(689,038,100)	(80,497,804)	-	(20,946,314,409)
Net carrying amount	<u>7,685,976,947</u>	<u>57,618,244</u>	<u>14,484,615,475</u>	<u>399,728,660</u>	<u>14,607,183,242</u>	<u>489,639,519</u>	<u>485,403,430</u>	<u>52,048,223</u>	<u>1,647,552,183</u>	<u>39,909,765,923</u>
January 1, 2024										
Cost	7,794,062,615	116,078,648	15,886,689,753	478,838,745	24,166,733,629	776,101,030	899,642,018	138,507,636	2,010,038,003	52,266,692,077
Accumulated depreciation and amortization	-	(57,639,829)	(4,089,130,038)	(149,482,423)	(13,159,785,751)	(486,786,220)	(583,164,327)	(88,966,188)	-	(18,614,954,776)
Net carrying amount	<u>7,794,062,615</u>	<u>58,438,819</u>	<u>11,797,559,715</u>	<u>329,356,322</u>	<u>11,006,947,878</u>	<u>289,314,810</u>	<u>316,477,691</u>	<u>49,541,448</u>	<u>2,010,038,003</u>	<u>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 shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Leasehold Improvements</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Furniture and Fixtures</u>	<u>Moulds and Dies</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2025 net of accumulated depreciation and amortization	7,685,976,947	57,618,244	14,484,615,475	399,728,660	14,607,183,242	489,639,519	485,403,430	52,048,223	1,647,552,183	39,909,765,923
Additions from acquired subsidiary	46,478,271	-	24,767,957	-	6,440,213	786,836	-	-	-	78,473,277
Additions	19,659,427	-	2,494,316,330	168,824,667	3,705,943,630	26,698,182	162,889,077	13,482,939	83,986,591	6,675,800,843
Translation adjustment	539,003,914	7,111,033	1,020,033,950	-	1,095,501,059	262,065	33,929,756	-	44,456,008	2,740,297,785
Disposals	(20,848,187)	-	(9,256,473)	(23,830)	(10,857,008)	(398,966)	(112,289)	-	-	(41,496,753)
Reclassifications	(11,945,690)	21,558,138	82,618,298	-	221,377,936	-	57,692,561	-	(371,301,243)	-
Depreciation and amortization charges for the year	-	(6,377,216)	(482,326,116)	(63,355,922)	(1,903,223,863)	(77,977,220)	(113,026,129)	(12,357,234)	-	(2,658,643,700)
Balance at December 31, 2025 net of accumulated depreciation and amortization	<u>8,258,324,682</u>	<u>79,910,199</u>	<u>17,614,769,421</u>	<u>505,173,575</u>	<u>17,722,365,209</u>	<u>439,010,416</u>	<u>626,776,406</u>	<u>53,173,928</u>	<u>1,404,693,539</u>	<u>46,704,197,375</u>

<i>(Amounts in PHP)</i>	Land	Land Improvements	Building and Improvements	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture and Fixtures	Moulds and Dies	Construction in Progress	Total
Balance at January 1, 2024 net of accumulated depreciation and amortization	7,794,062,615	58,438,819	11,797,559,715	329,356,322	11,006,947,878	289,314,810	316,477,691	49,541,448	2,010,038,003	33,651,737,301
Additions	30,796,318	3,674,880	2,002,704,024	121,365,721	4,472,532,430	276,904,962	245,935,339	16,247,419	340,192,520	7,510,353,613
Translation adjustment	67,237,077	973,018	274,417,929	-	315,113,417	(22,412)	11,436,476	-	2,995,366	672,150,871
Disposals	-	-	-	-	(2,915,722)	(60,204)	(2,187,811)	(211,508)	-	(5,375,245)
Reclassifications of construction in progress	-	-	624,483,913	-	81,189,793	-	-	-	(705,673,706)	-
Reclassifications	(206,119,063)	-	206,119,063	(51,997)	51,997	-	-	-	-	-
Depreciation and amortization charges for the year	-	(5,468,473)	(420,669,169)	(50,941,386)	(1,265,736,551)	(76,497,637)	(86,258,265)	(13,529,136)	-	(1,919,100,617)
Balance at December 31, 2024 net of accumulated depreciation and amortization	<u>7,685,976,947</u>	<u>57,618,244</u>	<u>14,484,615,475</u>	<u>399,728,660</u>	<u>14,607,183,242</u>	<u>489,639,519</u>	<u>485,403,430</u>	<u>52,048,223</u>	<u>1,647,552,183</u>	<u>39,909,765,923</u>
Balance at January 1, 2023 net of accumulated depreciation and amortization	6,941,328,737	334,394	10,265,202,454	156,424,992	9,139,746,233	299,027,300	359,455,399	47,048,733	1,651,252,196	28,859,820,438
Additions	604,790,288	4,484,050	813,255,788	207,315,748	2,676,662,296	49,194,753	68,978,828	22,445,384	337,815,523	4,784,942,658
Translation adjustment	41,045,209	1,973,882	457,096,974	-	309,844,358	394,032	(36,759,926)	-	85,153,641	858,748,170
Disposals	-	-	(1,277,080)	-	(8,423,012)	(62,000)	(42,899)	-	-	(9,804,991)
Reclassifications from non-current assets classified as held for sale	206,898,381	57,248,798	697,597,561	-	-	-	-	-	-	961,744,740
Reclassifications of construction in progress	-	-	-	-	64,183,357	-	-	-	(64,183,357)	-
Derecognition	-	-	(945,857)	-	-	-	-	-	-	(945,857)
Depreciation and amortization charges for the year	-	(5,602,305)	(433,370,125)	(34,384,418)	(1,175,065,354)	(59,239,275)	(75,153,711)	(19,952,669)	-	(1,802,767,857)
Balance at December 31, 2023 net of accumulated depreciation and amortization	<u>7,794,062,615</u>	<u>58,438,819</u>	<u>11,797,559,715</u>	<u>329,356,322</u>	<u>11,006,947,878</u>	<u>289,314,810</u>	<u>316,477,691</u>	<u>49,541,448</u>	<u>2,010,038,003</u>	<u>33,651,737,301</u>

The amount of depreciation and amortization is allocated as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Costs of goods sold	19	<b>1,148,676,803</b>	1,042,819,598	1,029,742,303
General and administrative expenses	20	<b>216,216,100</b>	231,879,541	225,321,154
Selling and distribution expenses	20	<b>93,006,581</b>	89,994,072	95,275,080
		<b>1,457,899,484</b>	1,364,693,211	1,350,338,537
Capitalized as part of work-in-process inventories	8	<b>1,200,744,216</b>	554,407,406	452,429,320
		<b>2,658,643,700</b>	1,919,100,617	1,802,767,857

The amount capitalized to work-in-process inventory represents 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.

In 2025, 2024 and 2023, certain property, plant and equipment with carrying amounts of P41.5 million, P5.4 million and P9.8 million, were sold for P41.5 million, P5.4 million, and P17.1 million, respectively. The resulting gain on disposals for 2023 amounting to P7.3 million (nil in 2025 and 2024) was recognized as part of Other income under the Revenues and Other Income section in the 2023 consolidated statement of comprehensive income (see Note 18).

## **9.2 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 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 ROUA 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. 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 insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of ROUA recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
<b>December 31, 2025</b>					
Plant	1	1 year	1 year	1	-
Warehouses	30	1 year to 5 years and 2 months	2 and 6 months	19	8
Building space	5	1 to 1 year and 5 months	1 to 1 year and 5 months	1	-
Buildings	4	1 year to 12 years and 9 months	1 year to 12 years and 9 months	-	-
Vehicles, fittings and equipment	72	1 to 2 years	1 to 2 years	-	-
<b>December 31, 2024</b>					
Plant	1	2 years	2 years	1	-
Warehouses	31	1 to 9 years	3 years and 3 months	14	9
Building space	8	1 to 1 year and 5 months	1 to 1 year and 5 months	3	-
Buildings	4	1 year to 12 years and 9 months	1 year to 12 years and 9 months	-	1
Vehicles, fittings and equipment	72	1 to 2 years	1 to 2 years	-	-

The carrying amounts of the Group's ROUA as at December 31, 2025 and 2024 and the movements during the period are shown below.

(Amounts in PHP)	Plant	Warehouses	Building Space	Buildings	Vehicles, Fittings and Equipment	Total
<b>December 31, 2025</b>						
Cost						
Balance at beginning of year	139,597,048	216,129,505	491,482,951	613,699,827	124,684,490	1,585,593,821
Additions	-	90,839,269	-	71,828,442	21,488,000	184,155,711
Termination	-	(44,530,239)	-	-	(9,245,177)	(53,775,416)
Translation adjustment	-	-	-	89,628,157	44,942,101	134,570,258
Balance at end of year	<u>139,597,048</u>	<u>262,438,535</u>	<u>491,482,951</u>	<u>775,156,426</u>	<u>181,869,414</u>	<u>1,850,544,374</u>
Accumulated amortization						
Balance at beginning of year	93,389,809	64,675,729	7,661,727	375,826,078	47,275,970	588,829,313
Termination	-	(35,772,119)	-	-	(7,676,000)	(43,448,119)
Amortization for the year	23,103,620	90,446,916	45,773,025	64,691,220	28,282,000	252,296,781
Translation adjustment	-	-	-	72,447,765	37,344,623	109,792,388
Balance at end of year	<u>116,493,429</u>	<u>119,350,526</u>	<u>53,434,752</u>	<u>512,965,063</u>	<u>105,226,593</u>	<u>907,470,363</u>
Carrying amount at December 31, 2025	<u><b>23,103,619</b></u>	<u><b>143,088,009</b></u>	<u><b>438,048,199</b></u>	<u><b>262,191,363</b></u>	<u><b>76,642,821</b></u>	<u><b>943,074,011</b></u>
<b>December 31, 2024</b>						
Cost						
Balance at beginning of year	140,572,378	429,892,410	199,052,259	635,179,288	83,205,714	1,487,902,049
Additions	-	82,991,534	457,730,238	26,968,085	74,612,205	642,302,062
Termination	-	(296,754,439)	(165,299,546)	(50,539,057)	(57,013,000)	(569,606,042)
Translation adjustment	-	-	-	2,091,511	23,879,571	25,971,082
Lease modification	(975,330)	-	-	-	-	(975,330)
Balance at end of year	<u>139,597,048</u>	<u>216,129,505</u>	<u>491,482,951</u>	<u>613,699,827</u>	<u>124,684,490</u>	<u>1,585,593,821</u>
Accumulated amortization						
Balance at beginning of year	70,286,189	308,227,213	115,260,660	395,821,471	38,275,844	927,871,377
Termination	-	(296,754,439)	(165,299,546)	(40,877,729)	(52,164,121)	(555,095,835)
Amortization for the year	23,103,620	53,202,955	57,700,613	20,118,112	46,103,077	200,228,377
Translation adjustment	-	-	-	764,224	15,061,170	15,825,394
Balance at end of year	<u>93,389,809</u>	<u>64,675,729</u>	<u>7,661,727</u>	<u>375,826,078</u>	<u>47,275,970</u>	<u>588,829,313</u>
Carrying amount at December 31, 2024	<u><b>46,207,239</b></u>	<u><b>151,453,776</b></u>	<u><b>483,821,224</b></u>	<u><b>237,873,749</b></u>	<u><b>77,408,520</b></u>	<u><b>996,764,508</b></u>

In 2025, 2024 and 2023, additional onerous lease provisions are recognized and is presented as part of Provisions under General and Administrative Expenses account in the consolidated statements of comprehensive income (see Notes 17.1 and 20).

Provision for dilapidations amounting to P19.6 million and P9.1 million was capitalized as part of ROUA in 2025 and 2024, respectively (see Note 17.2).

In 2025 and 2024, certain leased asset classified under Vehicles, fittings and equipment was returned to the lessor prior to the expiration of the related lease term.

The amount of amortization is allocated as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Costs of goods sold	19, 23.2	<b>120,072,021</b>	100,896,464
Selling and distribution expenses	20	<b>42,288,501</b>	37,342,143
General and administrative expenses	20	<b>89,936,259</b>	61,989,770
		<b><u>252,296,781</u></b>	<u>200,228,377</u>

### 9.3 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31, 2025 and 2024 as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	<b>245,108,877</b>	232,830,824
Non-current	<b>761,904,255</b>	844,538,141
	<b><u>1,007,013,132</u></b>	<u>1,077,368,965</u>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
<b><u>December 31, 2025</u></b>							
Lease liabilities	289,319,143	218,999,537	176,715,680	122,381,771	108,265,941	248,676,983	1,164,359,055
Finance charges	<u>(44,210,266)</u>	<u>(34,200,073)</u>	<u>(25,742,408)</u>	<u>(19,260,526)</u>	<u>(14,219,665)</u>	<u>(19,712,985)</u>	<u>(157,345,923)</u>
Net present values	<b><u>245,108,877</u></b>	<b><u>184,799,464</u></b>	<b><u>150,973,272</u></b>	<b><u>103,121,245</u></b>	<b><u>94,046,276</u></b>	<b><u>228,963,998</u></b>	<b><u>1,007,013,132</u></b>
<b><u>December 31, 2024</u></b>							
Lease liabilities	276,532,366	200,095,583	176,653,168	153,079,863	110,580,573	349,627,196	1,266,568,749
Finance charges	<u>(43,701,542)</u>	<u>(35,250,229)</u>	<u>(32,244,089)</u>	<u>(25,076,290)</u>	<u>(19,216,632)</u>	<u>(33,711,002)</u>	<u>(189,199,784)</u>
Net present values	<b><u>232,830,824</u></b>	<b><u>164,845,354</u></b>	<b><u>144,409,079</u></b>	<b><u>128,003,573</u></b>	<b><u>91,363,941</u></b>	<b><u>315,916,194</u></b>	<b><u>1,077,368,965</u></b>

#### 9.4 *Lease Payments Not Recognized as Liabilities*

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases and low-value assets in 2025 and 2024 is allocated as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Costs of goods sold	19	<b>158,795,447</b>	282,293,374
Selling and distribution expenses	20	<b>17,608,364</b>	24,763,976
General and administrative expenses	20	<b>82,439,745</b>	68,815,233
		<u><b>258,843,556</b></u>	<u>375,872,583</u>

The future minimum rentals payable of the Group arising from short-term leases amounted to P111.8 million and P105.5 million as of December 31, 2025 and 2024, respectively.

#### 9.5 *Additional Profit or Loss and Cash Flow Information*

The total cash outflows in respect of lease liabilities amounted to P265.9 million, P161.9 million and P216.5 million in 2025, 2024 and 2023, respectively. Interest expense in relation to lease liabilities amounted to P110.8 million, P38.0 million and P43.1 million in 2025, 2024 and 2023, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

## 10. INTANGIBLE ASSETS

This account is composed of fully amortized trademarks with definite useful lives with cost amounting to P2.2 million as of December 31, 2025 and 2024, respectively, and trademarks and goodwill with indefinite useful lives with the following details:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Indefinite useful lives:			
Trademarks – net		<b>24,057,645,056</b>	21,453,858,552
Goodwill		<b>11,000,703,793</b>	10,238,954,154
	2.8	<u><b>35,058,348,849</b></u>	<u>31,692,812,706</u>

The Group's trademarks include those that were acquired by EDI from Consolidated Distillers of the Far East, Inc. ("Condis"), a related party owned by certain stockholders of AGI, to manufacture and sell distilled spirits, particularly brandy, under the brand names "Emperador Brandy" and "Generoso Brandy". The Group also has another trademark for its flavored alcoholic beverage under the brand name "The BaR". In 2013, the Group registered another trademark under the brand name "Emperador Deluxe", which was introduced during the same year. These trademarks are fully amortized as of December 31, 2025 and 2024.

EUK's purchase of WMG Group in 2014 [see Note 1.1(g), (i), (j)] included the acquisition of trademarks amounting to P4.5 billion and P5.5 billion for "Jura" and "The Dalmore" (collectively, "WMG brands"), respectively, and the recognition of goodwill amounting to P7.7 billion in the consolidated financial statements.

BFS's purchase of the Fundador Business Unit in 2016 [see Note 1.1(l)] in Jerez included the acquisition of four trademarks amounting to P6.7 billion, namely "Fundador Brandy", "Terry Centenario Brandy", "Tres Cepas Brandy", and "Harveys" sherry wine (collectively, "Fundador brands") and tangible assets (mostly inventories and property, plant and equipment) amounting to P6.6 million; and the recognition of goodwill amounting to P1.5 billion in the consolidated financial statements.

The goodwill recognized from the foregoing acquisitions reflects the opportunity 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 Fundador Business Unit, and the value attributable to their respective workforce. The trademarks acquired have indefinite useful lives; hence, no amortization was recognized for these brands for the periods presented. The goodwill recognized is not deductible for income tax purposes.

For purposes of determining the goodwill [see Note 2.3(a)], the Group determined the fair value of the identified net assets as of October 31, 2014 and February 29, 2016 for WMG and Fundador Business Unit, respectively, as presented below.

<i>(Amounts in PHP)</i>	<u>WMG</u>	<u>Fundador Business Unit</u>
Cash consideration	30,272,934,983	14,718,366,134
Identifiable assets:		
Tangible assets	21,723,648,592	6,592,734,082
Intangible assets	9,972,144,142	6,662,974,698
Liabilities	<u>(9,095,752,005)</u>	-
Total identifiable assets	<u>22,600,040,729</u>	<u>13,255,708,780</u>
Goodwill at transaction date	<u>7,672,894,254</u>	<u>1,462,657,354</u>

The asset acquisitions from the Domecq and Garvey Acquisitions in 2017 by DBLC and CBSP, respectively [see Note 1.1(o) and (p)], included various trademarks with indefinite useful lives amounting to P3.5 billion. The trademarks acquired by DBLC include certain brands of Mexican brandies: "Presidente", "Azteca de Oro", "Don Pedro" and two Spanish brandies (collectively, "Domecq brands") while trademarks acquired by CBSP include "Garvey Brandy" and well-known sherries including "Fino San Patricio" and two liquors (collectively, "Grupo Garvey brands"). The consideration paid and the purchase price allocated to identifiable assets based on their individual relative fair values, as translated at exchange rate at transaction dates, are presented in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Domecq Acquisition</u>	<u>Garvey Acquisition</u>
Tangible assets	1,702,112,882	1,554,825,243
Intangible assets	<u>3,123,564,000</u>	<u>332,598,228</u>
	4,825,676,882	1,887,423,471
Liabilities	<u>-</u>	<u>(34,361,071)</u>
	<b><u>4,825,676,882</u></b>	<b><u>1,853,062,400</u></b>

Casa Pedro Domecq's acquisition of Los Danzantes in 2025 [see Notes 1.1(p) and 1.2] included the recognition of three trademarks with an aggregate fair value of P239.3 million, namely "Los Danzantes," "Alipús," and "Encantado." These trademarks were assessed to have indefinite useful lives. As the consideration transferred approximated the fair value of the identifiable net assets acquired, no goodwill was recognized from the transaction.

The composition of the intangible assets with indefinite useful lives as of December 31, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Goodwill breakdown:		
WMG	<b>9,061,727,400</b>	8,523,243,800
GES	<b><u>1,938,976,393</u></b>	<u>1,715,710,354</u>
	<b><u>11,000,703,793</u></b>	<u>10,238,954,154</u>
Trademarks with indefinite useful lives:		
WMG brands	<b>11,350,562,158</b>	10,488,494,146
Fundador and other brands	<b>8,832,602,870</b>	7,815,561,063
Domecq brands	<b>3,495,459,333</b>	3,055,114,932
Grupo Garvey brands - net	<b>107,010,249</b>	94,688,411
Los Danzantes brands	<b><u>272,010,446</u></b>	<u>-</u>
	<b><u>24,057,645,056</u></b>	<u>21,453,858,552</u>
	<b><u>35,058,348,849</u></b>	<u>31,692,812,706</u>

A reconciliation of the carrying amounts of intangible assets with definite and indefinite useful lives at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
Balance at January 1, 2025	10,238,954,154	21,453,858,552	31,692,812,706
Translation adjustments	761,749,639	2,364,501,895	3,126,251,534
Addition at time of acquisition	<u>-</u>	<u>239,284,609</u>	<u>239,284,609</u>
Balance at December 31, 2025	<b><u>11,000,703,793</u></b>	<b><u>24,057,645,056</u></b>	<b><u>35,058,348,849</u></b>
Balance at January 1, 2024	9,859,886,210	21,125,928,781	30,985,814,991
Translation adjustments	<u>379,067,944</u>	<u>327,929,771</u>	<u>706,997,715</u>
Balance at December 31, 2024	<u>10,238,954,154</u>	<u>21,453,858,552</u>	<u>31,692,812,706</u>

The Group has fully amortized trademarks with definite useful lives as of December 31, 2025 and 2024. The Group recognized amortization expense from trademarks with definite useful lives amounting to P0.5 million in 2023 (nil in 2025 and 2024) (see Note 20). The “Emperador Deluxe”, “The BaR”, and “Emperador Brandy” and “Generoso Brandy” trademarks were fully amortized since 2023, 2018 and 2017, respectively.

The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated. An analysis of how the value-in-use of each of the cash generating units to which these assets were allocated is presented below (amounts in billions of pesos).

	2025				2024			
	Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets*	Value in Use	Terminal Growth Rate	Discount Rate
<b>Goodwill:</b>								
WMG	9.06	18.36	4.57%	7.98%	8.52	17.56	4.57%	7.98%
GES	1.94	18.38	3.40%	8.46%	1.72	15.51	3.40%	6.57%
<b>Trademarks with indefinite lives:</b>								
WMG brands	11.35	122.36	4.57%	7.98%	10.49	117.01	4.57%	7.98%
Fundador brands	8.83	10.71	1.60%	9.42%	7.82	20.82	3.40%	6.57%
Domecq brands	3.50	5.42	1.50%	4.80%	3.06	3.99	1.50%	4.50%
Grupo Garvey brands**	0.11	2.25	1.60%	6.50%	0.09	0.10	0.50%	7.65%
Los Danzantes brands	0.27	0.28	3.85%	16.57%	-	-	-	-

\* Amounts are translated at closing rates as of the end of the reporting periods in accordance with PAS 21.

\*\* Management believes that, after the impairment provided for Grupo Garvey brands in 2019, the value-in-use as of December 31, 2025 and 2024 approximates its carrying value.

The value-in-use of each group of cash generating unit was determined using cash flow projections for five years, and extrapolating cash flows beyond the projection period using a perpetual terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash generating units.

Management believes that both the goodwill and trademarks, except for certain trademarks identified above, are not impaired as of December 31, 2025 and 2024 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.

No trademarks have been pledged as security for liabilities.

## 11. OTHER ASSETS

### 11.1 Prepayments and Other Current Assets

This account is composed of the following:

(Amounts in PHP)	2025	2024
Prepaid taxes	1,884,262,936	2,079,544,002
Prepaid expenses	1,108,297,295	853,342,059
Deferred input VAT	73,489,822	76,935,282
Refundable security deposits	5,426,026	6,767,203
Others	105,379,942	152,582,410
	<u>3,176,856,021</u>	<u>3,169,170,956</u>

Prepaid taxes pertain to payments made by the Group for the creditable 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.

Management assessed the recoverability of the Group's prepaid taxes and determined that no impairment loss was necessary as of December 31, 2025 and 2024.

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

### 11.2 Other Non-current Assets

This account is composed of the following:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Refundable security deposits	23.2	<b>54,335,969</b>	45,885,833
Deferred input VAT		<b>4,673,348</b>	17,030,424
Advances to suppliers		<b>3,800,762</b>	76,327,239
Others		<b>21,340,483</b>	17,582,500
		<b><u>84,150,562</u></b>	<u>156,825,996</u>

In 2016, the Group purchased from one of its property lessors an outstanding mortgage debt on one of the Group's leased properties. The purchased mortgage asset entitled the Group to full security over the leased property and to the monthly interest payments from the property lessor. However, the Group remained as lessee over the property; hence, it was still required to make monthly lease payments to the property lessor until 2036. Following the adoption of PFRS 16, *Leases* in 2019, the Group recognized ROUA and lease liabilities from this leased property (see Notes 9.2 and 9.3).

Refundable security deposits were paid by the Group to various lessors for lease agreements covering certain office spaces, manufacturing facilities and storage tanks for raw materials.

## 12. INVESTMENT IN A JOINT VENTURE

On February 2, 2014, GES entered into an agreement with Gonzales Byass, S.A. ("Gonzalez"), for the joint control of BLC for 50% equity interest for each venturer. The 50% participation cost of P3.7 billion is based on the fair valuation of the assets. An amount withdrawn from this investment of P858.4 million was used by the Group as part of the 50% capitalization of DBLC in 2017.

BLC was incorporated on March 19, 2013. Its primary business consists of the planting and growing of wine grapes and the exploitation of vineyards, the production, ageing and preparation of wines and vinegars; the production of alcohol; the production, preparation and ageing of brandy, aguardientes, compounds, liquors and in general, all kinds of spirits.

As of December 31, 2025 and 2024, the carrying amount of the investment in a joint venture, which is accounted for under the equity method (see Note 2.3) in these consolidated financial statements, are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Acquisition costs	<u>2,845,367,065</u>	<u>2,845,367,065</u>
Accumulated share in net profit:		
Balance at beginning of year	795,039,243	659,025,708
Translation adjustment	478,772,193	58,406,055
Share in net profit for the year	<u>83,269,846</u>	<u>77,607,480</u>
Balance at end of year	<u>1,357,081,282</u>	<u>795,039,243</u>
	<u>4,202,448,347</u>	<u>3,640,406,308</u>

The share in net profit is recorded as Equity in net profit of joint venture in the Revenues and Other Income section of the consolidated statements of comprehensive income (see Note 18).

The summarized financial information of the joint venture as of December 31, 2025 and 2024 and for the years then ended are as follows (in thousands):

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	398,958	207,988
Trade and other receivables	<u>627,220</u>	<u>632,258</u>
Financial assets	<u>1,026,178</u>	<u>840,246</u>
Current assets	1,100,089	1,854,202
Non-current assets	<u>2,243,102</u>	<u>2,005,060</u>
Total assets	<u>3,343,191</u>	<u>3,859,262</u>
Current financial liabilities (excluding tax payables and provisions)	62,622	386,628
Non-current financial liabilities	<u>235</u>	<u>232</u>
Financial liabilities	<u>62,857</u>	<u>386,860</u>
Current liabilities	431,004	672,916
Non-current liabilities	<u>235</u>	<u>232</u>
Total liabilities	<u>431,239</u>	<u>673,148</u>
Revenues	<u>1,489,730</u>	<u>1,677,592</u>
Depreciation and amortization	<u>34,162</u>	<u>31,552</u>
Net profit for the year	<u>166,518</u>	<u>155,208</u>

A reconciliation of the above summarized financial information to the carrying amount of the investment in BLC is shown below (in thousands):

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Net assets of BLC	2,911,952	3,186,114
Proportion of ownership interest by the Group	<u>50.0%</u>	<u>50.0%</u>
Ownership share of the Group in net assets of BLC	1,455,976	1,593,057
Fair value and translation adjustments	<u>2,746,472</u>	<u>2,047,349</u>
	<u><b>4,202,448</b></u>	<u><b>3,640,406</b></u>

The Group has no commitments or other contingent liabilities with regard to this joint venture or has assessed that the probability of loss that may arise from contingent liabilities is remote.

### 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets classified as held for sale consisted of land and buildings called as “Complejo Bellavista” and “Cerro Viejo Vineyards” previously occupied by a business unit and classified under property, plant and equipment that the Group has discontinued use and, on December 27, 2020, management approved their sale through the signed letter of intent with a related party under common ownership. The letter of intent stated that the assets would be sold at a purchase price of €16.6 million (equivalent to P994.9 million), which was equivalent to the net book value of the property, at any time from the date of signature of the letter of intent until three years after COVID-19 pandemic had ended. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties was set until December 31, 2023. In 2023, the sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets were reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale, which was lower than the recoverable amount at the date of subsequent decision not to sell [see Note 3.1(f)].

The carrying value of these assets immediately prior to their classification as held for sale is lower than their fair value less cost to sell. Accordingly, the Group did not recognize any loss in connection with the reclassification of the assets as held for sale. There were also no revenues recognized in 2023 that were associated with the assets.

In 2023, the depreciation adjustment amounted to P56.1 million and is presented as part of General and Administrative Expenses account in the 2023 consolidated statement of comprehensive income (see Note 20).

#### 14. INTEREST-BEARING LOANS

The composition of the Group's outstanding foreign bank loans is shown below [see Note 2.5(b)(ii)].

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Current	<b>984,769,817</b>	679,108,834
Non-current	<b>40,994,332,847</b>	<u>32,753,446,587</u>
	<b><u>41,979,102,664</u></b>	<u>33,432,555,421</u>

The summarized terms and conditions of each availed loan as at December 31, 2025 and 2024 are as follows:

<u>Outstanding Balance</u>		<u>Explanatory</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Maturity</u>
2025	2024	Notes			Date
<b>20,681,384,724</b>	18,909,997,520	(a)	Margin of 0.825% plus EURIBOR	Unsecured	2028
<b>20,225,314,955</b>	13,506,215,085	(b)	0.8% over SONIA	Secured	2028
		(c)	Fixed at 1.6%; Margin of 0.8% and 1.5% plus EURIBOR	Unsecured	2027
<b><u>1,072,402,985</u></b>	<u>1,016,342,816</u>				
<b><u>41,979,102,664</u></b>	<u>33,432,555,421</u>				

- (a) In November 2023, EIL obtained a €310.0 million unsecured term loan from a syndicate of foreign financial institutions to pay the balance of its existing loan obtained in 2019. The loan was repayable in full 36 months from the date of first utilization, or extended up to 60 months from first utilization if at least one lender gives its consent. EIL may, with prior notice, voluntarily prepay the whole or any part of the loan. In 2025, EIL prepaid €10.0 million of the principal. The loan is guaranteed by EMI and EDI.

On December 19, 2025, EIL received and agreed to a mandate letter-underwritten (signifying firm and irrevocable commitment) for a €300.0 million syndicated sustainability-linked term loan facility with bullet repayment in full 36 months from first utilization, subject to an extension option of 60 months from first utilization. This mandated facility is intended to fully pay the present loan balance. Accordingly, the present loan is presented under Non-Current Liabilities in the 2025 consolidated statement of financial position (see Note 32).

In 2025 and 2023, EIL made principal payments amounting to P666.9 million and P1,200.8 million, respectively. There was no similar transaction in 2024.

- (b) WMG has an existing revolving asset-based-lending facility with a foreign bank up to March 2028, where it had drawn down P6.3 billion, P7.5 billion and P5.4 billion in 2025, 2024 and 2023, respectively. The loans are secured by way of floating charge against WMG's inventories. The interest and the principal can be paid anytime up to, or balloon payment at, maturity. In 2025, 2024, and 2023, WMG repaid loans amounting to P671.5 million, P146.0 million, and P2,238.0 million, respectively.

On April 4, 2025, the facility limit was increased from £125.0 million (with an accordion limit of £125.0 million) to £175.0 million (approximately P13.5 billion), which is extendable up to £300.0 million (approximately P23.1 billion). [It was further increased by an additional £50.0 million in January 2026.]

- (c) In 2017, DBLC assumed from BLC unsecured, interest-bearing and foreign-currency-denominated loans totalling P3.0 billion from certain financial institutions relating to Domecq Acquisition (see Note 10). In 2025, 2024 and 2023, DBLC obtained additional loans amounting to P565.5 million, P406.2 million and P464.5 million, respectively. In 2025, 2024 and 2023, DBLC paid portion of the loans amounting to P641.7 million, P900.8 million and P543.5 million, respectively.

In 2023, PAI fully paid a short-term unsecured interest-bearing revolving loan obtained from a local commercial bank at a total amount of P400.0 million for working capital purposes.

Interest expense on loans for 2025, 2024 and 2023 amounted to P1.7 billion, P1.6 billion and P1.3 billion, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the consolidated statements of comprehensive income.

Accrued interest payable as of December 31, 2025 and 2024 amounted to P179.0 million and P92.2 million, respectively, and presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

The Group complied with the financial and non-financial covenants on these loans and borrowings as of December 31, 2025 and 2024.

## 15. EQUITY-LINKED SECURITIES

On November 7, 2014, EMI, as the Issuer, entered into a subscription agreement with Arran Investment Private Limited (“Arran” or “the Holder”) for the issuance of 1.1 billion common shares at a total subscription price of P12.3 billion (see Note 24.1) and an ELS amounting to P5.3 billion (“Issue Price”). The shares and the ELS were issued on December 4, 2014 (“Issue Date”). The ELS may be converted into a fixed number of common shares (“Conversion Shares”).

The ELS bore fixed interest rate compounded annually, which the parties formally agreed to remove on June 15, 2017. The Accrued Interest Payable amounting to P832.3 million was applied as consideration for 122,391,176 common shares (“Accrued Interest Shares”) (see Note 24.1).

On December 23, 2019, the parties formally agreed to the following amendments:

- (a) The Holder was given the right to request conversion of:
- (i) P1,836,250,000 into 253,275,862 shares, which should come from the Parent Company’s treasury shares (“Tranche 1 Conversion Shares”) (“Tranche 1 Conversion”); and,
  - (ii) P3,443,750,000 into 475,000,000 shares (“Tranche 2 Shares”) (“Tranche 2 Conversion”).
- (b) The Holder was allowed to transfer the ELS to an affiliate of EMI.

On February 5, 2020, the Holder exercised its right to Tranche 1 Conversion. Pursuant to this conversion (see Note 24.2), the Group also reclassified a portion of the Conversion Options amounting to P47.7 million to APIC in 2020 (see Note 2.18).

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion. Pursuant to this, EMI derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion, which is presented as Deposit for Future Stock Subscription – Equity-linked Securities under the Equity section of the consolidated statements of financial position (see Note 2.18).

On August 12, 2025, EMI and the Holder have mutually agreed to further extend the Tranche 2 Conversion period to August 12, 2026. Upon the actual conversion, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

In 2025 and 2024, EMI and Arran formally agreed and clarified the continuation of Variable Interest on the Tranche 2 Shares effective until end of conversion period or the issuance of the Tranche 2 Shares, whichever comes earlier. This is being paid in an amount equal to the dividend rate applied to the number of Conversion Shares and at same time as when dividends were paid to stockholders, which amounted to P90.3 million, P114.0 million and P137.8 million, respectively, in 2025, 2024 and 2023, and presented as part of Cash Dividend Declared and Paid in the Equity section of the consolidated statements of financial position.

There were no collaterals on the ELS.

## 16. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows [see Note 2.5(b)(ii)]:

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
Trade payables	23.1	<b>10,516,821,024</b>	9,702,013,952
Accrued expenses	14, 23.2(b)	<b>7,192,818,930</b>	6,541,933,839
Output VAT payable		<b>605,296,933</b>	822,803,768
Others		<b>95,541,893</b>	90,943,498
		<b><u>18,410,478,780</u></b>	<u>17,157,695,057</u>

Trade payables arise mostly from purchases of raw materials such as alcohol, molasses, flavorings and other supplies.

Accrued expenses significantly include various accruals relating to interest on interest-bearing loans, marketing, operations, and other activities. The accrued interest is expected to be paid subsequently based on the scheduled interest payment date (see Note 14).

## 17. PROVISIONS

The breakdown of this account as of December 31, 2025 and 2024 is as follows:

<i>(Amounts in PHP)</i>	<b>Onerous Lease</b> <i>(see Note 17.1)</i>	<b>Dilapidations</b> <i>(see Note 17.2)</i>	<b>Total</b>
Balance at January 1, 2025	-	180,866,410	180,866,410
Additional provisions	30,303,936	19,642,592	49,946,528
Reversal of provisions	(18,224,334)	-	(18,224,334)
Utilized amounts	<u>(10,692,362)</u>	<u>(1,310,028)</u>	<u>(12,002,390)</u>
Balance at December 31, 2025	<u><b>1,387,240</b></u>	<u><b>199,198,974</b></u>	<u><b>200,586,214</b></u>
Balance at January 1, 2024	93,790,900	212,403,870	306,194,770
Reversal of provisions	(152,859,445)	(27,605,753)	(180,465,198)
Reclassification to lease liabilities	57,033,148	-	57,033,148
Additional provisions	36,707,116	9,103,036	45,810,152
Utilized amounts	<u>(34,671,719)</u>	<u>(13,034,743)</u>	<u>(47,706,462)</u>
Balance at December 31, 2024	<u>-</u>	<u>180,866,410</u>	<u>180,866,410</u>

### ***17.1 Provision for Onerous Lease***

WML has existing non-cancellable lease agreements on leasehold properties located in Glasgow and Edinburgh, Scotland, covering manufacturing plant facilities, buildings and parking spaces, which are vacant or subleased at a discount. The provisions take account of current market conditions, expected future vacant periods, expected future sublet benefits and are calculated by discounting expected net cash outflows on a pre-tax basis over the remaining period of the lease, which as of December 31, 2025 and 2024, is between one to four years and one to six years, respectively.

In 2024, the provision relating to the leasehold properties located in Edinburgh, Scotland was reversed upon surrendering one of its units to the lessor. Consequently, the Group reclassified against lease liabilities the future subtenant rent receivables under the onerous lease amounting to P57.0 million. There was no similar transaction in 2025 and 2023.

In 2025, 2024 and 2023, the Group recognized additional provision amounting to P30.3 million, P36.7 million and P34.2 million, respectively [see Note 3.2(j)]. The additional provision is presented as Provisions under General and Administrative Expenses account in the consolidated statements of comprehensive income since the related ROUA were fully impaired as of December 31, 2025 and 2024 (see Notes 9.2 and 20).

### ***17.2 Provision for Dilapidations***

WML is a party to lease agreements for properties located in Glasgow and Edinburgh, Scotland, which provide for tenant repairing clauses. The lease agreements require the Group to restore the leased properties to a specified condition at the end of the lease term in 2029. A provision was recognized for the present value of the costs to be incurred for the restoration of the leased properties. Additional provisions are capitalized as part of ROUA in 2025 and 2024 (see Note 9.2).

In 2024, the provision for dilapidations relating to the surrender of one of the units in the leasehold properties located in Edinburgh, Scotland was also reversed (see Note 17.1). There was no similar transaction in 2025 and 2023.

## 18. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Sale of goods and services	2.10	<b>56,207,787,720</b>	60,743,035,490	64,498,870,885
Others:				
Interest income	5	<b>358,082,544</b>	293,267,490	400,254,627
Equity in net profit of joint venture	12	<b>83,269,846</b>	77,607,480	111,644,188
Other income – net	6, 7, 9.1, 23.6	<b>393,664,106</b>	531,742,123	632,991,374
		<b>835,016,496</b>	902,617,093	1,144,890,189
		<b>57,042,804,216</b>	61,645,652,583	65,643,761,074

## 19. COSTS OF GOODS SOLD

The details of costs of goods sold for the years ended December 31, 2025, 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>	<u>2023</u>
Finished goods at beginning of year	8	<b>7,868,886,598</b>	9,081,462,012	7,144,431,089
Finished goods purchased	23.1	<b>3,416,518,491</b>	2,348,869,536	3,120,744,509
Costs of goods manufactured				
Raw and packaging materials at beginning of year	8	<b>5,795,561,301</b>	6,759,911,956	6,555,198,631
Net raw material purchases during the year	23.1	<b>36,330,351,521</b>	34,055,602,679	40,378,613,757
Raw and packaging materials at end of year		<b>(6,047,820,830)</b>	(5,795,561,301)	(6,759,911,956)
Raw materials used during the year		<b>36,078,091,992</b>	35,019,953,334	40,173,900,432
Work-in-process at beginning of year	8	<b>35,158,144,734</b>	30,562,603,015	25,603,632,966
Direct labor	21.1	<b>2,069,465,623</b>	1,966,970,268	1,908,522,779
Manufacturing overhead:				
Depreciation and amortization	9.1, 9.2, 23.2	<b>1,268,748,824</b>	1,143,716,062	1,048,457,265
Repairs and maintenance		<b>463,204,655</b>	425,077,380	523,610,200
Communication, light and water		<b>379,044,963</b>	360,759,744	386,091,428
Outside services	23.6	<b>303,034,848</b>	316,852,635	362,140,147
Fuel and lubricants		<b>278,170,223</b>	241,745,409	339,579,578
Labor	21.1	<b>195,278,091</b>	284,704,907	276,378,513
Taxes and licenses		<b>168,970,470</b>	591,212,673	534,473,819
Consumables and supplies		<b>162,196,623</b>	58,931,745	168,155,858
Rentals	9.4, 23.2	<b>158,795,447</b>	282,293,374	163,042,094
Transportation		<b>131,162,272</b>	187,910,012	53,386,002
Gasoline and oil		<b>82,079,444</b>	96,830,003	59,474,337
Commission		<b>81,583,796</b>	117,239,752	167,987,820
<i>Balance carried forward</i>		<b>76,977,972,005</b>	71,656,800,313	71,768,833,238

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
<i>Balance brought forward</i>		<b>76,977,972,005</b>	71,656,800,313	71,768,833,238
Insurance		<b>77,980,111</b>	89,912,171	62,275,991
Impairment losses	8	<b>60,540,307</b>	231,007,592	54,588,118
Waste disposal		<b>37,873,370</b>	37,256,419	41,064,647
Meals		<b>32,737,749</b>	109,256,496	45,270,003
Miscellaneous		<b>1,038,313,460</b>	1,431,472,311	753,025,721
Work-in-process at end of year	8	<b>(40,888,042,721)</b>	(35,158,144,734)	(30,562,603,015)
		<b>37,337,374,281</b>	38,397,560,568	42,162,454,703
Finished goods at end of year	8	<b>(9,045,017,339)</b>	(7,868,886,598)	(9,081,462,012)
		<b>39,577,762,031</b>	41,959,005,518	43,346,168,289

## 20. OTHER OPERATING EXPENSES

The details of other operating expenses are shown below.

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Advertising and promotions		<b>4,098,964,903</b>	4,569,185,306	3,984,658,903
Salaries and employee benefits	21.1	<b>2,594,135,706</b>	2,394,781,859	2,367,825,882
Travel and transportation		<b>635,879,406</b>	516,446,543	532,616,404
Professional fees and outside services		<b>558,882,301</b>	546,262,745	581,728,814
Depreciation and amortization	9.1, 9.2, 13, 23.2	<b>441,447,441</b>	421,205,526	405,468,543
Freight and handling		<b>319,749,434</b>	319,405,736	477,553,250
Taxes and licenses		<b>206,201,394</b>	122,098,132	60,907,959
Representation		<b>177,346,477</b>	167,278,490	224,433,322
Repairs and maintenance		<b>138,660,443</b>	80,496,656	130,757,757
Rentals	9.4, 23.2	<b>100,048,109</b>	93,579,209	58,187,729
Supplies		<b>65,181,588</b>	58,937,628	64,813,081
Impairment losses on financial assets	6	<b>53,204,642</b>	90,953,844	120,264,334
Other services		<b>52,183,750</b>	59,975,204	55,580,481
Fuel and oil		<b>51,414,908</b>	36,528,786	75,723,111
Communication, light and water		<b>48,441,872</b>	36,554,385	39,303,618
Insurance		<b>32,706,672</b>	25,195,101	51,624,349
Meals		<b>32,089,535</b>	13,830,105	23,833,707
Provisions	17.1	<b>30,303,936</b>	36,707,116	34,159,365
Amortization of trademarks	10	-	-	538,464
Others		<b>280,075,733</b>	261,935,360	490,536,474
		<b>9,916,918,250</b>	9,851,357,731	9,780,515,547

Others include royalty fees, subscription and association dues, postal services and other incidental expenses under the ordinary course of business.

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Selling and distribution expenses	<b>7,090,994,572</b>	7,151,983,463	6,758,279,313
General and administrative expenses	<b>2,825,923,678</b>	2,699,374,268	3,022,236,234
	<b><u>9,916,918,250</u></b>	<u>9,851,357,731</u>	<u>9,780,515,547</u>

## 21. EMPLOYEE BENEFITS

### *21.1 Salaries and Employee Benefits Expense*

The expenses recognized for salaries and employee benefits are summarized below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Salaries and wages		<b>4,565,770,009</b>	4,182,385,289	3,816,782,498
Post-employment defined contribution		<b>438,039,072</b>	387,774,759	326,760,138
Social security costs		<b>391,717,765</b>	328,965,201	280,627,234
Share options	21.2, 24.4	<b>59,468,964</b>	86,961,825	58,522,404
Post-employment defined benefit	21.3	<b>43,332,593</b>	38,039,933	31,610,481
Other short-term benefits		<b>144,231,000</b>	348,042,591	672,308,719
	19, 20	<b><u>5,642,559,403</u></b>	<u>5,372,169,598</u>	<u>5,186,611,474</u>

Other short-term benefits represent other employee benefits that were incurred during the reporting periods in which the employees render the related service.

The amount of salaries and employee benefits expense is allocated as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Costs of goods sold (inventoriable costs)	19	<b>2,264,743,714</b>	2,251,675,175	2,184,901,292
Selling and distribution expenses	20	<b>1,697,412,654</b>	1,408,851,630	1,304,831,928
General and administrative expenses	20	<b>896,723,052</b>	985,930,229	1,062,993,954
		<b>4,858,879,420</b>	4,646,457,034	4,552,727,174
Capitalized as part of work-in-process inventories	8	<b>783,679,983</b>	725,712,564	633,884,300
		<b><u>5,642,559,403</u></b>	<u>5,372,169,598</u>	<u>5,186,611,474</u>

In 2025, 2024 and 2023, salaries and wages, post-employment benefits and other short-term benefits totaling P783.7 million, P725.7 million and P633.9 million, respectively, were capitalized to form part of the work-in-process inventory (see Note 8). Such capitalized amount represents salaries and employee benefits of personnel directly involved in the production of whisky.

## 21.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the General and Administrative Expenses account in the consolidated statements of comprehensive income, amounted to P59.5 million, P87.0 million and P58.5 million in 2025, 2024 and 2023, respectively, while the corresponding cumulative credit to Share Options Outstanding account was presented under the Equity section of the consolidated statements of financial position (see Note 24.4).

## 21.3 Post-employment Defined Benefit Plan

### (a) Characteristics of the Defined Benefit Plan

Except for GES, which provides employee benefits through a defined contribution plan, the Group maintains a funded, tax-qualified, noncontributory retirement benefit plan which is being administered by a trustee bank that is legally separated from the Group.

The post-employment plan covers all regular full-time employees of EDI, AWGI, TEI, PAI and certain employees of WMG, and provides a retirement benefit ranging from 85% to 150% of plan salary for every year of credited service.

The normal retirement age is 60 with a minimum of five years of credited service. The plan provides for an early retirement at the age of 50 with a minimum of ten years of credited service and likewise a late retirement age that is not beyond 65, with a minimum of five years of credited service both subject to the approval of the Parent Company's BOD.

### (b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries.

The amounts of retirement benefit asset recognized in the consolidated statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Fair value of plan assets	<b>10,587,428,944</b>	9,920,237,274
Present value of the obligation	<b>(10,388,252,041)</b>	(9,480,044,847)
	<b><u>199,176,903</u></b>	<u>440,192,427</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>9,480,044,847</b>	10,134,533,425
Foreign exchange adjustment	<b>731,199,750</b>	416,853,000
Benefits paid	<b>(550,946,642)</b>	(510,896,922)
Interest expense	<b>520,869,022</b>	470,292,168
Current service costs	<b>43,332,593</b>	38,039,933
Remeasurements –		
Actuarial losses (gains) arising from:		
Experience adjustments	<b>260,032,792</b>	22,893,905
Changes in financial assumptions	<b>(154,888,613)</b>	(1,065,562,672)
Changes in demographic assumptions	<b>58,608,292</b>	(26,107,990)
Balance at end of year	<b><u>10,388,252,041</u></b>	<u>9,480,044,847</u>

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>9,920,237,274</b>	10,375,850,622
Benefits paid	<b>(550,518,073)</b>	(507,322,666)
Interest income	<b>543,287,155</b>	476,079,308
Foreign exchange adjustment	<b>808,788,000</b>	444,168,250
Loss on plan assets (excluding amounts included in net interest)	<b>(141,559,860)</b>	(878,310,956)
Contributions to the plan	<b>7,194,448</b>	9,772,716
Balance at end of year	<b><u>10,587,428,944</u></b>	<u>9,920,237,274</u>

The net effect of the foreign exchange adjustment in the present value of the retirement obligation and the fair value of plan assets amounted to P77.6 million in 2025 and P27.3 million in 2024.

The composition and the fair value of plan assets as at December 31, 2025 and 2024 by category and risk characteristics are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	<u>95,178,015</u>	<u>89,175,267</u>
Quoted equity securities	<b>4,559,487,994</b>	4,272,470,364
Diversified growth fund	<u>676,821,440</u>	<u>634,135,232</u>
	<u>5,236,309,434</u>	<u>4,906,605,596</u>
Debt securities:		
Corporate bonds	<b>2,062,190,325</b>	1,932,130,785
Liability driven instrument	<b>1,903,560,300</b>	1,783,505,340
Index-linked gilts	<u>782,574,790</u>	<u>733,218,862</u>
	<u>4,748,325,415</u>	<u>4,448,854,987</u>
Property	<u>507,616,080</u>	<u>475,601,424</u>
	<u>10,587,428,944</u>	<u>9,920,237,274</u>

Other than the fair value of property investment, which is classified as Level 3 in the fair value hierarchy, the fair values of the above quoted securities and instruments are determined based on quoted market prices in active markets; hence, classified as Level 1 in the fair value hierarchy.

Plan assets do not comprise any of the financial instruments of the Group or its related parties, or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income or loss in respect of the retirement benefit asset (obligation) are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>			
Current service costs	<b>43,332,593</b>	38,039,933	31,610,481
Net interest income	<u>(22,418,133)</u>	<u>(5,787,140)</u>	<u>(17,776,968)</u>
	<u>20,914,460</u>	<u>32,252,793</u>	<u>13,833,513</u>
<i>Reported in other comprehensive income or loss:</i>			
Return (loss) on plan assets (excluding amount included in net interest)	<b>(141,559,860)</b>	(878,310,956)	202,461,359
Actuarial gains (losses) arising from:			
Experience adjustments	<b>(260,032,793)</b>	(22,893,905)	(530,262,146)
Changes in financial assumptions	<b>154,888,613</b>	1,065,562,672	(287,757,680)
Changes in demographic assumptions	<u>(58,608,292)</u>	<u>26,107,990</u>	<u>328,060,840</u>
	<u>(305,312,332)</u>	<u>190,465,801</u>	<u>(287,497,627)</u>

The amounts of post-employment benefits expense recognized in profit or loss are presented as part of General and Administrative Expenses for current service costs and as part of either Interest Expense or Interest income under the Revenues and Other Income sections for net interest income of the consolidated statements of comprehensive income (see Note 18).

Amounts recognized in other comprehensive income or loss were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Discount rate	<b>6.40%-6.49%</b>	5.40%-6.09%	6.08%-6.12%
Expected rate of salary increase	<b>5.00%-7.00%</b>	3.30%-5.00%	4.00%-5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 21 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Benefit Obligation*

The Group is exposed to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Rate Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the retirement benefit obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt and equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of the end of the reporting periods:

	<b>Impact on Retirement Benefit Obligation</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b><u>December 31, 2025</u></b>			
Discount rate	+0.25%/-0.25%	(681,834,532)	762,411,441
Salary growth rate	+1.00%/-1.00%	226,595,130	(218,034,103)
<b><u>December 31, 2024</u></b>			
Discount rate	+0.25%/-0.25%	(652,460,721)	726,838,466
Salary growth rate	+1.00%/-1.00%	208,609,253	(200,734,409)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Group through its Management Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., quoted equity securities and corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as at December 31, 2025 and 2024 consists of quoted equity securities, corporate bonds and other instruments, although the Group also invests in funds.

The expected maturity of undiscounted expected benefits payments within 10 years is as follows:

	<u>2025</u>	<u>2024</u>
Within one year	<b>591,815,656</b>	436,571,774
More than one year but less than five years	<b>1,267,287,739</b>	1,174,547,424
More than five years but less than 10 years	<b>213,976,427</b>	171,429,750
	<b><u>2,073,079,822</u></b>	<b><u>1,782,548,948</u></b>

The weighted average duration of the retirement benefit obligation at the end of the reporting period is twelve years.

## 22. CURRENT AND DEFERRED TAXES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%, 25%, 19% and 17%	<b>570,301,046</b>	927,687,464	1,561,968,539
Final tax on interest income at 20% and 15%	<b>27,762,104</b>	25,343,556	35,352,149
Minimum corporate income tax (MCIT) at 2% and 1.5%	-	1,297,140	4,804,754
	<b>598,063,150</b>	954,328,160	1,602,125,442
Deferred tax expense –			
Relating to origination and reversal of other temporary differences	<b>922,014,889</b>	678,639,213	395,248,159
	<b>1,520,078,039</b>	1,632,967,373	1,997,373,601
<i>Reported in other comprehensive income or loss</i>			
Deferred tax expense (income):			
Relating to remeasurements of retirement benefit obligation	<b>(74,651,271)</b>	47,616,451	(71,874,407)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 25%	<b>1,381,335,631</b>	2,029,598,439	2,735,312,701
Adjustments in claiming optional standard deduction (OSD)	<b>(272,806,131)</b>	(112,539,992)	(315,071,759)
Adjustment for income subjected to different tax rates	<b>(6,970,158)</b>	(6,373,121)	(8,852,683)
Tax effects of:			
Non-taxable income	<b>(687,644,484)</b>	(1,198,392,058)	(461,817,030)
Non-deductible expenses	<b>1,038,702,922</b>	945,244,373	41,508,461
Equity in net income of joint venture	<b>(20,817,462)</b>	(19,404,370)	(27,911,047)
Accelerated capital allowances and other short-term temporary differences	<b>46,004,705</b>	(7,374,487)	32,202,903
Unrecognized deferred tax asset on net operating loss carry-over (NOLCO)	<b>42,273,016</b>	2,208,589	2,002,055
	<b><u>1,520,078,039</u></b>	<b><u>1,632,967,373</u></b>	<b><u>1,997,373,601</u></b>

EMI and its Philippine subsidiaries are subject to the higher of RCIT at 25% of net taxable income or MCIT at 2% in 2025 and 2024, and 1.5% in 2023 of gross income, as defined under the Philippine tax regulations.

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 deferred tax assets and liabilities as of December 31 relate to the following:

	<u>2025</u>	<u>2024</u>
Brand valuation*	<b>(4,741,719,015)</b>	(3,703,730,348)
Fair value adjustment*	<b>(735,438,674)</b>	(574,447,058)
Short-term temporary differences*	<b>(716,786,826)</b>	(449,843,404)
Lease liabilities	<b>532,139,217</b>	604,412,149
ROUA	<b>(499,678,315)</b>	(579,086,765)
NOLCO	<b>144,302,343</b>	88,227,067
Allowance for impairment	<b>75,257,907</b>	112,295,323
Retirement benefit asset*	<b>(49,794,226)</b>	(110,084,608)
Capitalized borrowing costs	<b>(33,642,671)</b>	(35,511,708)
Net deferred tax liabilities	<b><u>(6,025,360,260)</u></b>	<b><u>(4,647,769,352)</u></b>

*\*The amounts include foreign currency translation adjustments arising from foreign operating subsidiaries. These adjustments form part of the translation gain as presented under Other Comprehensive Income in the consolidated statements of comprehensive income.*

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

	<u>2025</u>	<u>2024</u>
Deferred tax liabilities – net	<b>(6,497,357,673)</b>	(5,037,395,096)
Deferred tax assets – net	<b>471,997,413</b>	389,625,744
	<b><u>(6,025,360,260)</u></b>	<b><u>(4,647,769,352)</u></b>

Movements in net deferred tax liabilities for the years ended December 31 are as follows:

	Consolidated Profit or Loss			Consolidated Other Comprehensive Income or Loss		
	2025	2024	2023	2025	2024	2023
	Brand valuation	<b>705,715,288</b>	639,931,312	539,537,547	-	-
Short-term temporary differences	<b>140,680,134</b>	77,095,950	29,137,631	-	-	-
Fair value adjustment	<b>109,456,152</b>	99,253,084	83,682,052	-	-	-
ROUA	<b>(79,408,450)</b>	(48,810,327)	558,200,007	-	-	-
Lease liabilities	<b>72,272,932</b>	35,065,623	(552,405,507)	-	-	-
NOLCO	<b>(58,508,685)</b>	(64,611,144)	(23,615,923)	-	-	-
Allowance for impairment (asset)	<b>37,037,416</b>	(59,555,105)	(30,066,084)	-	-	-
Retirement benefit obligation (asset)	<b>(3,360,861)</b>	2,138,857	(207,441,573)	<b>(74,651,271)</b>	47,616,451	(71,874,407)
Capitalized borrowing costs	<b>(1,869,037)</b>	(1,869,037)	(1,869,039)	-	-	-
Unamortized past service costs	-	-	89,048	-	-	-
Deferred tax expense (income)	<b>922,014,889</b>	678,639,213	395,248,159	<b>(74,651,271)</b>	47,616,451	(71,874,407)

In 2025, 2024 and 2023, the Group opted to claim itemized deductions in computing its income tax due, except for EDI and PAI, which opted to claim OSD during the same taxable years.

On December 20, 2021, the Organization for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) released the Model Pillar 2 Global Anti-Base Erosion (“GloBE”) rules (the “GloBE Rules”), introducing a global minimum tax rate of 15% for multinational enterprises (“MNEs”) with a turnover of at least €750.0 million. The Group is subject to the application of these rules for the year 2025. The Ultimate Parent Entity of the EMI Pillar 2 group is AGI, a company tax resident in the Philippines. As of December 31, 2025, the Pillar 2 rules have been implemented into the domestic legislation in four (the UK, Luxembourg, Spain and Singapore) of the 10 jurisdictions in which the Group operates or has Constituent Entities.

The potential impact of the tax in the jurisdictions in which the Pillar 2 group operates was assessed based on the most recent financial information available for the Constituent Entities in the group. Based on this assessment, no top-up tax is expected to be payable for the year ending December 31, 2025 (see Note 2.17).

The Group has applied the mandatory exception to recognizing and disclosing information about relevant deferred tax assets and liabilities related to Pillar 2 income taxes.

## 23. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate parent company, stockholder, officers and employees, and other related parties under common ownership as described below and in the succeeding pages.

The summary of the Group's transactions with its related parties in 2025, 2024 and 2023 and the related outstanding balances as of December 31, 2025 and 2024 are presented below.

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2025	2024	2023	2025	2024
<b>Ultimate Parent Company:</b>						
Dividends	24.3	2,376,512,514	3,001,910,544	3,627,308,574	-	-
Lease of properties:	23.2(a)					
Rentals paid		27,825,000	27,825,000	26,500,000	-	(14,886,375)
Right-of-use assets		21,289,632	23,103,620	23,428,730	-	46,207,239
Lease liabilities		2,786,039	4,445,179	2,467,060	(26,815,842)	(51,854,803)
<b>Related Parties Under Common Ownership:</b>						
Purchase of raw materials and services	23.1	728,197,165	1,066,682,699	1,059,246,855	(171,575,854)	(61,615,067)
Purchase of finished goods	23.1	387,670,587	528,991,408	501,709,679	(79,052,641)	(119,602,369)
Sale of goods	23.3	145,419,210	121,293,414	120,700,996	177,958,260	157,017,552
Lease of properties:	23.2(b,c,d&e)					
Rentals paid		149,623,286	113,866,180	99,982,087	(7,995,382)	(7,454,269)
Right-of-use assets		80,684,972	75,156,583	74,574,703	443,208,065	520,408,505
Lease liabilities		25,739,198	19,365,123	8,044,065	449,275,935	(573,721,313)
Refundable security deposits		772,644	1,434,480	1,937,585	10,625,397	9,852,753
Management services earned	23.6	34,334,511	33,639,250	32,654,283	-	-
<b>Stockholder –</b>						
Advances paid	23.5	-	-	3,070,715	-	-
<b>Officers and Employees:</b>						
Advances granted (collected)	23.4	5,598,071	(326,667,438)	(323,102,705)	38,521,769	32,923,698
Employee share option	24.4	59,468,964	86,961,825	58,522,404	-	-
<b>Key Management Personnel –</b>						
Compensation	23.7	301,154,924	268,387,925	293,226,301	-	-

The outstanding balances from the above transactions with related parties are unsecured, noninterest-bearing and payable or collectible on demand, unless otherwise stated. No impairment loss was recognized, and none is deemed necessary, in 2025, 2024 and 2023 for the related party receivables.

### 23.1 Purchase of Goods and Services

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, and finished goods from Great American Foods, Inc. ("GAFI"), a related party under common ownership and the manufacturer of Piknik (see Note 8). The Group also engages the services of Andresons Global, Inc. ("AGL"), a related party under common ownership, in the importation of raw materials such as alcohol, flavorings and other items, and finished goods. These transactions are generally being paid directly to the suppliers within 30 to 90 days.

The related unpaid purchases as of December 31, 2025 and 2024 are shown as part of Trade payables under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

### **23.2 Lease of Properties**

The Group recognized ROUA and lease liabilities from lease agreements in accordance with PFRS 16, *Leases*, 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 Costs of Goods Sold account (see Note 19) and as part of Interest Expense account in the 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 account and Lease Liabilities account, respectively, in the consolidated statements of financial position (see Note 9).

The lease contracts were entered at standard terms of the lessors.

#### *(a) AGI*

AWGI leases the glass manufacturing plant located in Laguna from AGI for a period of 10 years. The amount of rental is mutually agreed upon by the parties at the start of each year, as provided in their lease contract. In 2024, 2021 and 2020, AWGI and AGI agreed to amend the terms in the lease agreement by increasing the amount of annual rent. This is accounted for as a lease modification, which resulted in the remeasurement of ROUA and lease liabilities during the same year.

Amortization of ROUA amounted to P21.3 million, P23.1 million and P23.4 million in 2025, 2024 and 2023, respectively. Interest expense recognized from the lease liabilities amounted to P2.8 million in 2025, P4.4 million in 2024, P2.5 million in 2023.

AWGI paid P27.8 million both in 2025 and 2024, and P26.5 million in 2023 and the outstanding payable arising from this lease agreement is presented as part of Lease Liabilities in the consolidated statements of financial position (see Note 9.3).

#### *(b) Megaworld Corporation*

EDI, PAI and AWGI entered into lease contracts with Megaworld Corporation (“Megaworld”), a related party under common ownership, for their head office spaces for a period of five years, subject to 5% increase in annual rent. In 2024, the lease contracts of PAI were terminated while the lease contracts of EDI and AWGI were transferred to MREIT, Inc., a wholly owned subsidiary of Megaworld and a related party under common ownership [see Note 23.2(c)].

Amortization of ROUA amounting to P12.7 million in 2024 is presented as part of Depreciation and amortization under the Costs of Goods Sold account (see Note 19). Interest expense from the lease liabilities amounted to P0.4 million, and P3.8 million in 2024 and 2023, respectively.

The refundable security deposits paid to the lessors are shown as part of Other Non-current Assets account in the 2024 consolidated statement of financial position (see Note 11.2).

AWGI, PAI and EDI also lease the parking spaces, and World Finest leases the building space of Megaworld, which are considered as low value assets based on the provision of PFRS 16. The related rent expense amounting to P31.0 million, P30.3 million, and P16.3 million in 2025, 2024, and 2023, respectively, is presented as part of Rentals under the General and Administrative Expenses account in the consolidated statements of comprehensive income. The outstanding liability arising from this as of December 31, 2025 and 2024 is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statement of financial position (see Note 16).

(c) *MREIT, Inc.*

In relation to the lease contracts entered into by EDI and AWGI with Megaworld in Note 23.2(b), Megaworld transferred, assigned and conveyed the leased properties to MREIT, Inc., including all the former's rights, interest, and obligations under the lease contacts, and extending the lease term to 10 years ending in 2034.

Amortization of right-of-use assets amounted to P45.8 million and P27.6 million in 2025 and 2024, respectively, are presented as part of Depreciation and amortization under Costs of Goods Sold in the consolidated statements of comprehensive income (see Note 19). Interest expense recognized from the lease liabilities amounted to P20.5 million and P12.3 million in 2025 and 2024, respectively.

EDI and AWGI paid rentals of P56.1 million and P47.2 million in 2025 and 2024, respectively.

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

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its warehouse both for a period of four years. The lease contract is not subject to any escalation clause.

Amortization of ROUA amounted to P34.9 million in both 2025 and 2024, and P36.8 million in 2023, respectively. Interest expense from the lease liability amounted to P5.2 million, P6.7 million, and P4.2 million in 2025, 2024 and 2023, respectively.

EDI paid rentals of P38.2 million in 2025, P36.4 million in 2024 and P34.2 million in 2023.

(e) *Torre Espacio Castellana, S.A.U.*

GEG entered into a lease agreement with Torre Espacio Castellana, S.A.U., a related party under common ownership, covering office and parking spaces for a term ending in 2029. The lease includes an escalation clause based on the Consumer Price Index.

GEG recognized lease-related expenses amounting to P24.3 million in 2025, presented as part of Rentals within General and Administrative Expenses in the 2025 consolidated statement of comprehensive income. As of December 31, 2025, there were no outstanding liabilities in relation to this agreement.

### 23.3 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 consolidated statements of financial position (see Note 6).

### 23.4 Advances to Officers and Employees

In the normal course of business, the Group grants cash advances to certain officers and employees for business-related purposes (like COD purchases and company events), subject to liquidation when the intended purpose has been served; and advances relating to employee benefits (in accordance with its governing policies), subject to salary deductions. These advances are unsecured. The outstanding balance arising from these transactions is presented as Advances to officers and employees under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>32,923,698</b>	359,591,136
Payments	<b>(867,590,328)</b>	(906,186,801)
Additions	<b>873,188,399</b>	579,519,363
Balance at end of year	<b><u>38,521,769</u></b>	<u>32,923,698</u>

### 23.5 Advances from a Related Party

There was an unsecured, non-interest-bearing cash advance granted by a related party for working capital amounting to P3.1 million as of December 31, 2022. This outstanding balance was fully paid in 2023. There were no advances of this nature from thereon.

### 23.6 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 consolidated statements of comprehensive income (see Note 18). There was no outstanding receivable arising from this transaction as of December 31, 2025 and 2024.

### 23.7 Key Management Personnel Compensation

The compensation of key management personnel for employee services is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits	<b>231,564,457</b>	236,471,932	239,108,010
Share options	<b>46,990,302</b>	26,901,466	26,901,466
Post-employment defined benefits	<b>22,600,165</b>	5,014,527	27,216,825
	<b><u>301,154,924</u></b>	<u>268,387,925</u>	<u>293,226,301</u>

### 23.8 Retirement Plan

The Group's retirement funds for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2025 and 2024 are presented in Note 21.3. These plan assets do not include EMI Group's own financial instruments nor any financial instruments issued by its related parties. The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

## 24. EQUITY

### 24.1 Capital Stock

Capital stock in 2025 and 2024 consists of:

<i>(Amounts in PHP, except shares data)</i>	Note	2025		2024	
		Shares	Amount	Shares	Amount
Common shares – P1 par value					
Authorized – 20.0 billion shares					
Issued		16,242,391,176	16,242,391,176	16,242,391,176	16,242,391,176
Treasury shares:	24.2				
Balance at beginning of the year		(571,399,838)	(4,747,713,903)	(571,399,838)	(4,747,713,903)
Issuances during the year		2,200,000	15,930,640	-	-
Balance at end of the year		<u>(569,199,838)</u>	<u>(4,731,783,263)</u>	<u>(571,399,838)</u>	<u>(4,747,713,903)</u>
Issued and outstanding		<u>15,673,191,338</u>	<u>11,510,607,913</u>	<u>15,670,991,338</u>	<u>11,494,677,273</u>

The BOD of the PSE approved the listing of the common shares of the Parent Company on October 16, 2011.

On December 19, 2011, the Parent Company issued through initial public offering (“IPO”) an additional 22.0 million shares with an offer price of P4.5 per share. The Parent Company incurred P10.9 million IPO-related costs, P4.2 million of which was charged against APIC and the balance of P6.7 million was recognized as part of other operating expenses. Net proceeds from the IPO amounted to P90.8 million.

On December 27, 2012, the Parent Company issued an additional 6.0 million shares with an offer price of P5.5 per share through a private placement.

On June 19, August 27, and September 5, 2013, the Parent Company's BOD, stockholders, and SEC, respectively, approved the increase in authorized capital stock of EMI from P100.0 million divided into 100.0 million shares to P20.0 billion divided into 20.0 billion shares both with par value of P1.0 per share. On July 4, 2013, the Parent Company's BOD approved the issuance of 6.5 million shares at par value to two foreign investors. On August 28, 2013, AGI and other investors subscribed to an aggregate of 14.9 billion shares. Under the terms of AGI's subscription, the Parent Company acquired all of EDI shares held by AGI.

On September 17, 2013, AGI launched an offering of 1.8 billion EMI shares, which is approximately 12% of the total issued shares. The said offering was priced at P8.98 per share. On September 25, 2013, the settlement date, the amount of P11.2 billion out of the net proceeds was directly remitted to EMI as an additional subscription price from AGI under the terms of the amended agreement with AGI; such amount is recorded as APIC in EMI's books. Costs related to the issuances amounting to P176.3 million were deducted from APIC.

On September 25, 2013, AGI beneficially acquired EMI's two minority corporate stockholders, which held a combined 9.55% of the total issued shares. Thus, AGI beneficially owns 87.55% of EMI as of December 31, 2013.

On November 7, 2014, the Parent Company entered into a subscription agreement for the issuance of 1.1 billion common shares at an offer price of P11.0 per share through a private placement. The subscription price amounting to P12.3 billion was fully paid, and the shares were issued, on December 4, 2014 (see Note 15). This resulted to a decrease in AGI's ownership from 87.55% to 81.46% as of December 31, 2014. The excess of the subscription price over the par value amounting to P11.2 billion was added to APIC.

On November 28, 2017, the Parent Company issued 122.4 million common shares at P6.80 per share in consideration of the accrued interest on ELS amounting to P832.3 million (see Note 15). The excess of accrued interest over the par value amounting to P709.9 million was recorded as part of APIC.

On February 5, 2020, the Parent Company issued 253.3 million shares for Tranche 1 Conversion of the ELS (see Notes 15 and 24.2). Consequently, Conversion Options amounting to P47.7 million was transferred to APIC.

On December 3, 2021, Tranche 2 Conversion of the ELS amounting to P3,443.8 million was transferred into equity with the Tranche 2 Shares to be issued in 2026. Consequently, the ELS is reported as Deposit for Future Stock Subscription – Equity-Linked Securities under the Equity section of the consolidated statements of financial position (see Note 15).

On July 14, 2022, the Parent Company secondary listed its shares on the Main Board of the SGX-ST.

In 2025, the Parent Company reissued 2.2 million shares from treasury shares at a total treasury cost of P15.9 million in relation to the partial exercise of the same number of share options (see Notes 24.2 and 24.4).

As of December 31, 2025, and 2024 the quoted closing price per share at the PSE is P16.00 and P18.06, respectively, and there are 135 and 131 holders in 2025 and 2024, respectively, including nominee accounts, of the Parent Company's total issued and outstanding shares. The percentage shares of stock owned by the public is 20.46% and 20.10% as of December 31, 2025 and 2024, respectively.

## ***24.2 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 allotment was fully used up by the end of June 30, 2021.

The Parent Company had spent P6.1 billion, including trading charges, to purchase a total of 759.20 million shares under the buy-back program. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion pursuant to the exercise of its right to convert under ELS (see Note 15).

On November 6 and December 11, 2025, the Parent Company's BOD approved the utilization of up to 1,200,000 and 12,800,000 treasury shares, respectively, for the implementation of EMI's employee share option plan ("ESOP"). Accordingly, a total of 14,000,000 treasury shares were authorized for utilization under the ESOP. As of December 31, 2025, the BOD had authorized a total of 2,200,000 treasury shares sold to ESOP grantees who partially exercised their vested options (see Note 24.4).

As of December 31, 2025 and 2024, there were 503,719,938 shares costing P4.3 billion and 505,919,938 shares costing P4.3 billion, respectively, that were reported under Treasury Shares account in the consolidated statements of changes in equity. These repurchased shares do not form part of the outstanding shares.

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 cost of the shares to be purchased or acquired. Nevertheless, the Parent Company has sufficient retained earnings available for dividend distribution (see Note 24.3).

As of December 31, 2025 and 2024, there are 65,479,900 shares held by a subsidiary at a total cost of P0.5 billion that are also reported as part of Treasury Shares.

### ***24.3 Declaration of Dividends***

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

<u>Date of Declaration</u>	<u>Date of Stockholders' Record</u>	<u>Payable Date</u>	<u>Dividend per Share</u>	<u>Total</u>
January 15, 2025	January 31, 2025	February 18, 2025	P0.1900	P 2,989,929,535
April 1, 2024	May 2, 2024	May 24, 2024	0.2400	3,776,753,097
March 30, 2023	May 2, 2023	May 25, 2023	0.2900	4,563,567,659

The amount of the Parent Company's retained earnings available for dividend distribution is restricted by the cost of the treasury shares that the Parent Company hold (see Note 24.2).

There were no unpaid dividends as of December 31, 2025 and 2024 (see Note 32).

### ***24.4 Employee Share Option***

On November 7, 2014, the Parent Company's BOD approved an ESOP for qualified employees of the Group. The ESOP was adopted by the shareholders on December 15, 2014 ("Plan Adoption Date"). On August 17, 2021, the BOD approved certain amendments to the plan.

The options shall generally vest on the 60<sup>th</sup> birthday or the date of retirement of the option holder, whichever is later, provided that the option holder had continuously served as an employee for eleven years after the option offer date or three years from retirement date for option holder who has continuously served for at least 20 years before the option offer date, and may be exercised within five years from vesting date, subject to the terms and conditions of the amended ESOP. The exercise price shall be at most a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

On August 17, 2021, the BOD approved an Amended ESOP that further provided: If the option holder aged 50 years and above, the option shall vest whichever comes earlier of (i) after another 11 years of continuous service, or (ii) when he/she has continuous service of at least 20 years before the offer date, after three years from his/her retirement provided that his/her appointed protégé/disciple has remained as a key employee of the Group for three years from date of the holder's retirement.

On September 25, 2024, the BOD approved the extension of the Amended ESOP, to an additional period of three years, i.e. from December 15, 2024 to December 14, 2027, under the same terms and conditions.

Pursuant to this ESOP, on November 6, 2015, the Parent Company granted share options to certain key executives of EDI to subscribe to 118.0 million common shares of the Parent Company, at an exercise price of P7.00 per share.

On March 15, 2021 and August 25, 2021, share options were granted to certain qualified grantees to subscribe to 20.0 million and 55.0 million common shares of the Parent Company, at an exercise price of P10.10 and P10.65 per share, respectively.

On February 11, 2022, share options were granted to a qualified employee of EDI to subscribe to 5.0 million common shares of the Parent Company at an exercise price of P13.95 per share.

As of December 31, 2025, two grantees have partially exercised 2,200,000 shares out of their total vested share options. Correspondingly, the carrying value (i.e. the fair value at time of grant) of such share options amounting to P6.5 million was transferred to APIC in 2025.

As of December 31, 2025 and 2024, a total of 26.0 million shares and 16.0 million shares, respectively, had been cancelled due to resignations. Consequently, share options amounting to P14.5 million and P20.5 million were transferred to APIC in 2025 and 2024, respectively.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	11 - 22 years
Share price at grant date	P8.90 - P22.50
Exercise price at grant date	P7.00 - P13.95
Average fair value of option at grant date	P3.26 - P13.35
Average standard deviation of share price returns	11.49% - 16.42%
Average dividend yield	0.42% - 1.31%
Average risk-free investment rate	4.33% - 5.24%

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares over a period of one year.

Share option benefits expense, which is included as part of Salaries and employee benefits under the General and Administrative Expenses account, amounting to P59.5 million in 2025, P87.0 million in 2024, and P58.5 million in 2023 was recognized (see Note 21.2), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

#### ***24.5 Appropriation of Retained Earnings***

In 2021, the Group appropriated P1,200.0 million for the rehabilitation of furnace and other capital expenditures for the glass manufacturing plant.

On January 20, 2025, the Group reversed a portion of appropriated retained earnings amounting to P122.0 million. The remaining appropriation amounting to P1,078.0 million is extended up to December 31, 2027 to ensure the completion of the projects (see Note 32).

There are no additional appropriations in 2025, 2024 and 2023.

#### 24.6 Subsidiaries with Non-controlling Interest (“NCI”)

The composition of NCI account is as follows:

<i>(Amounts in PHP)</i>	Note	Percentage of Ownership of NCI	2025	2024
DBLC	1.1 (p)	50%	1,510,312,986	1,154,872,626
Boozylife	1.1 (d)	13%	<u>(26,940,165)</u>	<u>(23,868,273)</u>
			<u>1,483,372,821</u>	<u>1,131,004,353</u>

The summarized information of DBLC, which is considered to have a material non-controlling interest, before intragroup eliminations, is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Current assets	6,028,126,138	4,806,222,896
Non-current assets	<u>5,058,739,577</u>	<u>4,050,040,008</u>
Total assets	<u>11,086,865,715</u>	<u>8,856,262,904</u>
Financial assets	<u>3,301,073,807</u>	<u>2,546,094,556</u>
Current liabilities	5,014,098,205	3,842,885,816
Non-current liabilities	<u>1,339,725,072</u>	<u>1,117,970,126</u>
Total liabilities	<u>6,353,823,277</u>	<u>4,960,855,942</u>
Financial liabilities	<u>4,612,029,861</u>	<u>3,462,149,688</u>
Revenues	<u>4,911,172,794</u>	<u>4,827,295,920</u>
Profit for the period attributable to:		
Owners of Parent Company	150,308,334	162,009,660
NCI	<u>150,308,334</u>	<u>162,009,660</u>
Profit for the year	<u>300,616,668</u>	<u>324,019,320</u>
Other comprehensive income attributable to:		
Owners of Parent Company	43,226,938	29,066,903
NCI	<u>43,226,938</u>	<u>29,066,903</u>
Other comprehensive income for the year	<u>86,453,876</u>	<u>58,133,806</u>
Total comprehensive income for the year	<u>387,070,544</u>	<u>382,153,126</u>

Management has assessed that the non-controlling interest relating to Boozylife is not material to the Group. Accordingly, the disclosure of summarized financial information is not presented.

No dividends were paid to minority shareholders in 2025 and 2024.

## 25. EARNINGS PER SHARE

Basic earnings per share were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to owners of the parent company	<b>3,858,028,043</b>	6,322,070,571	8,705,726,613
Divided by the weighted average number of outstanding common shares	<b>15,671,216,543</b>	<u>15,670,991,338</u>	<u>15,670,991,338</u>
Basic earnings per share	<b><u>0.25</u></b>	<u>0.40</u>	<u>0.56</u>

Diluted earnings per share were computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Consolidated net profit attributable to owners of the parent company with dilutive effect	<b>3,858,028,043</b>	6,322,070,571	8,705,726,613
Divided by the weighted average number of outstanding common shares and potential dilutive shares	<b>16,316,016,543</b>	<u>16,327,991,338</u>	<u>16,327,991,338</u>
Diluted earnings per share	<b><u>0.24</u></b>	<u>0.39</u>	<u>0.53</u>

In computing for the diluted earnings per share, the Group considered in the weighted average number of issued and outstanding common shares the potential dilutive common shares relating to employee shares options and convertible ELS. The Group granted share options to qualified grantees totaling 118.0 million, 75.0 million and 5.0 million common shares of the Group in 2015, 2021 and 2022, respectively, out of which a total of 26.0 million shares and 16.0 million shares were cancelled as of December 31, 2025 and 2024, respectively, due to resignations (see Note 24.4).

In 2025, 2024 and 2023, the ELS instrument has 475.0 million shares that have not yet been issued (see Note 15).

## 26. COMMITMENTS AND CONTINGENCIES

Except for those provisions recognized (see Note 17) and commitments disclosed above in the consolidated financial statements, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

## 27. 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 pages.

### 27.1 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, Euros, U.K. pounds, and U.S. dollars, 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 U.S. dollars of EDI and foreign subsidiaries and Euros of foreign subsidiaries, since the other foreign currencies are not significant to the Group's consolidated financial statements. EDI has cash and cash equivalents in U.S. dollars as of December 31, 2025 and 2024 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in U.S. dollars. The foreign subsidiaries have cash and cash equivalents, receivables and payables in Euros. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are monitored.

U.S. dollars 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:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Financial assets	665,545,369	900,610,804
Financial liabilities	<u>(895,458,858)</u>	<u>(1,385,556,823)</u>
	<u>(229,913,489)</u>	<u>(484,946,019)</u>

The table below illustrates the sensitivity of the Group's consolidated profit before tax with respect to changes in Philippine pesos against U.S. 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.

<i>(Amounts in PHP)</i>	<b>Reasonably possible change in rate</b>	<b>Effect in Consolidated profit before tax</b>	<b>Effect in Consolidated equity</b>
2025	5.16%	(11,863,536)	(8,897,652)
2024	4.70%	(22,792,463)	(17,094,347)

Euro 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:

<i>(Amounts in PHP)</i>	<b>2025</b>	<b>2024</b>
Financial assets	152,181,266	249,644,950
Financial liabilities	<u>(21,846,697,479)</u>	<u>(19,972,574,551)</u>
	<u><b>(21,694,516,213)</b></u>	<u><b>(19,722,929,601)</b></u>

The table below illustrates the sensitivity of the Group's consolidated profit before tax with respect to changes in Philippine pesos against Euro 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.

<i>(Amounts in PHP)</i>	<b>Reasonably possible change in rate</b>	<b>Effect in Consolidated profit before tax</b>	<b>Effect in Consolidated equity</b>
2025	9.43%	(2,045,792,879)	(1,534,344,659)
2024	22.57%	(4,451,465,211)	(3,338,598,908)

U.K. pounds 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:

<i>(Amounts in PHP)</i>	<b>2025</b>	<b>2024</b>
Financial assets	375,628,907	314,852,956
Financial liabilities	<u>(20,239,764,077)</u>	<u>(13,518,227,486)</u>
	<u><b>(19,864,135,170)</b></u>	<u><b>(13,203,374,530)</b></u>

The table in the succeeding page illustrates the sensitivity of the Group's consolidated profit before tax with respect to changes in Philippine pesos against U.K. pound 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.

<i>(Amounts in PHP)</i>	<b>Reasonably possible change in rate</b>	<b>Effect in Consolidated profit before tax</b>	<b>Effect in Consolidated equity</b>
<b>2025</b>	<b>8.88%</b>	<b>(1,763,935,203)</b>	<b>(1,322,951,402)</b>
2024	7.19%	(949,517,906)	(712,138,429)

Exposures to foreign exchange rates vary during the year 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 December 31, 2025 and 2024, 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 repricing 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 are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on EURIBOR and SONIA (see Note 14). EURIBOR was at a negative rate or a zero rate for several years and it has entered positive territory towards the second quarter of 2022 due to inflation.

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 +/-0.51% in 2025 and +/-1.81% in 2024. 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 0.51% in 2025 and 1.81% in 2024, profit before tax would have decreased by P110.9 million and P342.3 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2025 and 2024 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 +/-0.91% in 2025 and +/-0.65% in 2024. 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 0.91% and 0.65% in 2025 and 2024, profit before tax would have decreased by P184.1 million and P87.8 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in 2025 and 2024 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 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.

For equity securities listed in the Philippines, an average volatility of 40% and 36% has been observed in 2025 and 2024, respectively. If quoted price for these securities increased or decreased by that amount, profit before tax and equity would have changed by P238.5 million and P178.9 million, respectively, in 2025, P195.7 million and P146.7 million, respectively, in 2024.

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 consolidated financial statements. The Group has recognized fair value losses in 2025, 2024 and 2023 (see Note 7).

## 27.2 *Credit Risk*

Credit risk is the risk that a 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.

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

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

<i>(Amounts in PHP)</i>	Notes	2025	2024
Cash and cash equivalents	5	<b>10,072,328,439</b>	9,739,188,511
Trade and other receivables – net	6	<b>18,708,237,821</b>	18,060,200,624
Refundable security deposits	11.1, 11.2	<b>59,761,995</b>	52,653,036
		<b><u>28,840,328,255</u></b>	<b><u>27,852,042,171</u></b>

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 P1.0 million for every depositor per banking institution.

(b) *Trade and Other Receivables, Property Mortgage Receivable, 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 ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets).

The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31 was determined based on months past due, as follows for trade receivables:

<i>(Amounts in PHP)</i>	<u>1 – 30 Days</u>	<u>31 – 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
<b>December 31, 2025</b>				
Expected loss rate	0%	0%	100%	
Gross carrying amount	14,901,276,781	3,645,903,420	368,211,226	18,915,391,427
Loss allowance	-	-	368,211,226	368,211,226
 December 31, 2024				
Expected loss rate	0%	0%	100%	
Gross carrying amount	13,955,489,099	3,935,724,662	379,801,045	18,271,014,806
Loss allowance	-	-	379,801,045	379,801,045
 December 31, 2023				
Expected loss rate	0%	0%	100%	
Gross carrying amount	10,985,197,790	2,762,196,028	297,589,023	14,044,982,841
Loss allowance	-	-	297,589,023	297,589,023

In general, the Group's financial assets are not covered with any collateral or credit enhancement. Accordingly, the Group manages credit risk by setting limits on the amount of risk in relation to a particular customer including requiring payment of any outstanding receivable before a new credit is extended. Such risk is monitored on a regular basis and subject to an annual or more frequent review. Approval for credit limits are secured from the credit manager.

For the advances to related parties and refundable security deposits, the lifetime ECL rate is assessed at 0%, as there were 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. With respect to property mortgage receivable, management assessed that these financial assets have low probability of default since the Parent Company is also a lessee over the same property and can apply such receivable against future lease payments.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activity and where the value of any assets that the Group may get from the customers is less than the outstanding contractual amounts of the financial assets to be written-off. In 2025 and 2024, certain trade and other receivables were written-off amounting to P73.2 million and P9.8 million, respectively (see Note 6).

### 27.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows 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, and 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 at December 31, 2025 based on contractual undiscounted payments is as follows:

<i>(Amounts in PHP)</i>	Current		Non-current	
	Within 6 months	6 to 12 Months	1 to 5 Years	More than 5 Years
Interest-bearing loans	1,261,842,989	1,257,903,910	43,232,037,710	-
Trade and other payables	17,788,640,586	-	-	-
Lease liabilities	149,407,180	148,112,777	749,979,129	173,632,092
Put option liability	-	-	248,391,682	-
	<b>19,199,890,755</b>	<b>1,406,016,687</b>	<b>44,230,408,521</b>	<b>173,632,092</b>

This compares to the maturity profile of the Group's financial liabilities as of December 31, 2024 as follows:

<i>(Amounts in PHP)</i>	Current		Non-current	
	Within 6 months	6 to 12 Months	1 to 5 Years	More than 5 Years
Interest-bearing loans	1,108,244,958	1,105,528,522	36,667,959,803	-
Trade and other payables	16,289,528,800	-	-	-
Lease liabilities	138,266,183	138,266,183	640,409,187	349,627,196
	<b>17,536,039,941</b>	<b>1,243,794,705</b>	<b>37,308,368,990</b>	<b>349,627,196</b>

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

## 28. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 28.1 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 consolidated statements of financial position are shown below.

(Amounts in PHP)	Notes	2025		2024	
		Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial assets:</b>					
Financial assets at amortized cost:					
Cash and cash equivalents	5	10,072,328,439	10,072,328,439	9,739,188,511	9,739,188,511
Trade and other receivables	6	18,708,237,821	18,708,237,821	18,060,200,624	18,060,200,624
Refundable security deposits	11.1, 11.2	59,761,995	59,761,995	52,653,036	52,653,036
		<u>28,840,328,255</u>	<u>28,840,328,255</u>	<u>27,852,042,171</u>	<u>27,852,042,171</u>
Financial assets at FVTPL	7.1	596,292,935	596,292,935	543,477,409	543,477,409
<b>Financial liabilities:</b>					
Financial liabilities at amortized cost:					
Interest-bearing loans	14	41,979,102,664	41,980,298,051	33,432,555,421	32,350,231,479
Trade and other payables	16	17,788,640,586	17,788,640,586	16,289,528,800	16,289,528,800
Lease liabilities	9.3	1,007,013,132	1,007,013,132	1,077,368,965	1,077,368,965
Put option liability		248,391,682	248,391,682	-	-
		<u>61,023,148,064</u>	<u>61,024,343,451</u>	<u>50,799,453,186</u>	<u>49,717,129,244</u>

See Note 2.5 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 27.

### 28.2 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 December 31, 2025 and 2024. 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.

## 29. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 29.1 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 Accounting Standards, 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.

## ***29.2 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 (see Note 7). These were presented as financial assets at FVTPL.

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 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.

## ***29.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed***

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

<i>(Amounts in PHP)</i>	2025			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Cash and cash equivalents	10,072,328,439	-	-	10,072,328,439
Trade and other receivables	-	-	18,708,237,821	18,708,237,821
Refundable security deposits	-	-	59,761,995	59,761,995
	<b>10,072,328,439</b>	<b>-</b>	<b>18,767,999,816</b>	<b>28,840,328,255</b>
<b>Financial liabilities:</b>				
Interest-bearing loans	-	-	41,980,298,051	41,980,298,051
Trade and other payables	-	-	17,788,640,586	17,788,640,586
Lease liabilities	-	-	1,007,013,132	1,007,013,132
Put option liability	-	-	248,391,682	248,391,682
	<b>-</b>	<b>-</b>	<b>61,024,343,451</b>	<b>61,024,343,451</b>
	2024			
<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Cash and cash equivalents	9,739,188,511	-	-	9,739,188,511
Trade and other receivables	-	-	18,060,200,624	18,060,200,624
Refundable security deposits	-	-	52,653,036	52,653,036
	<b>9,739,188,511</b>	<b>-</b>	<b>18,112,853,660</b>	<b>27,852,042,171</b>
<b>Financial liabilities:</b>				
Interest-bearing loans	-	-	32,350,231,479	32,350,231,479
Trade and other payables	-	-	16,289,528,800	16,289,528,800
Lease liabilities	-	-	1,077,368,965	1,077,368,965
	<b>-</b>	<b>-</b>	<b>49,717,129,244</b>	<b>49,717,129,244</b>

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.

### 30. 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 stockholders 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 consolidated statements of financial position. Capital at the end of each reporting period is summarized as follows:

<i>(Amounts in PHP)</i>	2025	2024
Total liabilities	<b>70,147,058,295</b>	59,000,392,978
Total equity	<b>108,128,058,857</b>	100,526,907,736
Liabilities-to-equity ratio	<b>0.65 : 1.00</b>	0.59 : 1.00

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 stockholders, issue new shares or sell assets to reduce debt.

## 31. SUPPLEMENTAL INFORMATION ON CASH FLOWS

### 31.1 Reconciliation of Liabilities from Financing Activities

The Group presents below the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

<i>(Amounts in PHP)</i>	<b>Accrued Interest Payable</b> <small>(see Notes 14 and 16)</small>	<b>Interest - bearing Loans</b> <small>(see Note 14)</small>	<b>Lease Liabilities</b> <small>(see Note 9.3)</small>	<b>Total</b>
Balance as of January 1, 2025	92,218,318	33,432,555,421	1,077,368,965	34,602,142,704
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	6,846,008,059	-	6,846,008,059
Repayment of loans	-	(1,980,055,780)	-	(1,980,055,780)
Repayment of lease liabilities	-	-	(265,870,206)	(265,870,206)
Payment of interest expense	(1,637,709,969)	-	(110,831,122)	(1,748,541,091)
Non-cash financing activities:				
Translation adjustment	-	3,680,594,964	21,685,958	3,702,280,922
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	184,155,711	184,155,711
Interest amortization on lease liabilities	-	-	110,831,122	110,831,122
Termination of lease	-	-	(10,327,296)	(10,327,296)
Accrual of interest	1,724,515,425	-	-	1,724,515,425
<b>Balance as of December 31, 2025</b>	<b>179,023,774</b>	<b>41,979,102,664</b>	<b>1,007,013,132</b>	<b>43,165,139,570</b>
Balance as of January 1, 2024	94,452,335	25,967,304,105	611,202,053	26,672,958,493
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	7,925,241,802	-	7,925,241,802
Repayment of loans	-	(1,046,806,584)	-	(1,046,806,584)
Repayment of lease liabilities	-	-	(161,902,224)	(161,902,224)
Payment of interest expense	(1,654,686,867)	-	(38,032,802)	(1,692,719,669)
Non-cash financing activities:				
Translation adjustment	-	586,816,098	58,285,759	645,101,857
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	642,302,062	642,302,062
Reclassification of onerous lease (see Note 17.1)	-	-	(57,033,148)	(57,033,148)
Interest amortization on lease liabilities	-	-	38,032,802	38,032,802
Termination of lease	-	-	(14,510,207)	(14,510,207)
Lease modification	-	-	(975,330)	(975,330)
Accrual of interest	1,652,452,850	-	-	1,652,452,850
Balance as of December 31, 2024	92,218,318	33,432,555,421	1,077,368,965	34,602,142,704
Balance as of January 1, 2023	22,041,965	23,801,187,435	594,378,028	24,417,607,428
Cash flows from financing activities:				
Proceeds from additional loans obtained	-	24,454,462,162	-	24,454,462,162
Repayment of loans	-	(23,111,368,380)	-	(23,111,368,380)
Repayment of lease liabilities	-	-	(216,495,315)	(216,495,315)
Payment of interest expense	(1,383,699,509)	-	(43,093,393)	(1,426,792,902)
Non-cash financing activities:				
Translation adjustment	-	823,022,888	(26,269,368)	796,753,520
Additions to lease liabilities in exchange for increased right-of-use assets	-	-	259,588,708	259,588,708
Interest amortization on lease liabilities	-	-	43,093,393	43,093,393
Accrual of interest	1,456,109,879	-	-	1,456,109,879
Balance as of December 31, 2023	94,452,335	25,967,304,105	611,202,053	26,672,958,493

### ***31.2 Supplemental Information on Non-cash Activities***

The following discusses the supplemental information on non-cash investing and non-cash financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023:

- Share option benefits expense amounting to P59.5 million in 2025, P87.0 million in 2024 and P58.5 million in 2023 was recognized with corresponding credits to Share Options account (see Notes 21.2 and 24.4).
- In 2025, 2024 and 2023, the Group recognized additional ROUA and lease liabilities amounting to P184.2 million, P642.3 million and P259.6 million, respectively.

In addition, the Group and its lessor have agreed for certain lease modifications pertaining to leased plant by increasing the monthly amount of rentals. Accordingly, the modification resulted in the remeasurement of both lease liabilities and right-of-use assets amounting to P1.0 million in 2024. There were no similar transactions in 2025 and 2023 (see Note 9.2).

- In 2025, the Group recognized put option liability amounting to P206.1 million which forms part of the consideration in the acquisition of Los Danzantes [see Notes 1.2 and 3.1(h)]. There was no similar transaction in 2024.
- In 2023, the scheduled sale of Non-current assets classified as held for sale did not materialize due to change in business plans in the use of the assets. Consequently, the related assets amounting to P994.9 million are reclassified back as part of Property, Plant and Equipment, and adjusted for the amount of depreciation expense that would have been recognized had the asset not been classified as held for sale (see Notes 9.1 and 13).

## **32. EVENTS OCCURRING AFTER THE END OF REPORTING PERIOD**

The significant events occurring after the end of reporting period are presented below.

- On January 6, 2026, the Parent Company's BOD approved the declaration of cash dividends of P0.1351 per share, aggregating to P2,126.3 million, out of the available retained earnings of the Parent Company as of December 31, 2025 payable on January 29, 2026 to stockholders of record as of January 20, 2026.
- In 2026, pursuant to the authority granted by the Parent Company's BOD to utilize 14,000,000 treasury shares for the implementation of its ESOP, the Parent Company executed several sale of treasury shares to ESOP grantees totaling 2,000,000 shares in January; 3,800,000 shares in February; 2,000,000 shares in March, and 500,000 shares in April. These transactions were undertaken in accordance with the parameters of the ESOP and the specific approval granted by the BOD.
- On March 25, 2026, the Group extended the appropriation of retained earnings for the remaining balance of P1,078.0 million until December 31, 2027 (see Note 24.5).
- On March 30, 2026, the new facility agreement was executed for the €300.0 million syndicated sustainability-linked term loan, as mandated and underwritten in December 2025. On April 27, 2026, a full draw-down was made to fully pay the existing loan (see Note 14(a)).



**Report of Independent Auditors  
to Accompany Supplementary  
Information Required by the  
Securities and Exchange Commission  
Filed Separately from the Basic  
Consolidated Financial Statements**

---

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders  
Emperador Inc. and Subsidiaries  
(A Subsidiary of Alliance Global Group, Inc.)**  
7<sup>th</sup> Floor, 1880 Eastwood Avenue  
Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue  
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Emperador Inc. and Subsidiaries (the Group) for the year ended December 31, 2025, on which we have rendered our report dated May 14, 2026. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and are not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information are the responsibility of the Group's management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

**By: Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 10770767, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 90741-SEC (until financial period 2025)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002511-019-2023 (until December 10, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-009 (until August 12, 2027)

May 14, 2026

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**List of Supplementary Information**  
**December 31, 2025**

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
<b>Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68</b>		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	5
<b>Other Required Information</b>		
H	Reconciliation of Retained Earnings Available for Dividend Declaration	
I	Map Showing the Relationship Between the Company and its Related Entities	
J	Aging Schedule of Trade and Other Receivables	
K	Financial Soundness Indicators	

**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule A - Financial Assets

December 31, 2025

*(Amounts in Philippine Pesos)*

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
FINANCIAL ASSETS AT AMORTIZED COST				
Cash and cash equivalents	P	10,072,328,439	P 10,072,328,439	P 358,082,544
Trade and other receivables - net		18,708,237,821	18,708,237,821	-
Refundable security deposits		59,761,995	59,761,995	-
<b>TOTAL</b>		<b>28,840,328,255</b>	<b>28,840,328,255</b>	<b>358,082,544</b>
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Marketable equity securities classified as held for trading		596,292,935	596,292,935	-
<b>GRAND TOTAL</b>	<b>P</b>	<b>29,436,621,190</b>	<b>P 29,436,621,190</b>	<b>P 358,082,544</b>

**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2025

*(Amounts in Philippine Pesos)*

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts paid (collected)	Amounts written off	Current	Non-current	

*Advances to Officers and Employees*

(under the "Trade and Other Receivables" account)

P	<u>32,923,698</u>	P	<u>873,188,399</u>	(	P	<u>867,590,328</u> )	P	<u>-</u>	P	<u>38,521,769</u>	P	<u>-</u>	P	<u>38,521,769</u>
---	-------------------	---	--------------------	---	---	----------------------	---	----------	---	-------------------	---	----------	---	-------------------

**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule C - Amounts of Receivable/Payable from/to Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2025

*(Amounts in Philippine Pesos)*

**TERMS & CONDITIONS:**

All receivables/payables are unsecured, noninterest-bearing, collectible/payable on demand, unimpaired and generally settled in cash.

Name and designation of debtor	Affected accounts	Balance at beginning of year	Additions	Deductions		Ending balance		Balance at the end of the period
				Amounts collected	Amounts written off	Current	Non current	
Emperador Distillers, Inc.	Trade and other payables	P 1,100,299,094	P -	( P 71,151,977)	P -	P 1,029,147,117	P -	P 1,029,147,117
Emperador Distillers, Inc.	Advances to suppliers	176,925,000	-	-	-	176,925,000	-	176,925,000
Emperador International, Ltd.	Trade and other receivables	923,374,094	P 12,736,194	-	-	936,110,288	-	936,110,288
Emperador Distillers, Inc.	Trade and other payables	25,365,675	157,035,805	( 25,365,675)	-	157,035,805	-	157,035,805
Whyte and Mackay Group Limited	Trade and other receivables	25,365,675	157,035,805	( 25,365,675)	-	157,035,805	-	157,035,805
Emperador Distillers, Inc.	Trade and other payables	1,082,810,065	1,855,379,879	( 1,082,810,065)	-	1,855,379,879	-	1,855,379,879
Bodegas Fundador S.L.U.	Trade and other receivables	1,082,810,065	1,855,379,879	( 1,082,810,065)	-	1,855,379,879	-	1,855,379,879
Emperador Distillers, Inc.	Trade and other payables	331,089,425	61,157,280	-	-	392,246,705	-	392,246,705
Anglo Watsons Glass, Inc.	Trade and other receivables	331,089,425	61,157,280	-	-	392,246,705	-	392,246,705
Alcazar De Bana Holdings Company, Inc.	Trade and other payables	1,285,082,923	360,000	( 1,285,082,923)	-	360,000	-	360,000
Emperador Distillers, Inc.	Trade and other receivables	1,285,082,923	360,000	( 1,285,082,923)	-	360,000	-	360,000
Emperador Distillers, Inc.	Trade and other payables	263,053,019	25,687,435	-	-	288,740,454	-	288,740,454
Tradewind Estates, Inc.	Trade and other receivables	263,053,019	25,687,435	-	-	288,740,454	-	288,740,454
Emperador Distillers, Inc.	Trade and other payables	1,044,522	1,607,018	-	-	2,651,540	-	2,651,540
Alcazar De Bana Holdings Company, Inc.	Trade and other receivables	1,044,522	1,607,018	-	-	2,651,540	-	2,651,540
Emperador Distillers, Inc.	Trade and other receivables	204,689,547	279,714,157	( 204,689,547)	-	279,714,157	-	279,714,157
Boozylife, Inc.	Trade and other payables	4,000,116	6,367,808	( 4,000,116)	-	6,367,808	-	6,367,808
Progreen Agricoorp, Inc.	Trade and other payables	3,208,976	4,466,880	( 3,208,976)	-	4,466,880	-	4,466,880
Anglo Watsons Glass, Inc.	Trade and other payables	463,781	23,591	( 463,781)	-	23,591	-	23,591
The World's Finest Liquor	Trade and other payables	197,016,674	268,855,878	( 197,016,674)	-	268,855,878	-	268,855,878
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
The Bar Beverage, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
Cocos Vodka Distillers Philippines, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	1,875,000	-	-	-	1,875,000	-	1,875,000
Zabana Rum Company, Inc.	Subscription receivable	1,875,000	-	-	-	1,875,000	-	1,875,000
Emperador Distillers, Inc.	Subscription payable	25,270	-	-	-	25,270	-	25,270
Alcazar De Bana Holdings, Inc.	Subscription receivable	25,270	-	-	-	25,270	-	25,270
Emperador Inc.	Trade and other payables	1,338,261,514	1,356,720,293	( 1,338,261,514)	-	1,356,720,293	-	1,356,720,293
Emperador International, Ltd.	Trade and other receivables	1,338,261,514	1,356,720,293	( 1,338,261,514)	-	1,356,720,293	-	1,356,720,293
Whyte and Mackay Group Limited	Trade and other payables	132,550,909	232,316,939	( 132,550,909)	-	232,316,939	-	232,316,939
Bodegas Fundador S.L.U.	Trade and other receivables	132,550,909	232,316,939	( 132,550,909)	-	232,316,939	-	232,316,939
Bodegas Fundador S.L.U.	Trade and other payables	83,381,257	30,693,949	( 83,381,257)	-	30,693,949	-	30,693,949
Whyte and Mackay Group Limited	Trade and other receivables	83,381,257	30,693,949	( 83,381,257)	-	30,693,949	-	30,693,949
Emperador International, Ltd.	Trade and other payables	-	1,787,520,000	-	-	1,787,520,000	-	1,787,520,000
Emperador Distillers, Inc.	Trade and other receivables	-	1,787,520,000	-	-	1,787,520,000	-	1,787,520,000
Emperador Distillers, Inc.	Trade and other payables	2,750,620,000.00	623,403,629.00	(2,750,620,000.00)	-	623,403,629.00	-	623,403,629.00
Emperador Inc.	Trade and other receivables	2,750,620,000.00	623,403,629.00	(2,750,620,000.00)	-	623,403,629.00	-	623,403,629.00

**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule D - Long-term Debt

December 31, 2025

*(Amounts in Philippine Pesos)*

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Interest-bearing loans	<u>P 41,979,102,664</u>	<u>P 984,769,817</u>	<u>P 40,994,332,847</u>

**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

SEC Released Revised SRC Rule 68

Annex 68-J

Schedule G - Capital Stock

December 31, 2025

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Capital stock - P1 par value	20,000,000,000	15,738,671,238	644,800,000	12,518,440,500	9	3,220,230,729

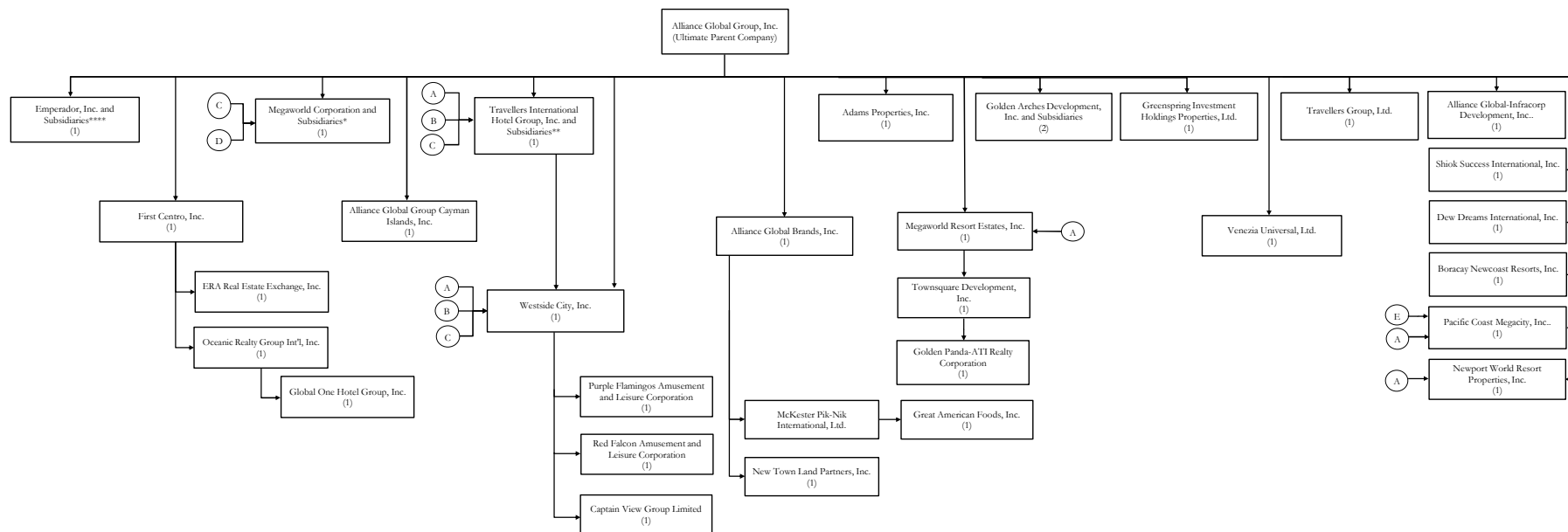
**EMPERADOR INC.**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark  
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

**Schedule H - Reconciliation of Retained Earnings Available for Dividend Declaration  
For the Year Ended December 31, 2025**

<b>Unappropriated Retained Earnings at Beginning of Year</b>	P	3,050,122,083
<b>Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earning Appropriation/s	P	-
Effect of restatements or prior-period adjustments		-
Others		-
<b>Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	(	3,080,179,535)
Retained Earnings appropriated during the reporting period		-
Effect of restatements or prior-period adjustments		-
Others	-	( 3,080,179,535)
<b>Unappropriated Retained Earnings at Beginning of Year, as adjusted</b>		(30,057,452)
<b>Add: Net Income for the Current Year</b>		2,283,818,999
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared		-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(	19,075,914)
Unrealized fair value gain of investment property		-
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS Accounting Standards		-
Sub-total	-	( 19,075,914)
<b>Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents		-
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL		-
Realized fair value gain of investment property		-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards		-
Sub-total	-	-
<b>Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL		-
Reversal of previously recorded fair value gain of investment property		-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards, previously recorded		-
Sub-total	-	-
<b>Adjusted Net Income</b>		<u>2,264,743,085</u>
<i>Balance carried forward</i>	P	<u>2,264,743,085</u>

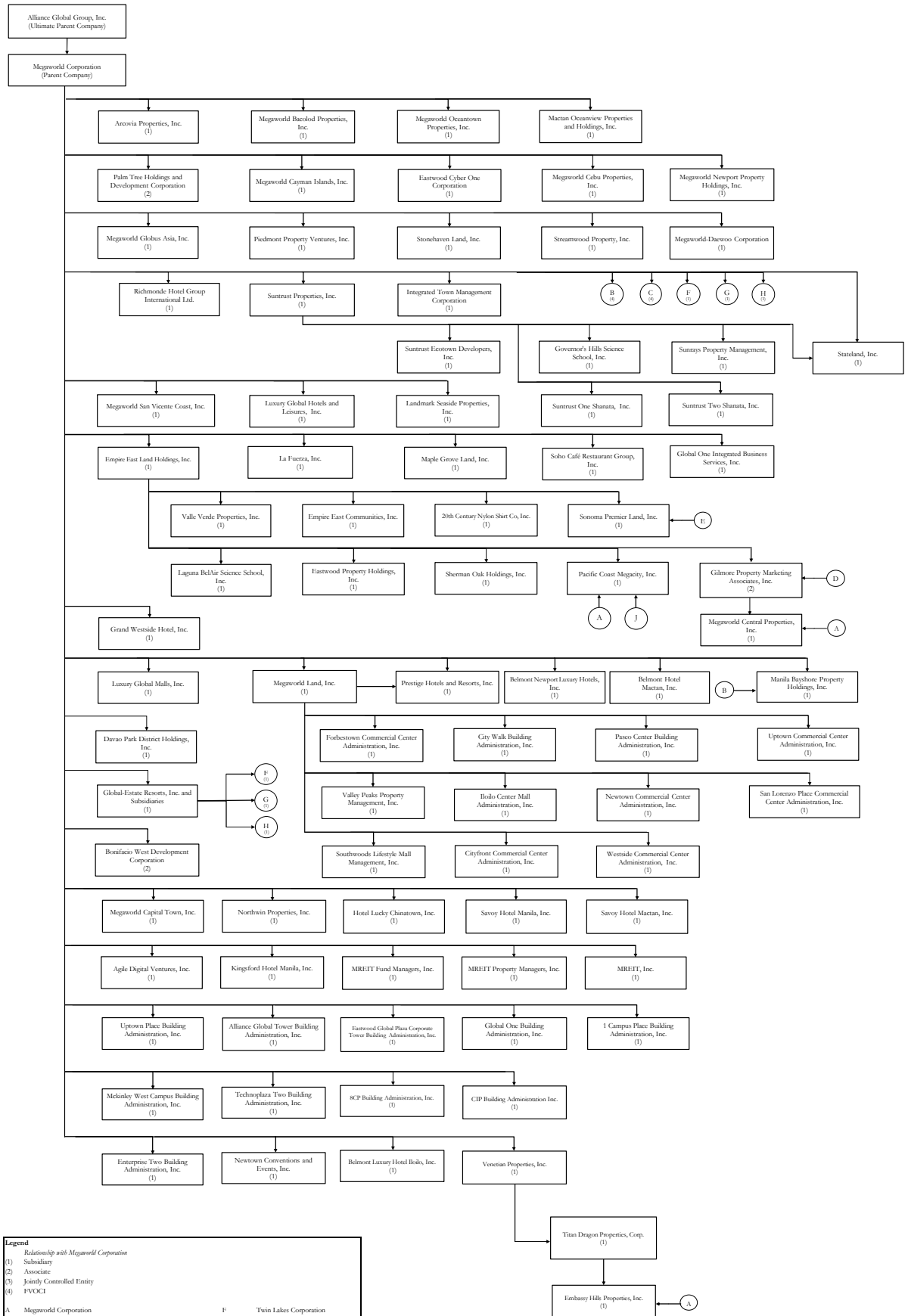
<i>Balance brought forward</i>		P <u>2,264,743,085</u>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>		
Depreciation on revaluation increment (after tax)	P -	
Sub-total	<u>-</u>	<u>-</u>
<b>Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP</b>		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	<u>-</u>	
Sub-total	<u>-</u>	<u>-</u>
<b>Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)	15,930,640	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS Accounting Standards/GAAP - gain (loss)	-	
Others	<u>-</u>	
Sub-total	<u>15,930,640</u>	<u>15,930,640</u>
<b>Unappropriated Retained Earnings Available for Dividend Distribution at End of Year</b>		<b>P <u>2,250,616,273</u></b>

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
**Map Showing the Relationship Between Alliance Global Group, Inc.**  
**and its Related Parties**  
**December 31, 2025**



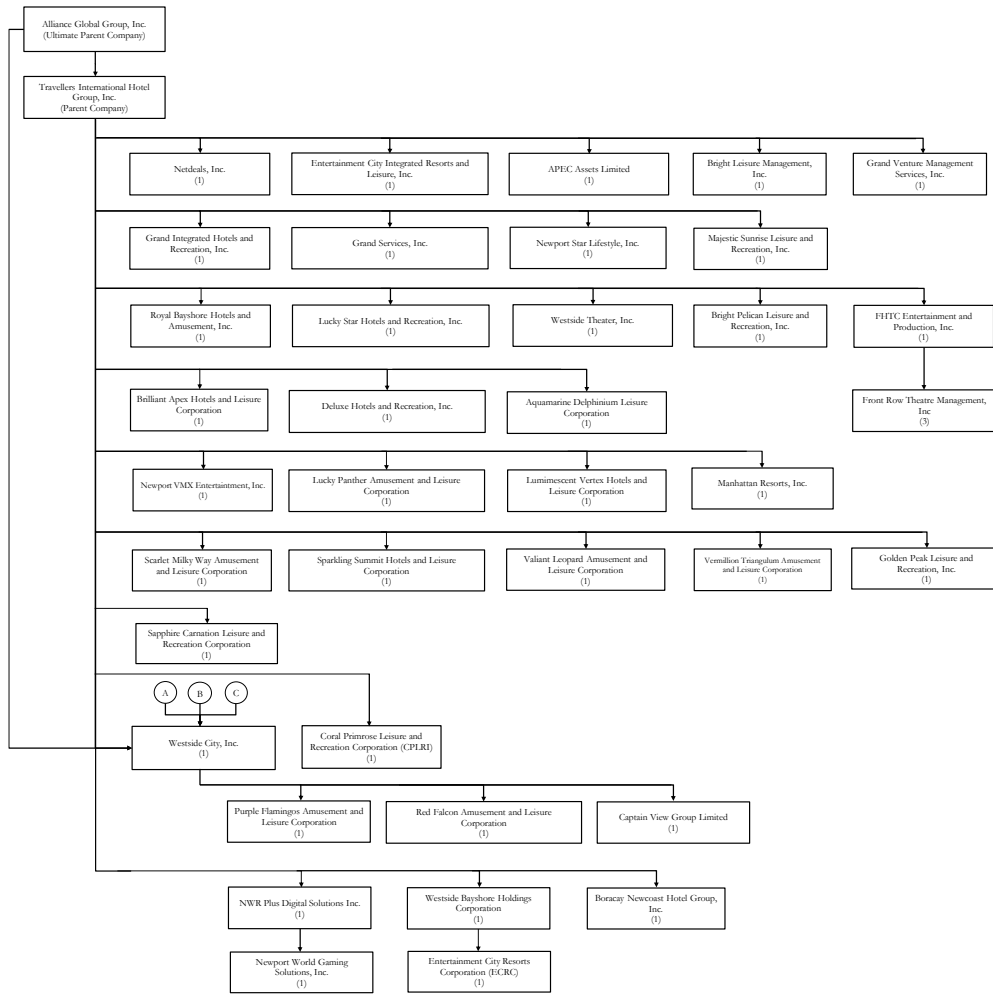
Legend	
(1) Subsidiary	A Megaworld Corporation
(2) Associate	B Adams Properties, Inc.
(3) Jointly Controlled Entity	C First Centro, Inc.
	D Newtown Land Partners, Inc.
	E Empire East Land Holdings, Inc.

**ALLIANCE GLOBAL GROUP INC. AND SUBSIDIARIES**  
 Schedule 1 - Map Showing the Relationship Between Alliance Global Group Inc.  
 and Megaworld Corporation Group  
 December 31, 2025



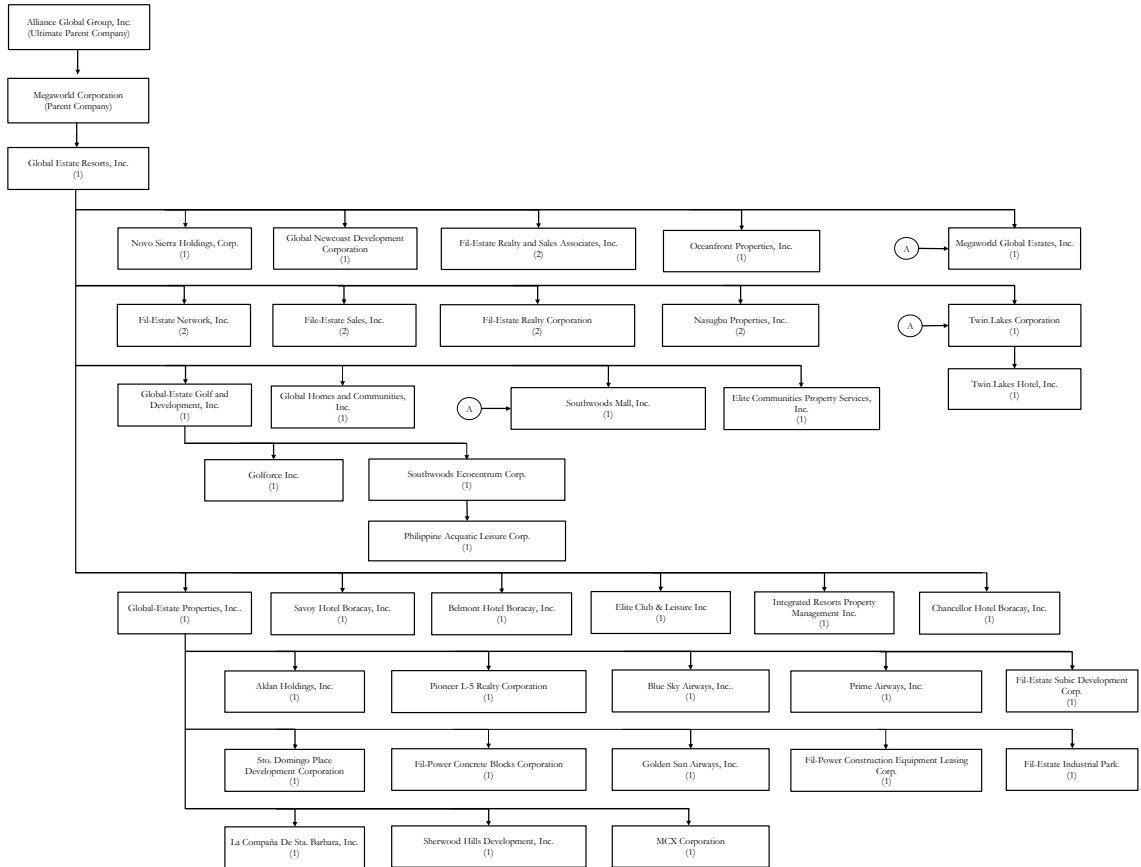
Legend	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Travelers International Hotel Group, Inc.
C	Westside City, Inc.
D	Townsquare Development, Inc.
E	Fine Centers, Inc.
F	Twin Lakes Corporation
G	Megaworld Global-Estate, Inc.
H	Southwoods Mall, Inc.
I	Empire East Land Holdings, Inc.
J	Alliance Global Group, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and Travellers Group  
 December 31, 2025



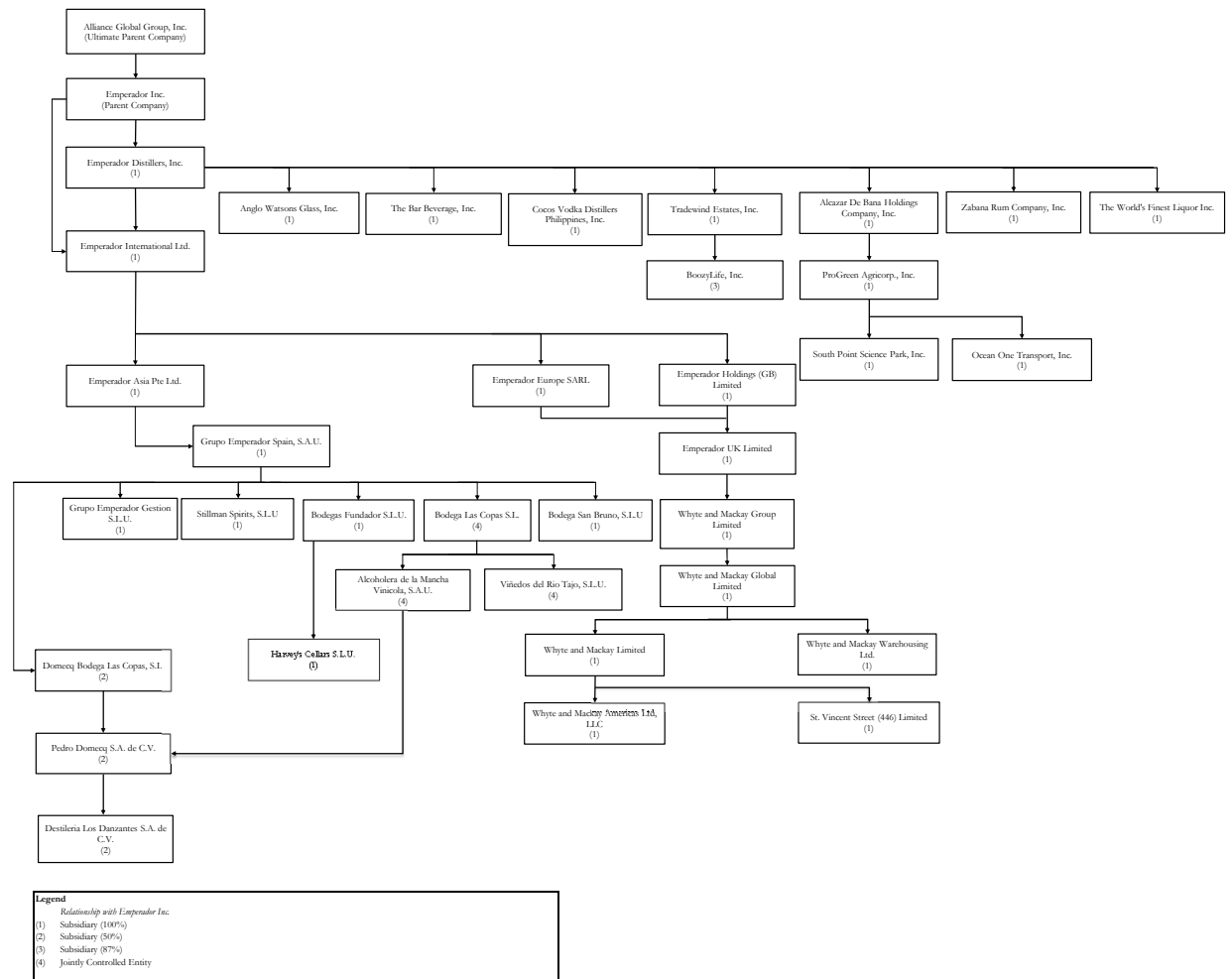
Legend	
Relationship with Travellers International Hotel Group, Inc.	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	Funt Centre, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Baysshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
J	Empire East Land Holdings, Inc.
K	Twin Lakes Corporation
L	Megaworld Global Estates, Inc.
M	Megaworld Central Properties, Inc.
N	Southwoods Mall, Inc.
O	Sonoma Premier Land, Inc.
P	Gilmore Property Marketing Associates, Inc.
Q	Emperador Inc.
R	Suntrust Home Developers, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between and  
 Among Megaworld and Global Estate Resorts Inc. Group  
 December 31, 2025



Legend	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travellex International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Southwoods Mall, Inc.
N	Sosoma Premier Land, Inc.
O	Gilmore Property Marketing Associates, Inc.
P	Emperador Inc.
Q	Suntrust Home Developers, Inc.

**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**  
 Map Showing the Relationship Between Alliance Global Group, Inc.  
 and Emperor Group  
 December 31, 2025



**EMPERADOR INC. AND SUBSIDIARIES**

*(A Subsidiary of Alliance Global Group, Inc.)*

Schedule J - Aging Schedule of Trade and Other Receivables

December 31, 2025

*(Amounts in Thousand Philippine Pesos)*

Trade Receivables

Current	P	14,901,277
1 to 30 days		1,412,207
31 to 60 days		1,651,376
Over 60 days		<u>582,320</u>
Total		18,547,180

Other receivables 2,263,663

**Balance at December 31, 2025** **P 20,810,843**

**EMPERADOR INC. AND SUBSIDIARIES**  
**(A Subsidiary of Alliance Global Group, Inc.)**  
**Schedule K - Supplemental Schedule of Financial Soundness Indicators**  
**December 31, 2025 and 2024**

<b>Ratio</b>	<b>Formula</b>	<b>2025</b>	<b>Formula</b>	<b>2024</b>
Current ratio	Total Current Assets divided by Total Current Liabilities  Total Current Assets 90,611,723,692 Divide by: Total Current Liabilities <u>21,444,485,624</u> Current ratio 4.23	<b>4.23</b>	Total Current Assets divided by Total Current Liabilities  Total Current Assets 82,300,907,102 Divide by: Total Current Liabilities <u>20,184,146,744</u> Current ratio 4.08	4.08
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities  Total Current Assets 90,611,723,692 Less: Inventories 55,955,403,462 Prepayments and Other Current Assets <u>3,176,856,021</u> Quick Assets 31,479,464,209 Divide by: Total Current Liabilities <u>21,444,485,624</u> Acid test ratio 1.47	<b>1.47</b>	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities  Total Current Assets 82,300,907,102 Less: Inventories 48,649,145,978 Prepayments and Other Current Assets <u>3,169,170,956</u> Quick Assets 30,482,590,168 Divide by: Total Current Liabilities <u>20,184,146,744</u> Acid test ratio 1.51	1.51
Solvency ratio	Earnings before interest, taxes, depreciation and amortization ("EBITDA") divided by Total Debt  EBITDA 9,096,860,117 Divide by: Total Debt <u>41,979,102,664</u> Solvency ratio 0.22	<b>0.22</b>	Earnings before interest, taxes, depreciation and amortization ("EBITDA") divided by Total Debt  EBITDA 11,393,966,513 Divide by: Total Debt <u>33,432,555,421</u> Solvency ratio 0.34	0.34
Debt-to-equity ratio	Total Debt divided by Total Equity  Total Debt 41,979,102,664 Divide by: Total Equity <u>108,128,058,857</u> Debt-to-equity ratio 0.39	<b>0.39</b>	Total Debt divided by Total Equity  Total Debt 33,432,555,421 Divide by: Total Equity <u>100,526,907,736</u> Debt-to-equity ratio 0.33	0.33
Assets-to-equity ratio	Total Assets divided by Total Equity  Total Assets 178,275,117,152 Divide by: Total Equity <u>108,128,058,857</u> Assets-to-equity ratio 1.65	<b>1.65</b>	Total Assets divided by Total Equity  Total Assets 159,527,300,714 Divide by: Total Equity <u>100,526,907,736</u> Assets-to-equity ratio 1.59	1.59
Interest rate coverage ratio	Earnings before interest and taxes ("EBIT") divided by Interest expense  EBIT 7,386,663,852 Divide by: Interest Expense <u>1,861,321,328</u> Interest rate coverage ratio 3.97	<b>3.97</b>	Earnings before interest and taxes ("EBIT") divided by Interest expense  EBIT 9,829,044,925 Divide by: Interest Expense <u>1,710,651,171</u> Interest rate coverage ratio 5.75	5.75
Interest rate coverage ratio	EBITDA divided by Interest expense  EBITDA 9,096,860,117 Divide by: Interest Expense <u>1,861,321,328</u> Interest rate coverage ratio 4.89	<b>4.89</b>	EBITDA divided by Interest expense  EBITDA 11,393,966,513 Divide by: Interest Expense <u>1,710,651,171</u> Interest rate coverage ratio 6.66	6.66

<b>Ratio</b>	<b>Formula</b>	<b>2025</b>	<b>Formula</b>	<b>2024</b>
Liabilities-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 70,147,058,295 <u>Divide by: Total Equity 108,128,058,857</u> Liabilities-to-equity ratio 0.65	<b>0.65</b>	Total Liabilities divided by Total Equity Total Liabilities 59,000,392,978 <u>Divide by: Total Equity 100,526,907,736</u> Liabilities-to-equity ratio 0.59	0.59
Return on equity	Net Profit divided by Total Equity Net Profit 4,005,264,485 <u>Divide by: Total Equity 108,128,058,857</u> Return on equity 0.04	<b>0.04</b>	Net Profit divided by Total Equity Net Profit 6,485,426,381 <u>Divide by: Total Equity 100,526,907,736</u> Return on equity 0.06	0.06
Return on assets	Net Profit divided by Average Total Assets Net Profit 4,005,264,485 Divide by: Average total <u>Assets 168,901,208,933</u> Return on assets 0.02	<b>0.02</b>	Net Profit divided by Average Total Assets Net Profit 6,485,426,381 Divide by: Average total <u>Assets 154,118,259,643</u> Return on assets 0.04	0.04
Net profit margin	Net Profit divided by Total Revenue Net Profit 4,005,264,485 Divide by: Total <u>Revenue 57,042,804,216</u> Net profit margin 0.07	<b>0.07</b>	Net Profit divided by Total Revenue Net Profit 6,485,426,381 Divide by: Total <u>Revenue 61,645,652,583</u> Net profit margin 0.11	0.11

**EMPERADOR INC. AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**Supplementary Schedule of External Auditor Fee-Related Information**  
**For the Years Ended December 31, 2025 and 2024**  
*(Amounts in Philippine Pesos)*

	2025	2024
<b>Total Audit Fees</b>	<b>P 31,498,781</b>	<b>P 29,560,072</b>
Non-audit service fees:		
Tax service	1,515,820	2,865,980
Other assurance service	692,360	1,219,100
<b>Total Non-Audit Fees</b>	<b>2,208,180</b>	<b>4,085,080</b>
<b>Total Audit and Non-audit Fees</b>	<b>P 33,706,961</b>	<b>P 33,645,152</b>

# 2025 Sustainability Report

SEC Form 17-A Annex A



EMPERADOR INC.



## Contents

<b>Contents</b>	<b>2</b>
Contextual Information	3
Sustainability Strategy	4
Materiality Process	5
<b>United Nations Sustainable Development Goals</b>	<b>8</b>
<b>ECONOMIC</b>	<b>15</b>
Economic Performance	15
Procurement Practices	18
Anti-Corruption	18
<b>ENVIRONMENT</b>	<b>20</b>
Resource Management	20
Energy Consumption of the Organization	20
Water and Effluents	22
Materials Used by the Organization	23
Environmental Impact	25
GHG Emissions	25
Solid and Hazardous Wastes	27
Environmental Compliance	28
<b>SOCIAL</b>	<b>30</b>
Employee Management	30
Employee Hiring & Benefits	30
Employee Training and Development	32
Labor-Management Relations	33
Diversity, Equal Opportunity, & Anti-Discrimination	34
Workplace Conditions, Labor Standards, and Human Rights	35
Occupational Health & Safety	35
Labor Standards & Human Rights	37
Supply Chain Management	38
Relationship with Community	39
Customer Management	41
Customer Satisfaction	41
Customer Health & Safety	41
Marketing and Labeling	42
Customer Privacy & Data Security	43

## Contextual Information

Name of Organization	<b>Emperador Inc. (EMI)</b>
Location of Headquarters	7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City
Location of Operations	<ul style="list-style-type: none"> <li>• <b>EMI, EDI, AWGI, Progreen, TWFLI</b> operate in the Philippines. EDI exports to 61+ countries via third-party distributors.</li> <li>• <b>GES</b> mainly operates in Spain, but Bodegas Fundador (BF) has distribution, agency, and importation deals extending to the USA, Canada, and beyond.</li> <li>• <b>WMG</b> operates major facilities in the UK and distributes to over 100 countries.</li> </ul>
Report Boundary* <i>Legal Entities (e.g. Subsidiaries) included in this Report</i>	<ul style="list-style-type: none"> <li>• Emperador Distillers Inc. (EDI) <ul style="list-style-type: none"> <li>◦ <i>Anglo Watsons Glass Inc. (AWGI)</i></li> <li>◦ <i>Progreen Agricorp Inc. (Progreen)</i></li> <li>◦ <i>The World's Finest Liquor, Inc. (TWFLI)</i></li> </ul> </li> <li>• Grupo Emperador Spain, S.A.U.(GES) <ul style="list-style-type: none"> <li>◦ <i>Bodegas Fundador, S.L.U. (BF or Bodegas Fundador)</i></li> <li>◦ <i>Domecq Bodega Las Copas, S.L. (Pedro Domecq)</i></li> </ul> </li> <li>• Whyte and Mackay Group Limited (WMG)</li> </ul>
Business Model, including Primary Activities, Brands, Products, and Services	<p><b>EMI</b> is a global spirits company listed on the <b>PSE</b> and <b>SGX-ST</b>, producing and distributing brandy, whisky, sherry, and other spirits through its subsidiaries.</p> <ul style="list-style-type: none"> <li>• <b>EDI</b> produces and distributes <i>Emperador, The Bar, Andy Player, Zabana, Smirnoff Mule, and So Nice</i>, while exclusively distributing <i>Ernest &amp; Julio Gallo wines and Pik-Nik</i> in the Philippines. <b>AWGI</b> manufactures glass containers, while <b>Progreen</b> produces bioethanol and extra-neutral alcohols. <b>TWFLI</b> focuses on retailing EMI products.</li> <li>• <b>GES</b> handles brandy, wine, and liqueur production, including <i>Fundador, Tres Cepas, Terry, Esplendido, Soto, and Harveys</i>. It also owns 50% of <b>Pedro Domecq</b>, which produces <i>Presidente, Don Pedro, and Azteca de Oro</i> in Mexico.</li> <li>• <b>WMG</b> produces single malt whiskies (<i>The Dalmore, Fettercairn, Jura, Tamnavulin</i>) and <i>Whyte &amp; Mackay Blended Whisky</i>, among others.</li> </ul> <p>With operations in the <b>Philippines, Spain, UK, and Mexico</b>, EMI continues to lead the global spirits industry, prioritizing quality, innovation, and sustainability.</p>
Reporting Period	January 1, 2025 - December 31, 2025
Highest Ranking Person responsible for this report	This report has been reviewed and approved by the Board of Directors of Emperador Inc.

\*BoozyLife, Inc. is not included in 2025 data.

## Sustainability Strategy

For EMI, sustainability is a vital aim and it ensures that sustainability principles and practices are integrated across its value chain. Grounded on the 17 Sustainable Development Goals of the United Nations and the framework of parent company AGI, labelled SustainAGIility, EMI aligns its operations and initiatives in three key areas: People, Planet, and Prosperity. Each pillar sets specific directions wherein the company can deliver meaningful and productive results beyond profit. This approach sustains EMI's aspirations and fuels its operations to make a difference on the environment it works within, the communities it reaches, and the economy it contributes to.

### Emperador Sustainability Statement

*"Our purpose is to participate in and enrich the celebration of life's special occasions. At the same time, we make viable efforts at contributing to the protection of the environment, deepening social interactions, and improving prudence in governance."*

### Strengthening Sustainability Through Alignment

Aligned with its parent company's strategy, EMI regards sustainability as a core element to their success. While keeping its foothold as a global leader in distilled spirits, the Company also upholds a strong commitment to integrating sustainability and environmental stewardship across its entire value chain.



EMI applies this commitment across its subsidiaries, from utilizing technologies that reduce emissions and conserve resources to empowering their workforce and communities. Through corporate social responsibility (CSR) programs and environmental, social, and governance (ESG)-driven initiatives, EMI strives to deliver positive impacts on people, the planet, and the economy.

EMI's sustainability strategy is driven by AGI's SustainAGIility framework, the overarching sustainability theme across AGI's subsidiaries. SustainAGIility guides AGI's resolve to give greater attention to the needs of the planet and people aside from profit goals. Through this

framework, EMI consciously builds, implements, and sustains efforts to achieve carbon neutrality, nurture thriving communities, and enable meaningful growth.

### **Pillar 1: People**

At EMI, people are an important aspect in every stage of growth. The Company demonstrates value for its workforce by providing competitive benefits, training programs, and comprehensive policies. It also prioritizes customers' health and privacy while promoting responsible drinking. It actively drives positive change in communities through corporate social responsibility initiatives.

- **Employee Wellness & Empowerment**
- **Community Transformation**
- **Customer Care**

### **Pillar 2: Planet**

For EMI, sustainable and long-term growth entails proper stewardship of the environment. The Company aims for the reduction of carbon footprint and the conservation of natural resources in its operations by employing environment-friendly processes and technologies across its distilleries, vineyards, and production facilities worldwide. These include replacing traditional machinery with more advanced equipment, transitioning from traditional to renewable energy sources, and preferring natural processes over chemically-involved ones.

- **Carbon Neutrality**
- **Resource Efficiency**

### **Pillar 3: Prosperity**

Through innovation and responsible business practices, EMI pursues long-term stability and sustainability. While allocating substantial effort towards expanding market presence and adopting digital solutions, the Company also fully embraces transparent corporate governance and ethical business operations.

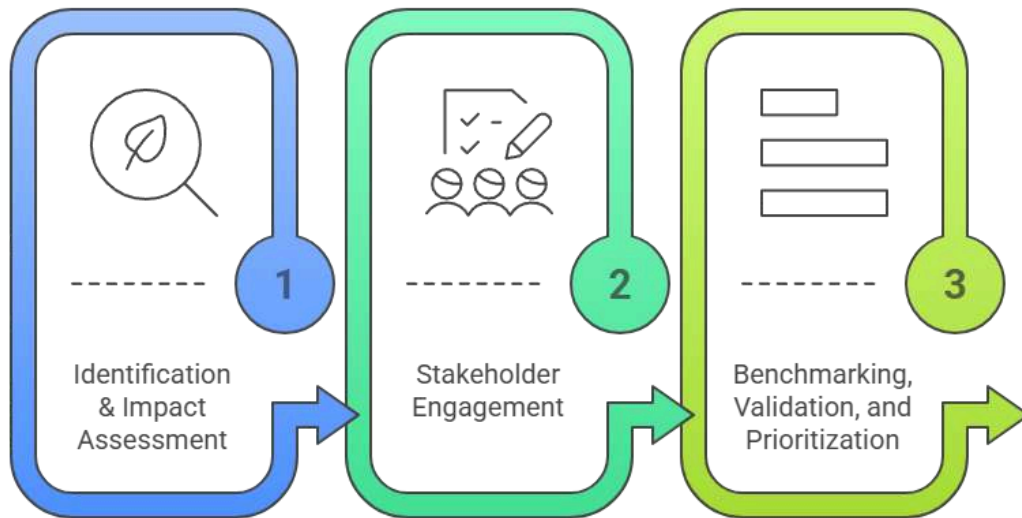
- **Impact Growth**
- **Good Governance**

## **Materiality Process**

EMI conducts regular materiality assessments to identify sustainability matters that are most relevant to its business and stakeholders. The process prioritizes economic, environmental, and social topics that influence long-term value creation, operational resilience, and stakeholder confidence.

The assessment aligns sustainability priorities with business objectives and is used to inform management focus, resource allocation, and disclosures. EMI's approach is guided by globally recognized frameworks, including the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) standards for the alcoholic beverage industry, supporting consistency and comparability.

Key steps in the process included:



- **Topic Identification & Impact Assessment:** EMI identifies sustainability topics that may affect its business, the economy, the environment, and society. Each topic is assessed based on the significance of EMI's actual and potential impacts, including associated risks and positive outcomes.
- **Stakeholder Engagement:** Input from key stakeholder groups is gathered through multiple engagement channels and incorporated into the assessment. This process helps ensure that the identified topics reflect both stakeholder priorities and business relevance.
- **Benchmarking, Validation, and Prioritization:** Identified topics are benchmarked against industry standards and relevant peer practices, and reviewed by the Green Council and senior management. The validated topics are then prioritized through a materiality matrix based on their relative impact on the business and their importance to stakeholders.

### Unified Impact: An ESG Blueprint

EMI's sustainability approach is designed to deliver integrated outcomes across environmental, social, and economic priorities. Rather than addressing ESG topics in isolation, the Company applies a coordinated framework that aligns governance, operations, and performance across its People, Planet, and Prosperity pillars.






This unified approach allows EMI to manage its material sustainability topics consistently across business units and geographies, while ensuring that actions taken in one area reinforce progress in others. Environmental initiatives are implemented alongside employee well-being, responsible business practices, and economic contributions, supporting balanced and sustainable value creation.







The ESG Blueprint provides a structured view of how EMI translates its sustainability strategy into action, from policy setting and risk management to operational programs and performance monitoring. While the Company's material topics remain unchanged, this framework reinforces alignment, accountability, and execution across the organization.


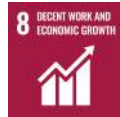





PEOPLE	PLANET	PROSPERITY
<p><b>Employee Wellness and Empowerment</b></p> <ul style="list-style-type: none"> <li>• Employment and Benefits</li> <li>• Employee Diversity, Training and Development</li> <li>• Employee Health and Safety</li> <li>• Labor Management Relations</li> <li>• Human Rights Assessment</li> <li>• Security Practices</li> </ul> <p><b>Customer Care</b></p> <ul style="list-style-type: none"> <li>• Responsible Drinking and Marketing</li> <li>• Customer Management</li> <li>• Data Privacy and Security</li> </ul> <p><b>Community Transformation</b></p> <ul style="list-style-type: none"> <li>• Community Impact</li> </ul>	<p><b>Carbon Neutrality</b></p> <ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• Ecological Impact</li> </ul> <p><b>Resource Efficiency</b></p> <ul style="list-style-type: none"> <li>• Waste Management</li> <li>• Energy Use and Efficiency</li> <li>• Water and Wastewater Management</li> <li>• Materials Management</li> </ul>	<p><b>Impactful Growth</b></p> <ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Market Presence</li> </ul> <p><b>Good Governance</b></p> <ul style="list-style-type: none"> <li>• Enterprise Risk Management</li> <li>• Business Ethics and Integrity</li> <li>• Supply Chain Environmental and Social Management</li> <li>• Regulatory Compliance</li> </ul>
		

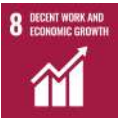

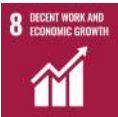



## United Nations Sustainable Development Goals






Besides governments and sectors, organizations are called to contribute to realizing the United Nations’ Sustainable Development Goals (UN SDGs) by improving their operations, practices, and engagement. EMI, as a global company, can significantly contribute to the overall progress towards UN SDGs on multiple fronts.



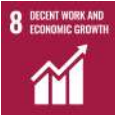



Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
<p><b>GHG Emissions</b> Reducing GHG emissions supports EMI’s effort to manage its carbon footprint and contribute to climate action.</p>	GRI 305: Emissions	<ul style="list-style-type: none"> <li>• Supports climate stability</li> <li>• Promotes lower-carbon operations</li> <li>• Advances decarbonization efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Residual emissions from energy-intensive operations</li> <li>• Higher transition costs</li> <li>• Exposure to carbon pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Facility-level emissions monitoring</li> <li>• Process optimization and cleaner technologies</li> <li>• Periodic climate risk reviews</li> </ul>	  
<p><b>Ecological Impact</b> Reducing the Company’s greenhouse gas emissions affirms EMI’s aim to reduce carbon footprint and reflects the global call for climate action.</p>	N/A	<ul style="list-style-type: none"> <li>• Protects site biodiversity</li> <li>• Minimizes ecosystem disturbance</li> <li>• Strengthens environmental stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Habitat disturbance from expansion</li> <li>• Resource pressure within supply chains</li> <li>• Community environmental concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact assessments</li> <li>• Biodiversity protection measures</li> <li>• Monitoring and mitigation programs</li> </ul>	 





Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
<p><b>Waste Management</b> EMI acknowledges the ecological impact of its operations and ensures positive impacts supersede negative ones.</p>	GRI 306: Waste	<ul style="list-style-type: none"> <li>• Reduces landfill waste</li> <li>• Promotes responsible disposal</li> <li>• Supports circular practices</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging waste accumulation</li> <li>• Improper handling by third parties</li> <li>• Limited recycling systems</li> </ul>	<ul style="list-style-type: none"> <li>• Waste segregation and recovery programs</li> <li>• Partnerships with certified waste contractors</li> <li>• Waste reduction targets</li> </ul>	
<p><b>Energy Use and Efficiency</b> Waste from operations should be properly handled and disposed to reduce risks to the environment.</p>	GRI 302: Energy	<ul style="list-style-type: none"> <li>• Improves energy efficiency</li> <li>• Reduces environmental impact</li> <li>• Supports cleaner energy adoption</li> </ul>	<ul style="list-style-type: none"> <li>• Energy dependency in production</li> <li>• Volatile energy pricing</li> <li>• Renewable integration constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Energy performance monitoring</li> <li>• Efficiency upgrades across facilities</li> <li>• Diversification of energy sources</li> </ul>	 
<p><b>Water and Wastewater Management</b> Efficient use of water preserves local water resources, while proper wastewater treatment prevents water pollution.</p>	GRI 303: Water and Effluents	<ul style="list-style-type: none"> <li>• Promotes responsible water use</li> <li>• Protects local water ecosystems</li> <li>• Strengthens water stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Water stress in high-demand areas</li> <li>• Risk of untreated discharge</li> <li>• Community concerns over water use</li> </ul>	<ul style="list-style-type: none"> <li>• Water risk mapping and monitoring</li> <li>• Wastewater treatment controls</li> <li>• Process efficiency improvements</li> </ul>	 
<p><b>Materials Management</b> By managing materials responsibly, EMI prevents waste, minimizes environmental impact, and maintains regulatory</p>	GRI 301: Materials	<ul style="list-style-type: none"> <li>• Promotes responsible sourcing</li> <li>• Reduces material intensity</li> <li>• Strengthens supply resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Resource-intensive inputs</li> <li>• Supply disruptions</li> <li>• Waste from excess inventory</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible procurement standards</li> <li>• Inventory optimization systems</li> <li>• Evaluation of</li> </ul>	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
compliance.				alternative materials	
<b>Employment and Benefits</b> A productive and engaged workforce is key to a thriving organization.	GRI 401: Employment  GRI 402: Labor/ Management Relations	<ul style="list-style-type: none"> <li>• Provides stable employment</li> <li>• Supports fair compensation</li> <li>• Strengthens workforce retention</li> </ul>	<ul style="list-style-type: none"> <li>• Rising labor costs</li> <li>• Benefit expectations exceeding benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation benchmarking</li> <li>• Structured benefits programs</li> <li>• Transparent communication of reward systems</li> </ul>	 
<b>Employee Diversity, Training and Development</b> Employees who are empowered to upgrade their skills and elevate their careers enable EMI to meet current and future demands.	GRI 404: Training and Education  GRI 405: Diversity and Equal Opportunity  GRI 406: Non-discrimination	<ul style="list-style-type: none"> <li>• Promotes inclusive workplace culture</li> <li>• Strengthens workforce capability</li> <li>• Builds organizational resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Unequal advancement opportunities</li> <li>• Skills gaps in evolving markets</li> <li>• Resistance to organizational change</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusive recruitment and promotion policies</li> <li>• Continuous learning and leadership programs</li> <li>• Monitoring of diversity indicators</li> </ul>	  
<b>Employee Health and Safety</b> EMI maintains a safe working environment through policies that prevent accidents and hazards and practices that promote employees' well-being, EMI maintains a	GRI 403: Occupational Health and Safety	<ul style="list-style-type: none"> <li>• Protects employee well-being</li> <li>• Reduces workplace incidents</li> <li>• Strengthens safety culture</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace accidents</li> <li>• Operational downtime</li> <li>• Regulatory penalties</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive safety management systems</li> <li>• Routine safety audits and drills</li> <li>• Incident reporting and corrective action protocols</li> </ul>	 

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
safe working environment.					
<p><b>Labor Management Relations</b> Through open communication and structured consultation processes between employees and the management, EMI keeps harmony within the organization and continuity in operations.</p>	GRI 402: Labor/ Management Relations	<ul style="list-style-type: none"> <li>Encourages constructive dialogue</li> <li>Supports industrial harmony</li> <li>Ensures fair representation</li> </ul>	<ul style="list-style-type: none"> <li>Labor disputes or work stoppages</li> <li>Misalignment of expectations</li> <li>Reputational risk from unresolved grievances</li> </ul>	<ul style="list-style-type: none"> <li>Open communication channels with workforce representatives</li> <li>Formal grievance procedures</li> <li>Periodic engagement sessions</li> </ul>	 
<p><b>Human Rights Assessment</b> Complying with labor laws and supporting ethical practices allows EMI to maintain reputation and stabilize operations.</p>	GRI 408: Child Labor  GRI 409: Forced or Compulsory Labor	<ul style="list-style-type: none"> <li>Upholds dignity and fair treatment</li> <li>Aligns operations with international standards</li> <li>Strengthens ethical culture</li> </ul>	<ul style="list-style-type: none"> <li>Human rights risks in supply chains</li> <li>Legal exposure from non-compliance</li> <li>Stakeholder trust erosion</li> </ul>	<ul style="list-style-type: none"> <li>Risk-based human rights screening</li> <li>Supplier codes of conduct</li> <li>Escalation and remediation processes</li> </ul>	 
<p><b>Security Practices</b> Adequately training security personnel on human rights principles, company policies, and ethical conduct enables EMI to protect people, assets, and operations.</p>	GRI 410: Security Practices	<ul style="list-style-type: none"> <li>Protects employees, assets, and communities</li> <li>Ensures safe operating environments</li> <li>Supports business continuity</li> </ul>	<ul style="list-style-type: none"> <li>Excessive use of force</li> <li>Community tension near facilities</li> <li>Data or asset loss</li> </ul>	<ul style="list-style-type: none"> <li>Security protocols aligned with rights-based principles</li> <li>Training for security personnel</li> <li>Coordination with local authorities</li> </ul>	 

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
<p><b>Responsible Drinking and Marketing</b> A marketing and labelling code that ensures transparency, legal compliance, and the promotion of safe consumption of alcoholic beverages is consistent with EMI's cause for responsible drinking.</p>	GRI 417: Marketing and Labelling	<ul style="list-style-type: none"> <li>• Promotes informed consumption</li> <li>• Encourages ethical brand communication</li> <li>• Supports public awareness initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Misinterpretation of promotional content</li> <li>• Exposure to vulnerable groups</li> <li>• Cultural sensitivity concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Internal marketing compliance reviews</li> <li>• Responsible advertising standards</li> <li>• Monitoring and corrective measures</li> </ul>	
<p><b>Customer Management</b> Adhering to high standards of safety and satisfaction maintains consumer trust in EMI.</p>	GRI 416: Customer Health and Safety GRI 418: Customer Privacy	<ul style="list-style-type: none"> <li>• Builds long-term consumer trust</li> <li>• Enhances product transparency</li> <li>• Improves service responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Product dissatisfaction or recalls</li> <li>• Misinformation in digital channels</li> <li>• Service delivery disruptions</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-stage quality controls</li> <li>• Customer feedback systems</li> <li>• Rapid issue resolution mechanisms</li> </ul>	
<p><b>Data Privacy and Security</b> Updating protocols and strictly implementing them ensures customers' protection against breaches in data and privacy.</p>	GRI 418: Customer Privacy	<ul style="list-style-type: none"> <li>• Strict implementation of provisions</li> <li>• Proper handling of personal data</li> </ul>	<ul style="list-style-type: none"> <li>• Data breaches</li> </ul>	<ul style="list-style-type: none"> <li>• Updating data protection protocols</li> <li>• Training on data privacy</li> </ul>	 
<p><b>Community Impact</b> Corporate social responsibility and community engagement</p>	GRI 413: Local Communities	<ul style="list-style-type: none"> <li>• Community partnership</li> <li>• Community programs</li> </ul>	<ul style="list-style-type: none"> <li>• Neglecting community needs</li> <li>• Not meeting community</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in meaningful community programs</li> <li>• Respecting the</li> </ul>	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
initiatives allows EMI to deliver positive impacts to the communities it serves			expectations	communities • Constant communication with communities	 
<b>Economic Performance</b> EMI aspires, plans, and works toward profitability that equally benefits employees, shareholders, and the community.	GRI 201: Economic Performance  GRI 203: Indirect Economic Impacts	<ul style="list-style-type: none"> <li>• Business continuity growth and planning</li> </ul>	<ul style="list-style-type: none"> <li>• Economic fluctuations and downturns</li> </ul>	<ul style="list-style-type: none"> <li>• Focusing on sustainable economic performance</li> </ul>	
<b>Market Presence</b> EMI cultivates its presence in the market through consistent job opportunities, fair compensation, and inclusive economic participation.	GRI 202: Market Presence	<ul style="list-style-type: none"> <li>• Creating job opportunities</li> <li>• Investing in local talent</li> <li>• Promoting inclusive economic participation.</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid market expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly reviews employment policies to align with labor laws</li> </ul>	 
<b>Enterprise Risk Management</b> EMI manages and prevents operational risks through proper assessment and planning.	N/A	<ul style="list-style-type: none"> <li>• Risk assessment strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Supply disruptions</li> <li>• Market fluctuations</li> <li>• Unforeseen crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier risk management</li> <li>• Crisis risk and management plans</li> </ul>	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
<p><b>Business Ethics and Integrity</b>                      Transparency in transactions and compliance in ethical policies fosters EMI's trustworthiness among stakeholders.</p>	<p>GRI 205: Anti-corruption</p> <p>GRI 206: Anti-competitive Behavior</p>	<ul style="list-style-type: none"> <li>• Fair and ethical manner</li> <li>• Compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption and unethical practices</li> </ul>	<ul style="list-style-type: none"> <li>• Strict compliance with anti-corruption policies</li> <li>• Compliance training</li> <li>• Transparency in operations</li> </ul>	
<p><b>Supply Chain Environmental and Social Management</b>                      EMI ensures that the environmental and social practices of suppliers align with the company's standards for fair practices and supply chain sustainability.</p>	<p>GRI 204: Procurement Practices</p> <p>GRI 308: Supplier Environmental Assessment</p> <p>GRI 414: Supplier Social Assessment</p>	<ul style="list-style-type: none"> <li>• Supply chain sustainability</li> <li>• Supplier social and environmental assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Non compliance with environmental and social standards</li> <li>• Exploitation of workers and poor working conditions within the suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental certification from suppliers</li> <li>• Environmental and social audits</li> </ul>	 
<p><b>Regulatory Compliance</b>                      Regular monitoring and training in compliance to all applicable laws, standards, and industry regulations ensure EMI follows ethical and lawful business operations.</p>	<p>GRI 2-27: Compliance with Laws and Regulations</p>	<ul style="list-style-type: none"> <li>• Supply chain sustainability</li> <li>• Promoting accountability, transparency, and respect in all business activities</li> </ul>	<ul style="list-style-type: none"> <li>• Non-compliance in regulatory matters can result in legal penalties, reputational damage, and loss of stakeholder trust</li> </ul>	<ul style="list-style-type: none"> <li>• Regular audits</li> <li>• Employee training</li> <li>• Continuous monitoring to ensure adherence to all regulatory requirements</li> </ul>	

# ECONOMIC

## Economic Performance

Impactful growth and good governance contribute to prosperity that leaves a positive impact on the economy. EMI complements its efforts for the planet and people with stable economic performance, expansive market presence, and diligent governance practices. Together, these allow EMI to fully deliver sustainable value to customers, suppliers, communities, and other stakeholders.

### Direct Economic Value Generated and Distributed

Disclosure	Unit	2023	2024	2025
Direct Economic Value Generated (Revenue)	PHP	65,643,761,074	61,645,652,583	57,042,804,216
Direct Economic Value Distributed:				
a. Operating Costs	PHP	41,161,266,997	39,707,330,343	37,123,716,061
b. Employee Wages and Benefits	PHP	4,552,727,174	4,646,457,034	4,858,879,420
c. Payments to Suppliers, Other Operating Costs	PHP	7,349,354,106	7,326,393,270	7,303,526,302
d. Dividends given to Stockholders and Interest Payments to Loan Providers	PHP	6,073,697,644	5,601,404,268	4,941,500,863
e. Taxes given to Government	PHP	2,058,281,560	1,755,065,505	1,726,279,433
f. Investments to Community (e.g. Donations, CSR)	PHP	2,427,600	8,084,470	2,357,104

In 2025, EMI recorded revenues of Php 57.04 billion even in a situation of continued tempered demand in the global liquor industry. EMI also maintained the direct economic value distributed across employees, suppliers, shareholders, government, and the communities

Through sustained revenue, EMI is able to maintain quality operations, distribute optimal compensation to employees, contribute the required tax to the government, and give substantial dividends to stakeholders and interest payments to loan providers. Sustained revenue also empowers EMI to continuously invest in communities through new or existing projects and events, reflecting its focus on making a positive impact on the communities where they serve. Such investments ensure that commitments are translated to programs with tangible outcomes to society.

*Our Management Approach***Financial Governance and Regulatory Compliance**

Financial governance at EMI is guided by a framework that prioritizes prudent fiscal management, effective risk oversight, and strict adherence to regulatory requirements. EMI constantly implements cost control and financial monitoring practices to sustain profitability. Market-oriented strategies are in place to enhance the Company's competitiveness in the global market. Financial audits, regularly conducted by the Board of Directors and Management, are aligned with internationally recognized reporting standards. These practices show that EMI balances its pursuit of financial and operational stability with commitment to strengthened transparency, reinforced stakeholder trust, and long-term sustainability.

**Climate-related risks and opportunities**

EMI acknowledges that climate-related risks, from physical impacts such as extreme weather conditions to transition challenges such as changes in regulations and market expectations, can influence the company's value creation and operational performance. Thus, EMI has factored these risks into its governance structure, strategic planning processes, and enterprise risk management framework.

EMI's Management identifies risks, evaluates reports, and monitors significant risks. Findings from these tasks, coupled with appropriate recommendations, are submitted to the Board. The Board, then, approves overall and specific risk management policies. The Company's active preparedness for climate-related risks, and adequate response and mitigation when they occur, significantly contributes to operational resilience and safeguard business continuity.

TCFD Pillar	Disclosure
Governance	<p><b>Board Oversight:</b> The Board of Directors, through the Board Risk Oversight Committee (BROC), oversees the Company's management of climate-related risks and opportunities as part of the Enterprise Risk Management (ERM) framework. Composed primarily of independent directors, the BROC ensures that climate-related considerations are integrated into strategic decision-making and risk oversight. Climate-related risk exposures are reviewed annually in accordance with the Manual of Corporate Governance.</p> <p><b>Senior Management Role:</b> Senior Management is responsible for implementing climate-related strategies and managing related risks and opportunities across operations. Relevant units, including manufacturing, supply chain, and regulatory compliance, support the identification, assessment, and management of climate-related risks. Operational initiatives—such as energy efficiency, renewable energy deployment, and water efficiency programs—are monitored by Management, with performance and progress regularly reported to the Board through the BROC.</p>

TCFD Pillar	Disclosure
Strategy	<p><b>Key Climate-related Risks and Opportunities:</b></p> <ul style="list-style-type: none"> <li>● Physical Risks: Acute climate events such as typhoons and floods may damage assets, disrupt supply chains, and interrupt operations.</li> <li>● Transition Risks: Evolving environmental regulations and climate-related policies may require compliance investments, process adjustments, or technological upgrades.</li> <li>● Other Business Risks: Shifts in consumer preferences toward sustainable products, resource constraints, and supplier disruptions may affect production and business continuity..</li> </ul> <p><b>Opportunities / Response Measures:</b></p> <ul style="list-style-type: none"> <li>● Implementation of energy and water efficiency programs across operations.</li> <li>● Adoption of sustainable sourcing and packaging practices to improve resource efficiency and product sustainability.</li> <li>● Engagement with communities and stakeholders to support local resilience and maintain alignment with evolving regulatory expectations.</li> </ul>
Risk Management	<p><b>Risk Identification &amp; Assessment:</b> Climate-related risks are identified, assessed, and managed through the Company's Enterprise Risk Management (ERM) framework and are reviewed annually. The assessment covers physical hazards such as natural disasters, regulatory and policy developments related to climate transition, and potential supply chain disruptions.</p> <p><b>Control Measures:</b></p> <ul style="list-style-type: none"> <li>● Emergency preparedness and business continuity protocols</li> <li>● Implementation of emergency preparedness and business continuity protocols to address climate-related disruptions.</li> <li>● Regular compliance reviews across business segments to monitor adherence to environmental regulations and standards.</li> <li>● Supplier diversification and price benchmarking to manage supply chain risks.</li> <li>● Integration of environmental risk considerations into operational planning and decision-making.</li> </ul>
Metrics and Targets	<p><b>Indicators Tracked:</b></p> <ul style="list-style-type: none"> <li>● Energy use and efficiency</li> <li>● Greenhouse Gas emissions (GHG)</li> <li>● Water consumption and wastewater quality</li> <li>● Waste reduction and materials management</li> </ul> <p><b>Progress and Next Steps:</b></p> <ul style="list-style-type: none"> <li>● Initiatives to reduce GHG emissions are underway, although no consolidated Group-wide targets have yet been formally disclosed.</li> <li>● Sustainability performance is tracked through internal operational and environmental metrics.</li> <li>● The Company expects to establish more defined targets as data collection, monitoring systems, and analytical capabilities continue to mature.</li> </ul>

## Procurement Practices

Guided by the Purchase and Provisioning procedures stated in the Company's procurement policy, EMI supports local enterprises while strengthening the resilience and sustainability of the company's supply chain. EMI ensures it selects suitable and competent suppliers by evaluating their social and environmental compliance.

While the share of spending on local suppliers is not identified as a material topic under GRI 204-1, EMI gives preference to sourcing from local suppliers. EMI also fosters strong and collaborative relationships with suppliers operating within its key regions.

## Anti-Corruption

Across its subsidiaries, EMI enforces non-tolerance towards corruption and illegal activities. The Company's anti-corruption policies, aligned with local and international regulations, promote transparency and support trustworthy relationships with employees, suppliers, and customers. These policies are cascaded to employees through internal communications channels and training. EMI regards these practices as critical in protecting its EMI's reputation and stakeholders' confidence.

### Training on Anti-Corruption Policies and Procedures

Disclosure	Unit	2023	2024	2025
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To ( <i>BF and GES</i> )	%	100	100	100
Percentage of Business Partners to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To ( <i>BF</i> )	%	100	100	100
Percentage of Directors and Management that have Received Anti – Corruption Training ( <i>BF and GES</i> )	%	100	100	100
Percentage of Employees that have Received Anti – Corruption Training ( <i>BF and GES</i> )	%	100	100	100

The Company ensured that all employees received training on anti-corruption policies in 2025, reinforcing a culture of integrity across its operations. Targeted sessions for directors and management further strengthened oversight and accountability at the leadership level. These efforts translated into zero reported incidents of corruption during the year, with no dismissals or contract terminations linked to such cases, reflecting the continued effectiveness of the Company's governance practices.

## Incidents of Corruption

Disclosure	Unit	2023	2024	2025
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0	0

Good governance is exhibited by proper compliance to regulations and conduct among competitors within the industry. Across its subsidiaries, EMI promotes fair and open competition, enforces non-tolerance towards corruption and illegal activities, and aligns with existing laws of the land. In 2025, EMI maintained 100% communication of anti-corruption policies and procedures to employees and directors. The Company has also maintained zero incidents of corruption, with no dismissal of directors or employees and no termination of contracts. This steady trend is backed by sustained practices across subsidiaries.

### *Our Management Approach*

#### **Anti-Corruption and Ethical Conduct**

EMI's zero-tolerance stance on corruption is grounded on its Code of Business Conduct and Ethics. It is also supported by structured whistleblowing systems and routine compliance audits of each subsidiary. A designated compliance officer and certain teams within each subsidiary are designated to monitor adherence to these standards. Whistleblowing channels allow employees and business partners to report unethical behavior, ensuring the anonymity and confidentiality of reports. Any complaint of corruption-related acts, such as bribery, fraud, and embezzlement, is immediately investigated; and suppliers or employees found to be in violation are given prompt action.

EMI's efforts to enhance training programs and to broaden communication of anti-corruption policies intend to consistently uphold the Company's anti-corruption stance.

# ENVIRONMENT

## Resource Management

Producing quality liquor requires significant energy, materials, and water resources. EMI manages resource use across its facilities by improving material efficiency, reducing waste generation, and ensuring proper waste handling and disposal to minimize environmental impacts.

### Energy Consumption of the Organization

Energy is a key resource across EMI's operations. The Company manages energy use through efficiency improvements, renewable energy adoption, and responsible sourcing to reduce consumption, manage costs, and minimize reliance on non-renewable energy.

Disclosure	Unit	2023	2024	2025
Renewable fuels	GJ	1,097,764.39	1,041,638.71	1,436,026.10
Natural gas	GJ	415,717.07	419,906.60	300,394.62
Fuel oil	GJ	281,628.24	226,070.20	259,497.43
LPG	GJ	240,073.50	215,923.28	66,312.04
Diesel*	GJ	96,430.11	**88,433.63	97,543.08
Gas oil	GJ	77,602.57	63,128.09	44,082.69
Coal	GJ	61,344.93	1,195,167.89	744,120.88
Petrol	GJ	2,110.03	623.60	1,034.51
Gasoline	GJ	666.87	789.62	1,042.86
Burning Oil	GJ	-	92.65	261.78
Propane	GJ	-	172,617.08	132,266.53
Electricity	GJ	133,098.99	***36,808.00	38,199.70
Renewable Electricity	GJ	8,975.12	***85,838.00	86,232.20

\*Fuel volumes for B3, B10, and "average biofuel blend" diesel are classified entirely as non-renewable diesel due to limitations in separating the biogenic component, resulting in a conservative estimate.

\*\*The 2024 figure has been restated to include B3 biodiesel for AWGI under diesel.

\*\*\*A portion of previously reported non-renewable electricity has been reclassified as renewable electricity.

## Our Management Approach

### Energy Management for Sustainable Operations

EMI's approach to energy consumption is defined by strategic investments and upgrades that transform how energy is sourced, used, and monitored across the value chain.

In 2025, EMI has implemented sustainable energy investment and practices across subsidiaries:

- Installation of on-site solar facilities:** In 2025, EDI installed a 576-kilowatt solar photovoltaic system at the Biñan plant and a 640-kilowatt-peak solar facility at the Santa Rosa plant. The projects, implemented by MSpectrum, Inc., began installation in April 2025 at the Santa Rosa plant and in July 2025 at the Biñan plant. These initiatives are expected to generate operational cost savings while helping reduce demand on grid-supplied electricity, which may also help mitigate power shortages in nearby communities. AWGI, for its part, has installed a variable frequency drive unit at its site and has also constructed a 2-megawatt peak solar photovoltaic system on its production and warehouse rooftops.
- Energy efficiency measures at EDI facilities:** At the Biñan plant, 89% of the lighting system has been converted to LED lights, providing improved illumination at lower wattage. Energy is also conserved through variable speed drives, scheduled intervals of wastewater treatment plant blower operations and label room air-conditioning units, and the use of steam traps to reduce steam leakage.
- Carbon-neutral electricity sourcing at WMG:** The Jura distillery is increasingly powered by a renewable energy project combining hydroelectric and solar generation, while the Invergordon distillery sources electricity from biomass-based power generated from manufacturing wood pellets through a partnership with Balcas Energy. To secure this supply, a physical private wire was successfully installed at the Invergordon distillery in May 2024.
- Advancing energy consumption at GES:** GES and its subsidiaries have implemented programs under its Environmental Policy that are designed to reduce reliance on non-renewable gas in its distillery operations. These include biogas recovery and expanded solar PV systems. CPD, a GES subsidiary, prioritizes reduced fuel consumption during production by complying with preventative maintenance programs for its vehicle fleet and forklifts to guarantee fuel efficiency.

Through such investments and practices, the Company continues to accelerate its pursuit of long-term decarbonization across its operations. EMI continues to monitor energy management initiatives by tracking key performance indicators (KPIs), making improvements in areas where they are needed.

## Water and Effluents

Water is an indispensable resource in EMI's day-to-day operations. The Company manages water use and wastewater through conservation measures, monitoring systems, and compliance with regulatory requirements to minimize impacts on surrounding communities and ecosystems.

Disclosure	Unit	2023	2024	2025
Water Withdrawal	ML	4,919.63	5,464.97	5,819.14
Water Consumption	ML	2,992.32	1,776.65	1,454.79
Water Recycled and Reused	ML	296.99	382.74	365.18
Total Volume of Water Discharges	ML	1,927.31	3,688.35	4,364.35
Percent of Wastewater Recycled	%	6.04	*7.08	**6.28

\*Coverage: BF, Biñan and Progreen

\*\*Coverage: BF, AWGI, Biñan, and Progreen

Water use increased moderately in 2025 in line with higher operational activity across EMI's facilities. Total withdrawal rose year-on-year by around 6%, reflecting increased demand while continuing to benefit from efficiency improvements implemented in recent years.

Water consumption also increased by approximately 14% following the lower base recorded in 2024, though overall levels remain more controlled compared to earlier reporting periods. This indicates improved management of water use across operations.

Water discharge remained broadly stable, suggesting that the increase in water use did not significantly alter the balance of water returned from operations. During the year, the Company continued its water recycling and reuse practices, although recycled volumes declined slightly compared to 2024. Efforts remain focused on strengthening water circularity and reducing reliance on freshwater resources.

### *Our Management Approach*

#### **Water Stewardship and Efficient Use**

EDI implements a water conservation program that focuses on recycling, sanitation management, and timely detection and repair of leaks. Processed water from production is recycled and used for watering perimeter plants, helping reduce freshwater consumption. Improvements in sanitation practices have also reduced the need for frequent cleaning activities, while prompt response to water leaks prevents unnecessary water loss.

WMG strengthens water stewardship across its distillery operations by mapping water usage and developing water charters for individual sites. Distilleries implement planned shutdown periods during potential water stress months and use cooling towers to reduce abstraction from water basins. Daily water withdrawal and discharge data are recorded, shared among primary users, and measured against annual water budgets to support efficient water management. WMG also strictly complies with government and Scotch

Whisky Association (SWA) water consumption targets. It also aligns its intensity targets with the Green Print strategy, with weekly, monthly, and annual monitoring data to identify sites that meet the targets and those that need improvement.

GES manages water consumption through the use of intelligent irrigation systems supported by humidity and salinity sensors. These tools help optimize grape growth while controlling water use across vineyard operations. Water and wastewater management programs are annually assessed under ISO 14001 and CSR certifications, with periodic management reviews to identify improvements relating to water use. GES and its subsidiaries also ensure that its effluents undergo careful treatment to meet required environmental regulations.

### Wastewater Treatment and Regulatory Compliance

EDI ensures that wastewater management programs comply with all applicable regulatory standards. These measures prevent untreated liquid waste from polluting nearby bodies of water and support responsible wastewater disposal. At EDI's Biñan Plant, processed water from production is recycled for use in comfort rooms to support effective sanitation programs.

At GES, wastewater undergoes treatment prior to discharge. At BF's Jerez plant, wastewater passes through discharge improvement facilities before being delivered to the public council wastewater treatment plant. The installation of osmosis equipment at the Jerez Plant has led to a significant decrease in water consumption. The Tomelloso distillery, meanwhile, uses a combination of anaerobic and aerobic systems for effluent treatment and has installed new piping systems to increase water reuse. New pipes aimed to increase water reuse were constructed at the distillery.

WMG distilleries conduct regular weekly, monthly, and annual monitoring of water withdrawal and discharge. Performance is reviewed against targets set under the Green Print Strategy to identify sites that meet water efficiency goals and those requiring further improvement.

### Materials Used by the Organization

EMI manages its use of materials to support responsible and efficient production across its value chain. The Company monitors the balance of renewable and non-renewable inputs as part of its efforts to improve production efficiency, maintain packaging standards, and manage environmental impacts. These practices support cost-efficient operations while helping maintain consistent product quality for customers and other stakeholders, including employees, suppliers, and investors.

Disclosure	Unit	2023	2024	2025
<b>Renewable Materials</b>				
Cardboard and paper stickers	MT	8,979.32	5,002.47	5,328.42
Pallets	MT	3,709.94	2,387.27	2,324.69
Anti-skid sheets, separators	MT	41.35	56.37	111.89
Cork and cork wood covers	MT	3.82	4.98	7.84

Disclosure	Unit	2023	2024	2025
Corrugated	MT	611.01	495.27	449.28
Wood	MT	3.79	33.26	10.96
<b>Non-Renewable Materials</b>				
Plastics	MT	389.92	*115.63	81.40
Cullet	MT	42,006.10	25,476.38	28,736.49
Glass bottles	MT	152,653.28	108,394.52	112,010.73
Caps and closures (plastic and aluminum)	MT	1,646.5	1,064.61	1,655.83
Labels (paper and plastic)	MT	1,208.83	769.51	502.27
Gift boxes	MT	10.41	1015.50	380.30
Sleeves	MT	17.09	13.24	4.63
Strapping and netting	MT	10.63	8.49	6.84
Glue for labels and cases	MT	81.55	19.38	24.50
	MT		21.67	44.60
Metals	MT	483.48	720.17	243.20
Other chemicals	MT	212.18	11,527.01	9,762.45
Percentage of recycled input materials used ( <i>BF and WMG</i> )	%	23.17	14.78	18.90

\*Value restated to reflect updated data/classification.

### Our Management Approach

#### Responsible Material Use and Compliance

EDI integrates recycled and recyclable materials into its production processes and complies with the Extended Producer Responsibility Act (EPR Law) for plastic usage. Employees are regularly educated on the requirements of the law to encourage responsible plastic use across operations. In addition to current practices, EDI continues to explore the use of renewable and reclaimable materials for potential inclusion in its processes.

WMG manages materials with a focus on packaging responsibility and regulatory compliance. The subsidiary has set a target for all new packaging to be reusable and recyclable. Packaging materials are reviewed annually by the Sustainability Team to assess alignment with applicable legislation and evolving regulatory requirements. WMG also complies with reporting obligations under the Extended Producer Responsibility scheme, including disclosures on the total volume of materials placed on the market.

GES has also integrated material recycling into its daily operations through its environmental policies.

#### Monitoring, Quality Control, and Continuous Improvement

At EDI, raw materials are regularly monitored and material-related performance indicators are assessed on a monthly basis to support consistent quality and efficient material use.

GES oversees materials management through its Environmental Management System, which is aligned with ISO 14001 standards and annual operational targets. Quality indicators are established to maintain high-quality production batches, while key performance indicator meetings are conducted to track progress and identify opportunities for improvement. As part of its latest practices, GES uses drones to monitor vineyard material usage and support more efficient resource management.

## Environmental Impact

### GHG Emissions

Liquor companies, through energy-intensive processes, largely contribute to greenhouse gas (GHG) emissions. EMI recognizes such impact and, therefore, endeavors to mitigate and reduce these emissions across subsidiaries and processes.

Disclosure	Unit	2023	2024	2025
Direct (Scope 1) GHG Emissions	Tonnes CO <sub>2</sub> e	167,647.88	*175,467.61	131,759.24
Energy indirect (Scope 2) GHG Emissions	Tonnes CO <sub>2</sub> e	17,775.98	13,238.34	15,813.68
Other indirect (Scope 3) GHG emissions	Tonnes CO <sub>2</sub> e	**119,435.59	**25,879.60	3,688.85
Emissions of ozone-depleting substances	Tonnes	N/A	N/A	N/A

\*Value restated to reflect updated data/classification.

\*\*Coverage: AWGI, BF, WMG

EMI's GHG emissions in 2025 saw quite altered trends. Scope 1, or direct emissions from on-site combustion and process-related activities, decreased to a total of 131,759.24 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e); while Scope 2, or energy indirect emissions, increased to 15,813.68 tonnes CO<sub>2</sub>e. These, nonetheless, reflect continued variations in fuel use across operating sites, as well as ongoing shifts to renewable energy and energy efficiency.

Moreover, Scope 3 (other indirect emissions), which cover upstream supplier activities and downstream distribution, declined more sharply to 3,688.85 tonnes CO<sub>2</sub>e, largely reflecting reduced business travel and ongoing improvements in data coverage and estimation methodologies. Scope 3 disclosures remain subject to data availability and evolving measurement approaches.

Emissions of ozone-depleting substances remain not applicable due to the absence of relevant materials in operational processes.

Emperador is committed to improving the governance of its sustainability programs. One of top priorities is to establish a system that would ensure the accurate reporting of data. On this front, Emperador has engaged DNV to provide a second party opinion which included a baseline verification of the 2024 figures for Scope 1 and 2 GHG emissions, and the use of renewable electricity. The second party opinion was commissioned in connection with Emperador's Sustainability-Linked Loan, signed into agreement on March 30, 2026.

### *Our Management Approach*

#### **Emissions Reduction Initiatives Across the Company**

The expansion of renewable energy (RE) use remains a key contributor to emissions reduction across the Company:

- **Solar energy at EDI:** At EDI, the installation of solar panels at the Biñan and Santa Rosa plants has enabled the generation of over 800,000 kilowatt-hours (kWh) of renewable energy annually, reducing carbon emissions by approximately 593.12 metric tons (MT) CO<sub>2</sub>e. This is equivalent to planting around 27,242 trees and reducing vehicle travel by more than 2.36 million kilometers per year. A two-megawatt peak solar photovoltaic system installed in 2023 at EDI's glass plant generates approximately 2.5 million kWh of RE annually, reducing emissions by about 1,929 MT CO<sub>2</sub>e. In addition, AWGI has operated on 100% renewable electricity since 2024 through its partnership with Team Philippines Energy Corporation.
- **Air emission treatment plant at AWGI:** The subsidiary's newly-completed facility in Canlubang, Laguna is equipped with a high-efficiency Flue Gas Desulfurization (FGD) system and a cutting-edge Electrostatic Precipitator (EP). Together, these systems are designed to drastically reduce the emission of sulfur dioxide (SO<sub>2</sub>) and particulate matter from the flue gas emanating from the plant's glass melting furnace. FGD can treat up to 95% of SO<sub>2</sub> from the emission, while the EP can remove more than 99% of dust particles from the emission.
- **Carbon-neutral sourcing, fuel switching, carbon capture at WMG distilleries:** The Jura distillery is powered by a renewable project combining hydroelectric and solar generation. The distillery has also replaced its traditional boiler, previously powered by heavy fuel oil and diesel, with a biomass boiler for improved combustion control using wood pellets. This is expected to reduce carbon emissions by approximately 5,000 MT annually. The Invergordon distillery, which was highly commended for Sustainable Distillery of the Year at the Icons of Whisky Scotland Awards in 2025, is powered by biomass-based power generated from manufacturing wood pellets. It has advanced carbon capture capabilities, focusing on biogenic carbon dioxide generated during fermentation. Carbon dioxide is piped from fermentation tanks to carbon capture units, where it is scrubbed, liquefied, and stored. As of 2025, the facility is able to capture emissions from 14 vessels, equivalent to around 50 percent of total biogenic carbon. Overall, WMG reported approximately 580 MT of biogenic carbon captured before entering the atmosphere, and it aims to expand capacity and target up to 4,000 MT of captured carbon in 2026.
- **Switch to electric, biogas recovery at GES:** Environment-friendly processes and technologies in its vineyard operations include the replacement of combustion-powered forklifts with electric forklifts, reducing reliance on fossil fuels. During wastewater treatment, GES has increasingly recovered biogases that

would otherwise be released into the air. The subsidiary's transition to renewable energy is also progressing through the installation of solar panels.

Across the Company, subsidiaries regularly monitor GHG emissions and energy consumption through established procedures, emissions controls, and maintenance programs. At GES, emissions controls and periodic reviews enable ongoing monitoring of GHG emissions. Pedro Domecq tracks energy consumption data using the Greemko Platform, which helps identify further emissions reduction opportunities. WMG complies with emissions reporting schemes mandated by the UK and Scottish governments and participates in voluntary emissions reduction programs.

### Solid and Hazardous Wastes

Waste is generated at different stages of production, packaging, and supporting activities. EMI implements established programs across its operations to guide the proper segregation, handling, treatment, and disposal of both solid and hazardous waste.

EMI strictly manages hazardous waste from production facilities, ensuring it is handled, stored, and transported in accordance with applicable safety protocols. These include proper labeling, secure containment, and transport by accredited service providers to minimize risks to the environment and surrounding communities.

Disclosure	Unit	2023	*2024	2025
Total Solid Waste Generated	MT	1,022,462.70	13,974.49	18,786.47
Reusable	MT	197,354.80	616.42	583.20
Recovery	MT	-	187.18	312.09
Recyclable	MT	14,297.85	11,859.47	16,005.36
Incinerated	MT	234.44	-	-
Residuals / Landfilled*	MT	810,575.61	1,311.42	1,885.82

\*Residuals / Landfilled waste includes other disposal and recovery methods.

Disclosure	Unit	2023	2024	2025
Non-Hazardous Waste	MT	1,022,462.70	13,974.49	18,786.47
Hazardous waste	MT	306.46	46,768.32	*1,170.99

\*Reported waste volumes may vary year-on-year due to bulk disposal practices and the timing of waste collection and processing, which may not align with actual waste generation within the reporting period.

In 2025, the total volume of reported solid waste remained significantly lower than 2023 levels but increased by approximately 34% compared to 2024. The amount of recovered waste increased by around 67%, while recyclable waste also rose by about 35%, reflecting improved waste segregation and diversion efforts. Reusable waste slightly decreased by approximately 5%.

These shifts highlight the dynamic nature of EMI's waste disposal, as reported volumes can vary depending on disposal scheduling, facility capacity, and local regulatory timelines. Waste is sometimes stored before being disposed of in bulk. As such, reported figures may reflect the timing of bulk disposals rather than actual waste generation within the year.

The decline in total waste volumes is also influenced by operational factors, including reduced construction and project-related activities in 2025 compared to previous years. Hazardous waste similarly decreased by approximately 98%, following improved tracking and the prior-year disposal of accumulated or backlogged materials.

### *Our Management Approach*

#### **Responsible Waste Management and Resource Efficiency**

EMI continues to enhance its waste management practices across its subsidiaries.

At both of its plants, EDI implements a waste management program that focuses on proper segregation, collection, transport, storage, and disposal. Through the continued recycling and reuse of production wastes, the Biñan plant maintained residual waste for landfill disposal at less than 1% in 2025. The plant also promotes the reuse of secondhand bottles in production, utilizing 33,792 cases during the year. In office operations, proper segregation enabled the collection and recycling of 1.8 MT of paper waste. In addition, EDI monitors its plastic footprint across operations, achieving a nine percent reduction compared to 2024.

Across other EDI subsidiaries, AWGI continues its collaboration with Megaworld Lifestyle Malls to reduce glass bottle waste sent to landfills. It also recycles scrap wood pallets into armchairs for donation. Meanwhile, Progreen focuses on converting solid waste generated during mill production into mudpress (soil conditioner).

WMG advances resource efficiency through its Green Print Strategy, which promotes mindful consumption and responsible waste management practices. The subsidiary works closely with waste service providers to strengthen waste handling and recovery processes across its operations. Through internal education initiatives, WMG encourages employees to apply the five R's of the waste hierarchy (reduce, reuse, recycle, repair, and recover), supporting waste minimization and reinforcing responsible resource use across the organization.

GES, meanwhile, anchors its efforts in circular economy principles. Among its subsidiaries, Bodegas Fundador implements environmental management system protocols focused on optimizing bottling processes and exploring circular solutions to repurpose waste into natural fertilizer.

#### **Environmental Compliance**

EMI's approach to sustainability is strongly grounded in stringent compliance with environmental regulations. The Company ensures that it carries out its operations responsibly by adhering to national and international standards. These standards guide the Company in safeguarding the environment while solidifying trust among stakeholders.

Disclosure	Unit	2023	2024	2025
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0	0
No. of Non – Monetary Sanctions for	#	0	0	0

Non – Compliance with Environmental Laws and / or Regulations				
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0	0

Over the years, EMI has maintained an exemplary record in environmental compliance. For 2023 to 2025, EMI has consistently reported zero monetary fines, zero non-monetary sanctions, and zero cases resolved through dispute resolution mechanisms related to non-compliance with environmental regulations. This consistent record can be attributed to the strength of EMI's internal control systems and its commitment to operating responsibly.

### *Our Management Approach*

#### **Leading with Accountability**

EMI embeds environmental compliance through designated personnel across subsidiaries who monitor compliance and ensure regulatory alignment.

EDI implements an Environmental Policy, which is aligned with Philippine regulations, under the supervision of a designated Pollution Control Officer. This officer helps ensure that any compliance concerns are promptly addressed to avoid operational disruptions. Progreen, one of the subsidiaries within EDI, has set in place its Environmental Protection and Waste Management Department, which regularly submits environmental reports and maintains an effective mechanism for handling and responding to grievances.

Within GES, Bodegas Fundador relies on the expertise of an environmental and industrial compliance consultancy firm to support regulatory adherence. Audit findings are reported by the Administration Director, while dedicated committees carry out biennial reviews and annual audits, supported by the site's ISO 14001 certification.

# SOCIAL

## Employee Management

EMI regards employees as important contributors to its growth. The Company strives to hire fairly, provide competitive benefits, develop their talents and potential, maintain open communication, and nurture an inclusive working environment.

### Employee Hiring & Benefits

EMI aims to offer dignified and stable jobs at environments where they operate, and it ensures fair and competitive compensation for its employees. Processes in employment and providing benefits are guided by the respective policies of each subsidiary. In full compliance with applicable laws and regulations, these policies ensure that the recruitment and sourcing of talent are based on one's capabilities, regardless of age, gender, or disability. Through these commitments, the basic human needs and rights of employees are supported, while their professional growth is developed.

Disclosure	Units	2023	2024	*2025
Total Number of Employees	#	3,013	3,168	3,100
Number of Female Employees	#	852	914	889
Number of Male Employees	#	2,161	2,254	2,211
Attrition Rate	%	22	17	12
Ratio of Lowest Paid Employee Against Minimum Wage <i>All salaries paid are above minimum wage.</i>	Ratio	N/A	N/A	N/A

\*Data for 2025 excludes Boozy operations.

### Percentage of Employees Availing the Benefits

Disclosure	Y/N	Units	Female	Male
SSS	Y	%	27.45	23.96
PhilHealth	Y	%	19.54	20.81
PAG - IBIG	Y	%	30.39	23.06
Parental Leaves	Y	%	0.72	2.36
Vacation Leaves	Y	%	26.10	26.21

Disclosure	Y/N	Units	Female	Male
Sick Leaves	Y	%	19.09	15.86
Medical Benefits (Aside from PhilHealth)	Y	%	48.17	41.73
Housing assistance (Aside from Pag-ibig)	Y	%	0.00	0.00
Retirement Fund (Aside from SSS)	Y	%	0.41	0.22
Further Education Support	N	%	0.00	0.00
Company Stock Options	N	%	0.00	0.00
Telecommuting	Y	%	3.84	10.01
Flexible – Working Hours	Y	%	1.90	4.72
Life Insurance	Y	%	12.84	16.87
Disability and invalidity coverage	Y	%	0.05	0.00

In 2025, EMI reported a workforce of 3,100 employees, slightly lower than in 2024. The workforce remains predominantly male at approximately 71%, while women account for about 29% of total employees.

During the year, the Company recorded improved employee retention, with the attrition rate declining further to 12% from 17% in 2024, continuing the downward trend observed in recent years and reflecting stronger workforce stability across subsidiaries.

EMI confirms that all employees receive salaries above the applicable minimum wage, consistent with its commitment to fair, compliant, and competitive compensation practices.

Across the Company, employees receive a range of statutory and supplementary benefits that support health, financial security, and work–life balance. As shown in the table above, employees widely access government-mandated benefits such as SSS, PhilHealth, and Pag-IBIG, alongside additional provisions including medical benefits beyond PhilHealth, life insurance coverage, and paid leave. Flexible work arrangements, including telecommuting and flexible working hours, are also available in selected operations, reflecting efforts to support evolving workforce needs.

### *Our Management Approach*

#### **Talent Attraction, Retention, and Employee Well-Being**

EMI gives importance to competitive pay, professional growth, and enhanced employee benefits to attract and retain high-performing talent.

Beyond compensation packages that are structured to exceed regulatory minimum requirements, the Company provides employees with social benefits, including medical coverage and life insurance. These are complemented by flexible work arrangements such as telecommuting and flexible working hours. Policies ensure equity in opportunities,

benefits, and compensation across positions or classifications, including temporary and part-time workers. For instance, WMG has established family-oriented policies that support employees' return after leave, while CPD continues to promote fair compensation regardless of gender.

The Company also develops strategies to improve equity across its operations. GES is working on a comprehensive framework to standardize selection and recruitment procedures. CPD conducts annual salary analyses and proposes necessary adjustments based on employee performance. Meanwhile, WMG monitors and addresses its gender pay gap each year in line with its Equality & Inclusivity (E&I) Charter and is developing action plans based on insights from its Sexual Harassment Risk Assessment.

Moreover, the Company remains responsive to the evolving needs of its employees through regular assessments of benefits programs, coordination with managers, responsiveness to employee feedback, and compliance with collective bargaining agreements.

### Employee Training and Development

EMI prioritizes the continuous learning and upskilling of its employees by providing training and development initiatives for both new hires and existing employees. These programs aim to enhance employee productivity, help reduce turnover, and enable the Group's adaptability to change.

Disclosure	Units	2023	2024	2025
Total Training Hours Provided to Employees				
Female Employees	Hours	8,580.04	35,370.40	7,720.70
Male Employees	Hours	14,292.48	50,302.00	10,645.00
Average Training Hours Provided to Employees				
Female Employees	Hrs/Employee	10.23	38.70	8.68
Male Employees	Hrs/Employee	6.74	22.32	4.81

In 2025, the Company recorded approximately 18,366 hours of training, with 10,645 hours provided to male employees and 7,721 hours to female employees. The distribution of training hours generally reflects the composition of the workforce, which remains predominantly male.

Compared with the previous year, total training hours declined following the unusually high level of training conducted in 2024. On average, a female employee received 8.68 hours of training, while a male employee received 4.81 hours, indicating continued investment in workforce development.

### Our Management Approach

#### Strengthening Workforce Capability

EMI subsidiaries offer onboarding training to new talents and capacity building programs for employees. Such initiatives focus on technical skills, leadership training, workplace safety, and industry-specific expertise. Trainings are delivered in various means, namely in-house training, external certifications, and digital learning platforms.

Within EDI, for instance, AWGI conducts training and upskilling for employees in areas where employees' skills and knowledge are below standard.

At WMG, trainings cater to various levels or departments: the Corporate Induction Program for new employees, the cultural exchange program for the supply chain department, functional capability programs for the commercial department, and in-house Leadership and Management Program for people managers. A talent development program is also held for building competence, driving internal promotions, and forming individual and functional development plans. These are made possible by WMG's Learning & Development Team and the senior management who collaborate in the learning and development plan and strategy.

Among GES subsidiaries, CPD promotes continuous learning through the self-learning platform GBKnowIt. It also works on product courses, security and quality management courses, and leadership programs for managers and middle managers. BF, for its part, designs a training plan on a yearly basis to cover the needs it has identified from employees. It also aims to deliver at least 25 hours of training per employee annually and to achieve 80% completion rate for mandatory training programs.

Such trainings are evaluated through employee feedback and performance monitoring relevant to the training. These evaluations highly inform how succeeding programs will proceed in the near future. According to WMG, employee feedback has influenced the enhancement of its leadership program in 2025 to better support leaders as they operate in a fast-changing global climate.

#### Labor-Management Relations

EMI acknowledges that as employees become more aware of their rights amid rising cost-of-living pressures, maintaining strong employee relations is essential to sustaining stable operations and protecting its brand reputation. The Company therefore strives to foster constructive and cooperative relationships between employees and management. This is primarily achieved through collective bargaining agreements (CBAs), which support collaboration and provide mechanisms to address concerns and grievances.

Disclosure	Unit	2023	2024	2025
% of Employees Covered with Collective Bargaining Agreements	%	49.76	48.84	45.30

*Note: Data does not include EDI as they are not unionized.*

In 2025, 45.30% of employees were covered by collective bargaining agreements. While slightly lower than the 48.84% recorded in 2024, this still reflects continued engagement between management and organized labor, as well as sustained representation of unionized employees, within relevant subsidiaries.

### *Our Management Approach*

#### **Streamlined Employee Relations**

Key personnel lead EMI's employee relations strategy, including the Supply Chain Director, Distilling Director, and HR Directors across subsidiaries. Managers oversee these processes at the operational level, while Employee Representatives are involved in relevant project planning. EMI actively engages with employee unions, where applicable, and remains compliant with labor standards governing collective agreements. Meetings with trade unions (TUs) and employee forums are held regularly, with resulting actions documented and shared on notice boards. Subsidiaries also adhere to defined timelines between disclosing operational changes and implementing them, typically ranging from four to twelve weeks.

In 2025, managers who negotiated without TUs underwent comprehensive training and incorporated lessons from previous negotiations. WMG has also strengthened its communication structures to support informal resolution. In response to feedback from its Great Place to Work survey, WMG improved communication at the local site level, including the installation of interactive screens to share company information across shifts. Enhancements were also made to notice boards, strategy cascades, and training programs. In addition, WMG continues to strengthen its Collective Grievance Resolution processes, reflecting its commitment to continuous improvement.

#### **Diversity, Equal Opportunity, and Anti-Discrimination**

EMI values working environments that encourage diversity, cultivate opportunity, and prevent discrimination from thriving. The Company, therefore, ensures that employees' rights are respected and opportunities are equally granted to them regardless of their ethnicity, age, gender, socio-economic status, and religious beliefs.

Disclosure	Unit	2023	2024	*2025
% of Female Workers in the Workforce	%	28.28	28.85	28.68
% of Male Workers in the Workforce	%	71.72	71.15	71.32
No. of Employees from Indigenous Communities and/or Vulnerable Sector	#	N/A	N/A	N/A

*\*Data for 2025 excludes Boozy operations.*

EMI's workforce composition remained relatively stable in 2025. Women represented 28.68% of employees, while men accounted for 71.32% of the total workforce. The share of female employees has shown gradual improvement in recent years, indicating modest progress in strengthening female workforce participation across the Group.

### *Our Management Approach*

#### **Embracing an Inclusive, Multigenerational Culture**

The promotion of diversity and equal opportunity within EMI is grounded on embracing multigenerational cultures. Non-discrimination policies or equality & inclusion charters

are implemented across its subsidiaries, ensuring that procedures on selection, recruitment, management of labor relations, training, and promotion are objective, impartial, and unbiased. These policies are also in place to address complaints and to monitor diversity and employee compensation.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health & Safety

EMI recognizes that work-related accidents (e.g., falls, lumbar pain, laceration, abrasion, eye irritation) and illnesses can impede the productivity and morale of employees, which in turn could induce added costs and loss in talent. Thus, the Company strives to ensure a safe and healthy workplace for all employees by complying with applicable occupational health and safety (OHS) regulations and incorporating global best practices to minimize workplace risks.

Disclosure	Units	2023	2024	2025
Safe Man-Hours	Hours	2,683,225	*2,285,343	**2,745,692
No. of Work – Related Injuries	#	23	47	23
No. of Work – Related Fatalities	#	0	0	0
No. of Work – Related Ill-Health	#	8	13	16
No. of Safety Drills	#	30	27	30

\*Data for 2024 excludes WMG operations.

\*\*Coverage: CPD, WMG, AWGI, EDI (Sta. Rosa and Biñan)

EMI, therefore, aims to maintain a stable amount of safe-man hours and zero work-related fatalities. In 2025, the Company recorded 2.74 million safe man-hours. Albeit the limited data gathered, this still reflects ongoing implementation of safety procedures across operations. EDI was awarded by the Department of Labor and Employment for achieving 1,000,000 safe manhours without a lost time accident from 2023 to 2025 and was found to be the only company in the province of Laguna to achieve this milestone.

Moreover, work-related injuries lowered to 23; and, more importantly, no work-related fatalities were reported, consistent with previous years. However, the number of work-related ill-health cases increased to 16, compared with 13 in 2024. These cases are monitored through established OHS management practices to support early identification and mitigation of workplace health risks.

In addition, safety drills conducted increased to 30, reflecting strengthened efforts to reinforce emergency preparedness and promote a safety-conscious culture across its operations.

## *Our Management Approach*

### **Comprehensive Health and Safety Practices**

EMI's OHS approach is cornered on comprehensive policies, trainings, access to health services, and consistent monitoring:

- **Comprehensive policies.** EMI subsidiaries lay out OHS policies in compliance with applicable legislation. Such policies also direct procedures in avoiding accidents at work, as well as addressing health or hazard concerns, and investigating work-related incidents. WMG's OHS policy is grounded on ensuring all workers in the company are free from harm. To this end, WMG employs Health & Safety teams located at various locations to promote and audit OHS compliance. They are supported by managers and Safety Champions who meet on a monthly basis and review all OHS issues, accidents and incidents and industry issues. Within GES, BF has a Prevention Plan, which includes all the procedures designed to avoid or reduce the number of accidents at work while continuously improving health and safety conditions. BF also incorporates other OHS plans in place, such as an Emergency Plan for intervention in incidents, Programmed Safety Inspections Plan, Near Misses Communication and Resolution Programme.
- **Training, workshops, and seminars** inform employees on how they can maintain safe workstations and keep themselves healthy at work. For instance, EDI, in close coordination with relevant government agencies within environment are given training for emergency response (e.g. fire safety, first aid), medical emergencies (e.g., cardiovascular incidents, profuse bleeding, coughing up or vomiting blood, and fainting or loss of consciousness), and workplace health (e.g., sexually transmitted infections, cancer prevention, food and waterborne diseases).
- **Health services.** Employees are provided access to health services as well, including access to an accredited clinic, company physician, and medical insurance or health maintenance organization coverage. They are also empowered to report unsafe conditions to management. In addition, EDI facilitates employee access to medical services through partnerships such as its annual bloodletting activity with the Philippine Blood Center. Employees and their immediate family members may also request free blood from the Philippine Blood Center during emergencies.
- **Consistent monitoring.** By monitoring relevant data and conducting internal audits, subsidiaries continue to look for improvement in their OHS policies and actions. WMG, for instance, monitors and manages potential workplace risks through data gathering and analysis. A Safety Improvement Record Card (SIRC) system is utilized that allows all aspects of OHS to be raised, including positive behaviors and any concerns or issues. Management also conducts regular safety audits that are also recorded through the SIRC system. All accidents and near misses are raised and recorded on the company's Q-Pulse system (also known as Ideagen Quality Management). These data complement feedback from reports from visits from the UK Health & Safety Executive, which allow management to provide direction for future planning. EMI subsidiaries also assess work sites for hazards to remove and risks to control.

## Labor Standards & Human Rights

EMI protects labor rights and respects human dignity throughout its global operations by implementing comprehensive policies that prohibit forced and child labor, encourage ethical employment practices, and ensure compliance with both local and international labor standards. These commitments are enforced through strict recruitment procedures, routine audits, established grievance channels, and due diligence processes for business partners.

Disclosure	Units	2023	2024	2025
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0	0

EMI reported zero legal actions or employee grievances related to forced or child labor in 2025, consistent with the record from previous years. This continued absence of reported cases reflects the Company's commitment to maintaining responsible labor practices and monitoring compliance across its subsidiaries.

## Policy on Labor Rights and Workplace Conduct

Topic	2023	2024	2025	Reference in Company Policy
Forced Labor	Y	Y	Y	<i>Company Policies – Emperador Inc.</i>
Child Labor	Y	Y	Y	
Human Rights	Y	Y	Y	

These policies clearly prohibit practices such as forced labor, child labor, harassment, bullying, and other forms of inappropriate conduct. They are applied throughout the organization and reinforced through regular compliance monitoring, established grievance mechanisms, and periodic policy evaluations to ensure continued effectiveness.

### *Our Management Approach*

#### **Upholding Dignity Across Borders**

Across its subsidiaries, EMI enforces measures and conducts training sessions that promote ethical working conditions and fair, respectful treatment.

To prevent child and forced labor, EMI implements measures such as identity verification, age checks, and formalized hiring protocols. In its Philippine-based subsidiaries, birth certificates authenticated by the Philippine Statistics Authority are required prior to onboarding, and employment records are maintained to ensure accuracy and traceability. WMG operates under the UK's legal framework and supports ethical employment by allowing individuals under 18 to be hired only through government-approved training programs. It also includes specific requirements in all supplier agreements, such as right-to-work checks and modern slavery declarations, and maintains a confidential whistleblowing line for both employees and third-party workers. Within GES, strict labor

codes explicitly prohibit all forms of child and forced labor among contractors and service providers. CPD, while governed by Mexico’s Federal Labor Law—which sets a minimum working age of 15—has adopted an internal policy setting its hiring threshold at 18. The company also ensures fair compensation across roles and integrates labor criteria into supplier assessments.

Through training on labor rights and workplace conduct, EMI subsidiaries empower employees to understand and exercise their rights. For example, EDI’s Santa Rosa plant partnered with the Department of Labor and Employment – Laguna Provincial Office to conduct lectures aimed at strengthening awareness, particularly among women. These sessions covered key laws, including RA 9262 (Anti-Violence Against Women and Their Children Act of 2004), RA 9710 (Magna Carta of Women), RA 8972 (Solo Parents’ Welfare Act of 2000), and RA 11313 (Safe Spaces Act or Bawal Bastos Law).

### Supply Chain Management

EMI upholds social and environmental responsibility in working with suppliers. The Company implements a structured supplier screening and accreditation processes, where it evaluates whether suppliers comply with relevant operational, social, and environmental requirements. While the processes vary across subsidiaries, all maintain baseline controls for legal compliance, occupational safety, and ethical conduct. These courses of action help ensure EMI works only with responsible partners across its supply chain.

#### Sustainability Topics when Accrediting Suppliers

Topic	2023	2024	2025	Reference in Company Policy
<b>Environmental Performance</b>	Y	Y	Y	<i>Submission of DENR Certificates of Compliance and related permits</i>
<b>Forced Labor</b>	Y	Y	Y	<i>Age verification and anti-forced labor clauses are included in supplier forms and contracts</i>
<b>Child Labor</b>	Y	Y	Y	<i>Supplier onboarding prohibits the employment of minors through documentation checks</i>
<b>Human Rights</b>	Y	Y	Y	<i>Covered by supplier declarations and ethics policies</i>
<b>Bribery and Corruption</b>	Y	Y	Y	<i>Enforced through signed integrity declarations and Emperador’s Supplier Accountability Policy</i>

As of 2025, structured supplier screening and accreditation processes continue to be implemented. Among subsidiaries, however, EDI and AWGI maintain formal and publicly available supplier accreditation policies. EDI’s Supplier Business Ethics & Integrity Policy defines expectations related to anti-corruption, ethical conduct, regulatory compliance, and environmental performance; while AWGI’s Supplier Accountability and Liability Policy outlines requirements on legal accountability, supplier performance standards, and environmental compliance. Both policies drive screening processes that tackle environmental compliance, human rights adherence, and the prohibition of forced and child labor, as shown in the table above.

Other subsidiaries apply aligned internal protocols based on applicable regulations and operational risk considerations, although their policies remain undisclosed publicly.

### *Our Management Approach*

#### **Established Parameters for Engagement**

Across subsidiaries, EMI evaluates how suppliers comply with established standards to ascertain the entry of suitable partners in its supply chain.

At EDI, supplier engagement is focused on anti-corruption and legal due diligence. Suppliers are required to submit accreditation forms, namely “Suppliers Business Ethics & Integrity,” “Supplier’s Accountability & Liability,” and “Pre-Assessment Questionnaire.” While environmental and social considerations are yet to be integrated into EDI’s assessment criteria, the said forms help the Company determine the operational capabilities and financial capacities of suppliers.

Within GES and subsidiaries such as BF, new suppliers must comply with European regulations. They should undergo assessment and validation by the Supply Chain and General Director before any engagement. They are thoroughly screened as well for social criteria to ensure that none had significant social impacts as per the Company’s supplier accreditation policy.

Suppliers partnering with WMG are required to undergo audits. Environmental credentials, such as those from the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC), or ISO certifications are sought from suppliers. WMG considers adding environmental screening into its audit and supplier onboarding processes.

## **Relationship with Community**

### **Significant Impacts on Local Communities**

As of 2025, no specific collective or individual rights of concern related to EMI’s operations have been identified. As a company operating in locations near residential, agricultural, or coastal areas, EMI recognizes its operations might have significant impacts in nearby communities. Therefore, the Company strives to support positive change in communities through programs that address local needs and contribute to long-term development. The company engages with local government units (LGUs), community stakeholders, and non-government organizations to deliver and monitor these initiatives.

In addition, all subsidiaries are expected to support responsible operations by facilitating dialogue, addressing community needs, and mitigating potential risks associated with their presence in their respective areas.

### **Certificates for Activities Impacting Indigenous Peoples (IPs)**

Certificates	Units	2023	2024	2025
FPIC process is still undergoing	#	0	0	0

Certificates	Units	2023	2024	2025
CP secured	#	0	0	0

In 2025, EMI did not conduct operations within areas identified as Indigenous Peoples' territories. As a result, no Free and Prior Informed Consent (FPIC) processes were required and no Certificates of Precondition (CP) were secured, as shown in the table above. The Company continues to assess this requirement during site development and permitting processes to ensure compliance with applicable regulations.

### *Our Management Approach*

#### **Sustaining Relationships with the Community**

EMI continues to nurture relationships with its host communities through consistent partnerships with local agencies and organizations, volunteering in relevant programs, and targeted assistance to certain sectors. EMI also encourages employee involvement in the Company's corporate social responsibility programs. Through their participation, employees get to expand their social awareness and connection with the community. To ensure program continuity and effectiveness, EMI employs monitoring mechanisms such as beneficiary feedback and impact tracking.

Recently, community initiatives where EMI has been involved focus on key areas such as health, education, youth empowerment, and disaster response. EDI, among subsidiaries, has been seen to be actively involved in these programs.

Among health-oriented initiatives include medical missions, community donations and bloodletting activities. EDI, in partnership with the city health office, held a Buntis Congress aimed to empower women employees, particularly first-time mothers, with knowledge on proper child care from pregnancy to birth. EDI also provides free medical treatment and service to the community's unsheltered or underprivileged population. In cooperation with EDI, subsidiary Progreen has conducted a supplemental immunization activity for the benefiting community in Santa Rosa, Laguna.

Regarding education, EDI cleaned and painted the classrooms in two elementary schools, in Bagumbayan, Quezon City and Pulong Santa Cruz, Santa Rosa, Laguna, in preparation for the opening of the academic year through the Brigada Eskwela. EDI also supported youth empowerment by participating in the celebration of International Youth Day, in partnership with the Department of Labor and Employment. The 2025 observance, themed "Local Youth Actions for the SDGs and Beyond," highlighted the role of young people in translating global goals into community-based action. In response to the widespread impact of Typhoon Tino in November, EDI employees nationwide organized a donation drive to collect and distribute essential aid to affected communities in Cebu.

EMI has been spearheading the repurposing of scraps or production byproducts into useful materials that can be donated to the community. EMI also supports community livelihood projects by donating containers and mud presses to farmers. AWGI has upcycled old and damaged wooden pallets into chairs that were donated to schools, while Progreen has donated used containers and mud presses, a by-product of its milling

operations, to local farmers to enhance soil quality and agricultural productivity. EMI also conducts community clean-ups and quarterly food distribution programs.

## Customer Management

### Customer Satisfaction

EMI recognizes customer satisfaction as an important factor in maintaining brand credibility and business performance. While the Company does not currently maintain formal customer satisfaction metrics across its markets, it gathers feedback through internal channels such as retailer and distributor input, monitoring of consumer interactions, and digital complaint management systems. These inputs are reviewed to identify areas for improvement in service quality, product development, and engagement with distributors and customers.

Disclosure	Units	2023	2024	2025
Customer Satisfaction Score	%	N/A	N/A	N/A

### *Our Management Approach*

#### Product Quality and Safety Management

Customer support is provided through a combination of digital platforms, direct engagement with distributors, and coordination with in-market service teams. GES operates dedicated contact centers, while Progreen and EDI address inquiries through their account managers and field representatives. Customer service teams track concerns related to product availability, labeling issues, and delivery delays, and are authorized to escalate matters to logistics, quality assurance, or marketing teams when necessary. Ongoing initiatives also focus on digitizing product information materials and improving consumer access to brand assistance.

#### Customer Health & Safety

EMI emphasizes ethical conduct and the protection of consumer health and safety in the marketing and distribution of its products. The Group promotes responsible consumption through responsible marketing and labeling practices that provide consumers with appropriate information on product composition, proper use, and disposal. These practices are implemented in accordance with applicable regulations, internal policies, and relevant industry standards.

Disclosure	Units	2023	2024	2025
No. of Substantiated Complaints on Product or Service Health and Safety*	#	0	0	0
No. of Complaints Addressed	#	N/A	N/A	N/A

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged with and acted upon by government agencies.

EMI recorded no substantiated complaints related to product or service health and safety from 2022 to 2025, reflecting continued compliance with product safety, quality control, and regulatory requirements. As no complaints were reported during the period, no complaint resolution cases were recorded. The Company continues to maintain monitoring mechanisms to address potential consumer concerns.

### *Our Management Approach*

#### **Quality Control and Safety Management**

Across subsidiaries, EMI closely follows food safety regulations and applies product safety controls throughout every stage of its value chain. Quality assurance teams monitor compliance and pursue relevant certifications for good manufacturing practices.

EDI adheres to the requirements stated by the Food and Drug Administration. Its facilities in Sta. Rosa and Biñan, Laguna hold Good Manufacturing Practice certifications, reinforcing public confidence in the quality and safety of its products.

WMG, for its part, applies a broad set of quality control procedures, which are regularly reviewed and enhanced as needed. It takes into account customer feedback and complaints to strengthen product safety outcomes.

GES, meanwhile, follows safety management systems aligned with Global Food Safety Initiative standards. The subsidiary also incorporates product traceability systems, sanitation procedures, and established emergency recall protocols into daily operations. In addition, subsidiary BF regularly renews certifications, conducts up to eight internal and external audits annually, and monitors key performance indicators daily. CPD, meanwhile, performs monthly quality assessments to monitor product performance.

#### **Marketing and Labeling**

As a liquor company, EMI's responsible marketing and labeling practices emphasize the promotion of responsible consumption. In accordance with applicable regulations, internal policies, and relevant industry standards, these practices ensure consumers are provided with appropriate information on the composition, proper use, and disposal of its products. Marketing activities are conducted in a manner that avoids the exploitation of vulnerable groups and supports transparent communication with consumers. Reflecting these practices, there are no substantiated complaints related to marketing labeling recorded in 2025.

Disclosure	Units	2023	2024	2025
No. of Substantiated Complaints on Marketing and Labeling*	#	0	1	0
No. of Complaints Addressed	#	0	0	0

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by Ad Standards Council

### Our Management Approach

#### Responsible Marketing and Communication

The company upholds responsible communication practices across all markets, particularly due to the nature of its alcoholic beverage products. EDI adheres to the guidelines of the Ad Standards Council (ASC) and the FDA, while WMG follows the United Kingdom's alcohol advertising regulations as well as the Scotch Whisky Association's code of practice. GES and Bodegas Fundador implement detailed label and claims verification during the new product development (NPD) process, requiring both technical and legal approvals prior to market release. Employees involved in marketing activities receive regular training on responsible drinking messaging and regulatory requirements. In addition, the company promotes educational initiatives that encourage moderation and responsible consumption across key brands and markets.

#### Customer Privacy & Data Security

Amid the integration of digital channels in business operations, EMI values the protection of personal information entrusted by its stakeholders. EMI's data privacy and security policies are anchored on compliance with applicable regulations, and training to equip employees with cybersecurity and data protection awareness. As a result of these practices, privacy-related complaints have been avoided to date.

Disclosure	Units	2023	2024	2025
No. of Substantiated Complaints on Customer Privacy	#	0	0	0
No. of Complaints Addressed	#	0	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0	0

*Our Management Approach***Backed by Compliance, Expanded by Training**

Privacy and security practices are grounded on regulatory compliance within subsidiaries and awareness building among employees.

EMI adheres to applicable data privacy regulations, including the Data Privacy Act of 2012 for EDI, the European Union's General Data Protection Regulation for both WMG and GES, and Spain's Organic Law on Protection of Personal Data and Guarantee of Digital Rights for GES.

Subsidiaries also conduct their respective employee and management training on data protection, covering topics such as the proper handling of sensitive information and protocols for responding to potential data breaches.

Furthermore, data protection measures cover encryption, controlled access systems, and periodic internal audits. Each entity maintains a Data Privacy Manual and applies privacy notices and data-sharing agreements to govern the handling of personal information. Additional safeguards include renewal of data processing systems, role-based access controls, audit trail monitoring, and periodic policy evaluations.

Subsidiaries also inform the public about its data protection policies and actions. EDI's privacy notices and contact details of its Data Protection Officer are made available on its official website, while GES also publishes regular updates on data usage and privacy policies through its official websites.