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S.E.C. Registration Number

EMPERADOR INC.

(Company's Full Name)

7/F 1880 EASTWOOD AVENUE,
EASTWOOD CITY CYBERPARK,
BAGUMBAYAN, QUEZON CITY

(Business Address: No. StreetCity/ Town/ Province)

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

12 **31**

Month Day

Fiscal Year

17-Q

FORM TYPE

(**QUARTERLY REPORT FOR JUNE 30, 2023)**

05 **3rd Monday**

Month Day

Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended..............................**June 30, 2023**

2. Commission identification number…..… **A200117595**

3. BIR Tax Identification No.......................................**214-815-715-000**

4. Exact name of issuer as specified in its charter....**EMPERADOR INC.**

5. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City** **1110**
   Address of issuer's principal office Postal Code

8. Issuer's telephone number, including area code……**632**-8**70920-38 to -41**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding **As of June 30, 2023**
Common issued	**16,242,391,176**
Less Treasury	**505,919,938**
Outstanding	**15,736,471,238**

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

    Yes [✔] No [ ] **PHILIPPINE STOCK EXCHANGE, INC.** **Common Shares**

12. Indicate by check mark whether the registrant:

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

    Yes [✔] No [ ]

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

    Yes [✔] No [ ]

PART I - FINANCIAL INFORMATION

1. Financial Statements

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

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

The interim consolidated financial statements ("ICFS") have been prepared in accordance with the Philippine Financial Reporting Standards ("PFRSs") and Philippine Accounting Standard 34, *Interim Financial Reporting*. As such, they do not include all of the information and disclosures required for full annual consolidated financial statements, and thus should be read in conjunction with the audited consolidated financial statements of the Group as of and for the year ended December 31, 2022 ("ACFS"). The accounting policies and methods of computations used are consistent with those applied in the ACFS. The ICFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The amendments to existing standards adopted by the Group effective January 1, 2023 do not have material impact on the Group's ICFS. Accounting estimates, assumptions and judgments are used in preparing these statements; and while these are believed to be reasonable under the circumstances, actual results may ultimately differ from such estimates (see Note 3 to both the ACFS and ICFS).

Business Segments

The Group is organized into two segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the UK operations and the rest fall under Brandy.

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

Please refer to Note 1 to the ICFS and ACFS for a comprehensive list of subsidiaries, associates and joint ventures.

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

Five Key Performance Indicators

- Revenue growth – measures the percentage change in revenues over a designated period
- Net profit growth – measures the percentage change in net profit over a designated

- Gross profit rate ("GPR") – computed as percentage of gross profit [which is sales less cost of sales] to sales – gives indication of pricing, cost structure and production efficiency.
- Net profit rate ("NPR") – computed as percentage of net profit to revenues – measures the operating efficiency and success of maintaining satisfactory control of costs

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

In Million Pesos	**H1 2023**	H1 2022	**Q2 2023**	Q2 2022	Q1 2023	Q1 2022
Revenues and other income	**31,109**	28,054	**15,518**	15,721	15,591	12,333
Net profit ["NP"]	**4,819**	5,303	**2,477**	3,173	2,342	2,130
NP to owners ["NPO"]	**4,740**	5,238	**2,422**	3,140	2,318	2,098
NP Normalized*	4,819	4,895	2,477	2,765		
NPO Normalized*	4,740	4,830	2,422	2,731		
Revenue growth	**11%**	11%	**(1%)**	19%	26%	2%
NP growth	**(9%)**	3%	**(22%)**	5%	10%	2%
NPO growth	**(9%)**	3%	**(22%)**	5%	10%	1%
NP Normalized growth*	**(2%)**		**(10%)**			
NPO Normalized growth*	**(2%)**		**(11%)**			
GPR	**35%**	32%	**37%**	32%	33%	32%
NPR	**15%**	19%	**16%**	20%	15%	17%
NPOR	**15%**	19%	**16%**	20%	15%	17%
NPR/NPOR Normalized*	15%	17%	16%	17%		
ROA	**3.4%**	4.0%	**3.4%**	3.9%	1.6%	1.6%
EBIT	6,335	6,541	3,264	3,905	3,072	2,636
Interest expense	757	432	476	275	282	157
Interest coverage	8x	15x	6.86x	14x	12x	17x

**Normalized is taking out a P408M non-recurring other income reported by Whyte and Mackay in H1/Q2 2022.*

In Million Pesos	**June 30 2023**	Dec 31 2022	Increase YTD	Increase %	Mar 31 2023
Quick assets	**28,072**	36,176	(8,104)	(22.4%)	39,811
Current assets	**74,939**	78,356	(3,417)	(4.4%)	83,626
Current liabilities	**25,674**	28,350	(2,676)	(9.4%)	31,457
Total Assets	**139,993**	141,211	(1,218)	(0.9%)	147,741
Current ratio	**2.9x**	2.8x			2.7x
Quick ratio	**1.1x**	1.3x			1.3x

Results of Operations – First Six Months 2023 vs 2022

Emperador Inc., the world's largest brandy company and the owner of the world's 5th largest Scotch Whisky producer by capacity, ended the current first half ("H1") with revenues and other income rising 11% year-on-year ("YoY") to P31.1 billion, boosted by the continuing stellar performance of its Scotch Whisky segment. Second quarter ("Q2") revenues and other income remained relatively stable YoY and quarter-on-quarter ("QoQ") at P15.5 billion. The easing/removal of mobility restrictions from the lingering COVID-19 pandemic[1] and the resumption of travel helped drive economic activities[2] and the Group's business during the current interim period, amid high inflation[3] and interest rates[4]. The Group achieved an improved GPR of 35% in H1 and 37% in Q2 from 33% in Q1 as compared to 32% in the same three periods of a year ago. The Group picked up on its advertising and promotional spending and physical meetings that increased operating expenses, which in turn dampened net profit ("NP") and net profit to owners ("NPO") for H1 to P4.8 billion and P4.7 billion, respectively, which remained relatively flat when compared to P4.9 billion and P4.8 billion, respectively, of a year ago. The Group continues to pursue its strategic long-term CPI strategy – Contemporize our offering, Premiumize our portfolio and Internationalize our business.

While Brandy segment gets the bigger slice of topline split, Scotch Whisky is growing its share:

Revenue and other income share	H1 2023	H1 2022	Q2 2023	Q2 2022	Q1 2023	Q1 2022	YE 2022	YE 2021	YE 2020	YE 2019	YE 2018
Brandy	60%	64%	57%	65%	63%	62%	65%	67%	70%	73%	72%
S. Whisky	40%	36%	43%	35%	37%	38%	35%	33%	30%	27%	28%

The Brandy segment grew its H1 external revenues and other income 4% YoY (+P0.7 billion) to P18.6 billion from its global operations in Philippines, Spain and Mexico. GP expanded 12% YoY (+P0.5 billion) to P5.1 billion, resulting in GPR standing at 28%, accelerating from 26% a year ago, in spite of inflationary headwinds. With increased promotional activities and higher interest rates (EURIBOR driven), both NP and NPO were registered at P2.0 billion, approximately P0.9 billion behind last year. Reinvigorating efforts are in place to ensure long-term growth.

The Scotch Whisky segment grew its H1 external revenues and other income 23% YoY (+P2.3 billion) to P12.5 billion, driven by the single malt products which accounted for 64% of segment's sales (as compared to 63% a year ago) and continue to rank among the fastest growing single malts worldwide. Scotch Whisky products sold strongly in UK, Asia Pacific, Europe and North America, and global travel retail opened up. Supply chain challenges continued to affect this segment's markets, yet demand remains high. GP expanded 43% YoY (+P1.7 billion) to P5.5 billion, resulting in GPR rising to 45% from 41% a year ago, boosted by high-margin single malts. There were increases in promotional spending and return-to-office related expenses, yet NP (equivalent to its NPO) jumped 20% YoY (+P0.5 billion) to P2.8 billion for NPR of 22%.

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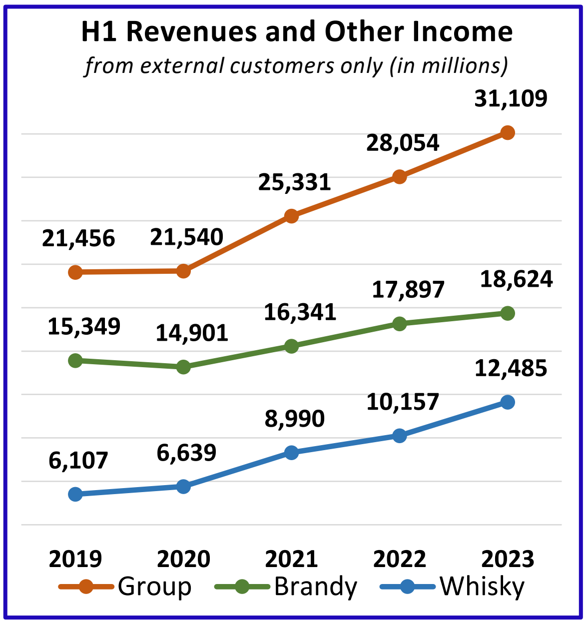
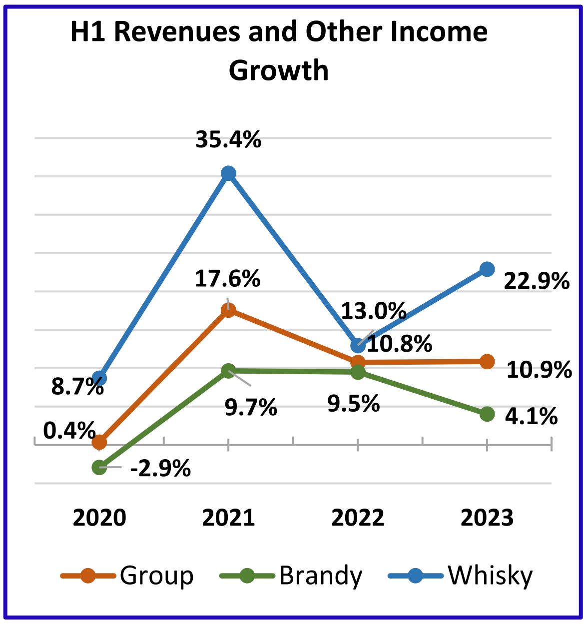
[1] *COVID-19 pandemic started in 2020. In the Philippines, Metro Manila and most parts of the country were already under Alert Level 1 (full capacity for business and transportation) from March 2022 while 26 areas were under Alert Level 2 (50% indoor, 70% outdoor) as of April 30, 2023. In Q1 2022, the Omicron variant surged globally which placed Metro Manila and other places under stricter levels – Alert Level 3 in January (10% indoor, 30% outdoor), Alert Level 2 in February and Alert Level 1 in March. 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.*

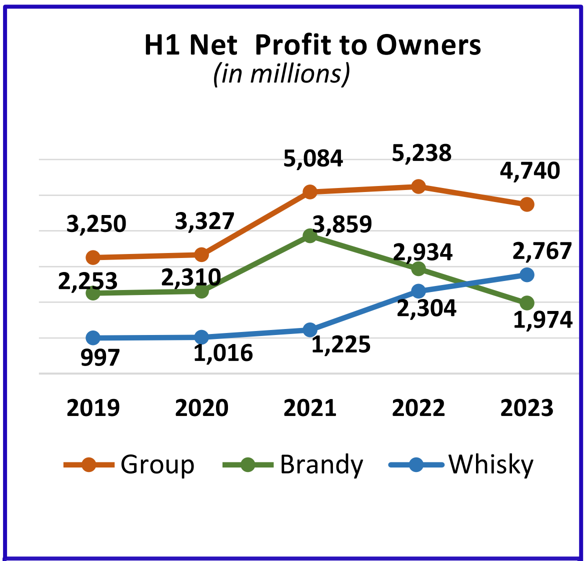
[2] *Philippine GDP expanded 4.3.% in Q2 2023, the 9th quarter of continuous growths but the softest in the sequence, slowing from 6.4% in Q1 2023, amid intense cost pressures and higher interest rates. Spain's GDP grew 4.2% in Q1 and 1.8% in Q2 from 2.9% in Q4 2022 while UK's growth rose to 0.4% in Q2 from 0.2% in Q1 and 0.6% the previous quarter. (Sources: psa.gov.ph; tradingeconomics.com).*

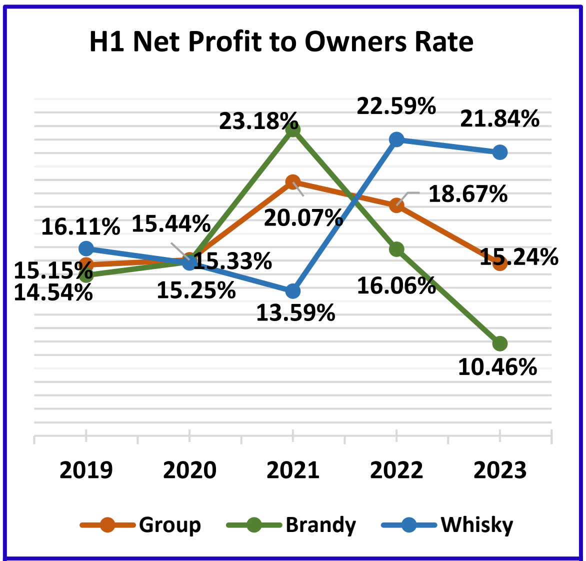
[3] *The Philippine inflation rates peaked to 8.7% in January 2023 and slowed down to 5.4% in June, yet 6month average of 7.2% was higher than 4.4% of same period last year. A downward trajectory was seen in H1 for Spain (5.9% in January to 1.9% in June), Mexico (7.91% in January to 5.06% in June) and USA (6.4% in January to 3% in June) and their 6month averages lower than H1 2022. For UK, rates remained above the 10% mark for seven consecutive months as of March 2023 and fell 7.9% in June, while 6month average of 9.32% is still higher than 7.7% of same period last year. (Source: tradingeconomics.com).*

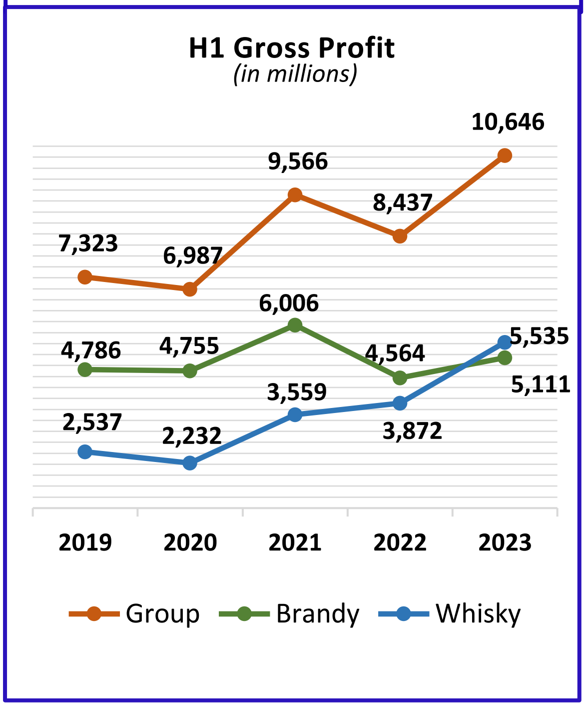
[4] *BSP's overnight reverse repurchase interest rate was at 2.0% in Q1 2022 and reached 6.25% since March 2023 from 5.5% at start of year. SONIA rates ranged 0.1947% to 1.1896% in H1 2022 and 3.4269% to 4.9286% in H1 2023; EURIBOR rates ranged -0.564% to -0.579% in H1 2022 and 1.876% to 3.362% in H1 2023. (Sources: bsp.gov.ph; global-rates.com)*

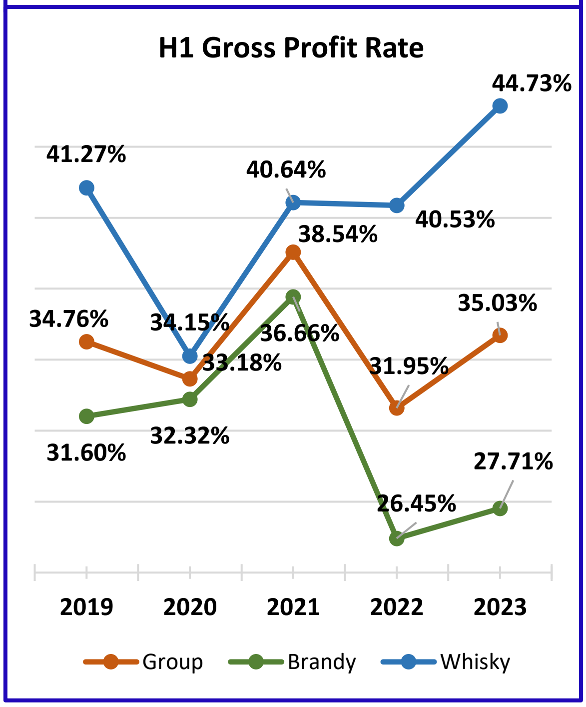

H1 Revenues and Other Income
from external customers only (in millions)
31,109
28,054
25,331
21,456 21,540
17,897 18,624
15,349 14,901 16,341
12,485
8,990 10,157
6,107 6,639
2019 2020 2021 2022 2023
Group Brandy Whisky


H1 Revenues and Other Income Growth
35.4%
17.6%
13.0%
10.8%
22.9%
10.9%
8.7%
9.7%
9.5%
4.1%
0.4%
-2.9%
2020 2021 2022 2023
Group Brandy Whisky


H1 Net Profit to Owners
(in millions)
5,084 5,238 4,740
3,250 3,327
3,859
2,934 2,767
2,253 2,310
2,304
1,974
997 1,016 1,225
2019 2020 2021 2022 2023
Group Brandy Whisky


H1 Net Profit to Owners Rate
23.18%
22.59%
21.84%
18.67%
16.11% 15.44%
20.07%
15.15%
14.54%
15.33%
15.25%
15.24%
16.06%
13.59%
10.46%
2019 2020 2021 2022 2023
Group Brandy Whisky


H1 Gross Profit
(in millions)
10,646
9,566
8,437
7,323 6,987
6,006
4,786 4,755
4,564
5,535
5,111
3,559
2,537 2,232
3,872
2019 2020 2021 2022 2023
Group Brandy Whisky


H1 Gross Profit Rate
44.73%
41.27%
40.64%
40.53%
38.54%
34.76%
34.15%
36.66%
33.18%
35.03%
31.95%
31.60%
32.32%
27.71%
26.45%
2019 2020 2021 2022 2023
Group Brandy Whisky

Comparative results by segment are shown in the following table.

In Million Pesos	**H1 2023**	H1 2022	YoY	%	**Q2 2023**	Q2 2022	YoY %	QoQ %	Q1 2023	Q1 2022	YoY %
Revenue and other income	31,109	28,054	3,055	10.9%	15,518	15,721	(1.3%)	(0.5%)	15,591	12,333	26.4%
Brandy*	18,624	17,897	727	4.1%	8,866	10,262	(13.6%)	(9.1%)	9,758	7,635	27.8%
Whisky*	12,485	10,157	2,328	22.9%	6,652	5,459	21.8%	14.0%	5,833	4,698	24.2%
Gross profit ["GP"]	10,646	8,437	2,209	26.2%	5,542	4,660	18.9%	8.6%	5,103	3,776	35.1%
Brandy	5,111	4,564	546	12.0%	2,734	2,668	2.5%	15.1%	2,376	1,897	25.3%
Whisky	5,535	3,872	1,663	42.9%	2,808	1,993	40.9%	3.0%	2,727	1,880	45.1%
NP before tax	5,578	6,109	(532)	(8.7%)	2,788	3,630	(23.2%)	(0.1%)	2,790	2,479	12.5%
Brandy	2,385	3,430	(1,044)	(30.4%)	1,149	2,009	(42.8%)	(7.1%)	1,237	1,421	(12.9%)
Whisky	3,193	2,679	512	19.1%	1,639	1,621	1.1%	5.5%	1,553	1,058	46.7%
Tax expense	759	806	(48)	(5.9%)	311	457	(32.0%)	(30.5%)	448	349	28.2%
Brandy	333	431	(97)	(22.6%)	103	247	(58.3%)	(55.4%)	231	184	25.3%
Whisky	426	375	49	13.1%	208	211	(1.2%)	(4.1%)	217	165	31.4%
NP	4,819	5,303	(484)	(9.1%)	2,477	3,173	(21.9%)	5.7%	2,342	2,130	10.0%
Brandy	2,052	2,999	(946)	(31.6%)	1,046	1,762	(40.6%)	4.0%	1,006	1,237	(18.6%)
Whisky	2,767	2,304	463	20.1%	1,431	1,411	1.4%	7.1%	1,336	893	49.5%
NP to owners ["NPO"]	4,740	5,238	(498)	(9.5%)	2,422	3,140	(22.9%)	4.5%	2,318	2,098	10.5%
Brandy	1,974	2,934	(960)	(32.7%)	991	1,729	(42.7%)	0.9%	982	1,205	(18.5%)
Whisky	2,767	2,304	463	20.1%	1,431	1,411	1.4%	7.1%	1,336	893	49.5%
EBITDA	7,022	7,267	(245)	(3.4%)	3,606	4,157	(13.3%)	5.6%	3,416	3,110	9.8%
Brandy	3,548	4,141	(593)	(14.3%)	1,818	2,227	(18.4%)	5.0%	1,730	1,914	(9.6%)
Whisky	3,474	3,126	348	11.1%	1,788	1,930	(7.3%)	6.1%	1,685	1,196	40.9%
GPR**	35.03%	31.95%			36.65%	31.84%			33.43%	32.10%	
Brandy	27.71%	26.45%			30.87%	26.98%			24.80%	25.74%	
Whisky	44.73%	40.53%			43.34%	40.76%			46.27%	40.29%	
NP rate ["NPR"]	15.49%	18.90%			15.96%	20.18%			15.02%	17.27%	
Brandy	10.88%	16.42%			11.64%	16.97%			10.19%	15.70%	
Whisky	21.84%	22.59%			21.20%	25.77%			22.56%	18.90%	
NPO rate ["NPOR"]	15.24%	18.67%			15.61%	19.97%			14.87%	17.01%	
Brandy	10.46%	16.06%			11.03%	16.65%			9.95%	15.30%	
Whisky	21.84%	22.59%			21.20%	25.77%			22.56%	18.90%	
EBITDA margin	22.57%	25.90%			23.24%	26.44%			21.91%	25.22%	
Brandy	18.81%	22.67%			20.23%	21.44%			17.52%	24.29%	
Whisky	27.42%	30.64%			26.51%	35.25%			28.45%	25.31%	

**Segment Revenues are from external customers only.*

Comparative results of each segment are shown in the following tables.

Brandy Segment												
In Million Pesos	**H1 2023**	H1 2022	YoY	%	**Q2 2023**	Q2 2022	YoY %	QoQ %	**Q1 2023**	Q1 2022	2023 YoY	YoY %
REVENUES AND OTHER INCOME-External	18,624	17,897	727	4.1%	8,866	10,262	(13.6%)	(9.1%)	9,758	7,635	2,123	27.8%
Intersegment	240	366	(126)	(34.5%)	120	124	(3.4%)	0.0%	120	242	(122)	(50.4%)
Total	18,864	18,263	601	3.3%	8,986	10,386	(13.5%)	(9.0%)	9,878	7,877	2,001	25.4%
Cost of Goods Sold – External	13,147	12,651	496	3.9%	6,030	7,207	(16.3%)	(15.3%)	7,117	5,444	1,673	30.7%
Intersegment	185	44	141	318.7%	95	15	540.9%	5.5%	90	29	61	206.5%
Total	13,332	12,695	637	5.0%	6,125	7,221	(15.2%)	(15.0%)	7,207	5,473	1,733	31.7%
Gross Profit ["GP"]	5,111	4,564	546	12.0%	2,734	2,668	2.5%	15.1%	2,376	1,897	480	25.3%
Other operating expenses	2,578	1,991	586	29.4%	1,372	1,102	24.5%	13.9%	1,205	889	316	35.5%
Selling and distribution	1,912	1,509	402	26.6%	1,008	933	8.0%	11.5%	904	576	327	56.8%
General and administrative	666	482	184	38.2%	365	169	116.0%	21.0%	301	313	(12)	(3.7%)

Brandy Segment												
In Million Pesos	**H1 2023**	H1 2022	YoY	%	**Q2 2023**	Q2 2022	YoY %	QoQ %	**Q1 2023**	Q1 2022	2023 YoY	YoY %
Interest and other charges	569	147	422	286.3%	339	54	532.8%	47.8%	229	94	136	145.1%
NP before tax	2,385	3,430	(1,044)	(30.4%)	1,149	2,009	(42.8%)	(7.1%)	1,237	1,421	(184)	(12.9%)
Tax expense	333	431	(97)	(22.6%)	103	247	(58.3%)	(55.4%)	231	184	47	25.3%
NP	2,052	2,999	(946)	(31.6%)	1,046	1,762	(40.6%)	4.0%	1,006	1,237	(230)	(18.6%)
NPO	1,974	2,934	(960)	(32.7%)	991	1,729	(42.7%)	0.9%	982	1,205	(222)	(18.5%)
EBITDA	3,548	4,141	(593)	(14.3%)	1,818	2,227	(18.4%)	5.0%	1,730	1,914	(183)	(9.6%)
GPR %	27.71%	26.45%				26.98%			24.80	25.74		
NPOR %	10.46%	16.06%				16.65%			9.95	15.30		
EBITDA Margin %	18.81%	22.67%				21.44%			17.52	24.29		

Scotch Whisky Segment												
In Million Pesos	**H1 2023**	H1 2022	YoY	%	**Q2 2023**	Q2 2022	YoY %	QoQ %	**Q1 2023**	Q1 2022	2023 YoY	2023 YoY %
REVENUES AND OTHER INCOME- External	12,485	10,157	2,328	22.9%	6,652	5,459	21.8%	14.0%	5,833	4,698	1,135	24.2%
Intersegment	185	44	141	318.7%	95	15	540.9%	5.5%	90	29	61	206.5%
Total	12,670	10,201	2,468	24.2%	6,747	5,474	23.2%	13.9%	5,923	4,727	1,196	25.3%
Cost of Goods Sold - External	6,598	5,316	1,282	24.1%	3,551	2,772	28.1%	16.5%	3,047	2,544	503	19.8%
Intersegment	240	366	(126)	(34.5%)	120	124	(3.4%)	0.0%	120	242	(122)	(50.4%)
Total	6,838	5,682	1,156	20.3%	3,671	2,896	26.7%	15.9%	3,167	2,786	381	13.7%
Gross Profit ["GP"]	5,535	3,872	1,663	42.9%	2,808	1,993	40.9%	3.0%	2,727	1,880	847	45.1%
Other operating expense	2,424	1,555	870	56.0%	1,274	735	73.2%	10.7%	1,151	820	331	40.4%
Selling and distribution	1,726	1,106	620	56.1%	916	538	70.2%	13.1%	810	568	242	42.7%
General and administrative	698	449	249	55.5%	358	197	81.4%	5.0%	341	252	89	35.3%
Interest and other charges	215	285	(69)	(24.4%)	163	221	(26.4%)	212.9%	52	63	(11)	(17.6%)
NP before tax	3,193	2,679	512	19.1%	1,639	1,621	1.1%	5.5%	1,553	1,058	494	46.7%
Tax expense	426	375	49	13.1%	208	211	(1.2%)	(4.1%)	217	165	52	31.4%
NP	2,767	2,304	463	20.1%	1,431	1,411	1.4%	7.1%	1,336	893	442	49.5%
NPO	2,767	2,304	463	20.1%	1,431	1,411	1.4%	7.1%	1,336	893	442	49.5%
EBITDA	3,474	3,126	348	11.1%	1,788	1,930	(7.3%)	6.1%	1,685	1,196	489	40.9%
GPR %	44.73%	40.53%			43.34%	40.76%			46.27	40.29		
NPOR %	21.84%	22.59%			21.20%	25.77%			22.56	18.90		
EBITDA Margin %	27.42%	30.64%			26.51%	35.25%			28.45	25.31		

Operating expenses during the H1 escalated 41% YoY (+P1.5 billion) to P5.0 billion due to the increased business activities in Group's global markets. Advertising and promotions (+P0.5 billion), salaries and employee benefits (+P0.2 billion), travel and transportation (+P0.1 billion), freight and handling (+P0.05 billion), other services (+P0.1 billion) and representation (+P0.05 billion) went up YoY.

Operating Expenses In Million Pesos	**H1 2023**	H1 2022	2023 YoY	2023 YoY%	**Q2 2023**	Q2 2022	YoY	YoY %	**Q1 2023**	Q1 2022	2023 YoY	2023 YoY %
Selling and distribution	3,638	2,615	1,022	39.1%	1,924	1,471	452	30.7%	1,714	1,144	570	49.8%
Brandy	1,912	1,509	402	26.6%	1,008	933	74	8.0%	904	576	327	56.8%
Whisky	1,726	1,106	620	56.1%	916	538	378	70.2%	810	568	242	42.7%
General and Administrative	1,364	931	434	46.6%	722	366	356	97.4%	642	565	77	13.7%
Brandy	666	482	184	38.2%	365	169	196	116.0%	301	313	(12)	(3.7%)
Whisky	698	449	249	55.5%	358	197	161	81.4%	341	252	89	35.3%
Total Operating Expenses	5,002	3,546	1,456	41.1%	2,646	1,837	809	44.0%	2,356	1,709	647	37.9%

Selling and distribution. In general, as economies opened up and mobility became less/non restricted, both segments increased strategic and promotional marketing spends to support their brands that boosted sales; and with higher sales, freight and handling increased. There were also new Scotch Whisky products launched and new variants introduced in the current interim period. With the increased business activities than a year ago, both segments resumed visits and meetings with customers which translated to increased spending on transportation and travel, representation and fuel and oil; and hired new employees. In addition, Brandy segment had incurred higher merchandising service fees. As a result, consolidated selling and distribution expenses shot up 39% from a year ago.

General and administrative. Both segments increased expenses on salaries and employee benefits as current operations need more personnel than a year ago, and on travel and transportation. There were other costs that could fluctuate on a monthly basis. Overall, consolidated general and administrative expenses grew 47% YoY.

In Million Pesos	**H1 2023**	H1 2022	YoY	YoY %	**Q2 2023**	Q2 2022	YoY	YoY %	**Q1 2023**	Q1 2022	YoY	YoY %
Interest expense	757	432	325	75.3%	476	275	201	72.9%	282	157	125	**79.5%**
Brandy	639	147	492	334.1%	410	54	356	664.0%	230	94	136	145.1%
Whisky	118	285	(167)	(58.5%)	66	221	(155)	(70.2%)	52	63	(11)	(17.6%)

Interest expense surged 75% YoY (+P0.3 billion) to P0.8 billion mainly due to increase in interest expense at the Brandy segment because of higher interest rates caused by EURIBOR moving to positive territory and variable interest paid on ELS.

In Million Pesos	**H1 2023**	H1 2022	YoY	YoY %	**Q2 2023**	Q2 2022	YoY	YoY %	**Q1 2023**	Q1 2022	2023 YoY	YoY %
Other Income	719	1,651	(932)	(56.5%)	394	1,082	(688)	(63.6%)	324	569	(245)	**(43.0%)**
Brandy	422	1,004	(582)	(58.0%)	126	497	(371)	(74.6%)	295	507	(212)	(41.7%)
Whisky	297	647	(350)	(54.1%)	268	585	(317)	(54.2%)	29	62	(33)	(53.4%)

Other income depleted 56%YoY (-P0.9 billion) to P0.7 billion mainly from the foreign exchange gains in H1 2022 (nil in 2023) and lower other operating income in H1 2023, partly offset by an increase in interest income in current period due to higher interest rates.

In Million Pesos	**H1 2023**	H1 2022	YoY	YoY %	**Q2 2023**	Q2 2022	YoY	YoY %	**Q1 2023**	Q1 2022	2023 YoY	YoY %
Tax Expense	759	806	(48)	(5.9%)	311	457	(146)	(32.0%)	448	349	98	28.2%
Brandy	333	431	(97)	(22.6%)	103	247	(144)	(58.3%)	231	184	47	25.3%
Whisky	426	375	49	13.1%	208	211	(2)	(1.2%)	217	165	52	31.4%

Tax expense decelerated 6% YoY (-P0.05 billion) to P0.76 billion from P0.81 billion a year ago primarily due to lower taxable income from Brandy segment during the period.

EBITDA, which is computed as profit before interest expense, tax, depreciation and amortization, amounted to P7.0 billion this interim period as compared to P7.3 billion a year ago, primarily due to the lower profit and higher interest expense, showing margin of 23% this interim period versus 26% a year ago.

Financial Condition

Total assets amounted to P140.0 billion at June 30, 2023, a 1% decrease (-P1.2 billion) from P141.2 billion at December 31, 2022. Total liabilities contracted 6% (-P3.2 billion) to P49.5 billion at end of the interim period, which represent 35% of total assets as compared to 37% at beginning of the year. The Group is strongly liquid with current assets exceeding current liabilities 2.9 times and 2.8 times at the end and beginning of the quarter, respectively.

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

Cash and cash equivalents shrank 23% (-P2.9 billion) to P9.8 billion at end of interim period, mainly due to dividends paid during the period. Cash flows from operations and financing activities were used for capital expenditures, loan repayments, dividends and laying up of inventories.

Trade and other receivables went down 24% (-P5.5 billion) to P17.7 billion primarily due collection of trade receivables (-P2.2 billion) and application of advances to suppliers (-P3.5 billion) while advances to officers and employees went up (+P0.3 billion) due to increased production requirements during the interim period.

Financial assets at fair value through profit or loss soared 91% (+P0.2 billion) due to acquisition in the interim period.

Inventories climbed 12% (+P4.8 billion) primarily due to laying down of liquids holding for future sales (minimum 12years aging for Scotch Whisky) and producing ahead to fulfill customer orders without any disruption through the supply chain.

Prepayments and other current assets fell 5% (-P0.1 billion), mainly due to timing of prepayments for rentals, insurance, advertising and general prepayments from beginning of the year.

Retirement benefit assets surged 70%% (+P0.3 billion) to P0.8 billion due to changes in financial assumptions and foreign exchange adjustments.

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

Current Interest-bearing loans went up 44% (+P1.7 billion) to P5.6 billion while non-current portion went down 4% (-P0.7 billion) to P19.2 billion due to drawdowns in Scotland loan facility and changes in translation of long-term Euro and GBP loans, offset by repayments of bank loans.

Trade and other payables decreased 17% (-P3.8 billion) to P18.4 billion due to timing of purchases for production and accruals of expenses.

Current lease liabilities depleted 30% (-P0.06 billion) to P0.1 billion and non-current lease liabilities 9% (-P0.04 billion) to P0.3 billion primarily due to translation adjustment.

Income tax payable went down 26% (-P0.5 billion) to P1.6 billion following payments of annual income tax as it fell due in Q2.

Provisions rose 8% (+P0.02 billion) to P0.3 billion from reallocation of costs on onerous lease and translation adjustment.

Deferred tax liabilities jumped 7% (+P0.3 billion) to P3.9 billion due to movements in timing differences.

Equity attributable to owners went up 2% (+P1.8 billion) to P89.2 billion from net profit during the period (+P4.7 billion), translation gain in translating financial statements of foreign subsidiaries (+P1.1 billion) and other reserves (+P0.6 billion), reduced by the amount of dividends declared and paid during the interim (-P4.6 billion).

Non-controlling interest pertains primarily to the minority interest in DBLC and Boozylife. The increase of P0.2 billion pertains to share in translation adjustment and in net profit of non-controlling shareholders recorded during the current period.

Financial Soundness Indicators

Please see submitted schedule attached to this report.

In Million Pesos	**June 30, 2023**	Mar 31, 2023	Dec 31 2022
Debt [Loans]	24,769	25,582	23,801
Equity	90,534	91,625	88,589
Total Capitalization	115,303	117,207	112,390
Total Liabilities	49,460	56,116	52,622
Debt-to-equity ratio	**0.27**	0.28	0.27
Liabilities-to-equity ratio	**0.55**	0.61	0.59
Current ratio	**2.92x**	2.66x	2.76x
Quick ratio	**1.09x**	1.27x	1.28x
Return on assets	**3.44% 6mos**	1.59% 3mos	7.57% 1yr
Solvency ratio [EBITDA/Debt]	**28% 6mos**	13% 3mos	58% 1yr

Other Required Disclosures

As of June 30, 2023, except for what has been noted, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

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

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

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

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

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

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

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

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
JUNE 30, 2023

	06/30/23	12/31/22
Current ratio	2.92	2.76
Quick ratio	1.09	1.28
Liabilities-to-equity ratio	0.55	0.59
Debt-to-equity ratio	0.27	0.27
Asset -to-equity ratio	1.55	1.59
	H1 2023	**H1 2022**
Net profit margin	15%	19%
Return on assets	3%	4%
Return on equity/investment	5%	6%
Solvency Ratio	28%	30%
Interest rate coverage ratio	8.36	15.14

LIQUIDITY RATIOS measure the business' ability to pay short-term obligations.
Current ratio - computed as current assets divided by current liabilities
Quick ratio - computed a cash, marketable securities, accounts receivable divided by current liabilities.

SOLVENCY RATIOS measure the business' ability to meet its long-term debt obligations.
Liabilities-to-equity ratio - computed as total liabilities divided by stockholders'equity.
Debt-to-equity ratio - computed as total interest-bearing loans [debt] divided by stockholders'equity.
Solvency ratio - computed as EBITDA divided by total debt [loans]

INTEREST RATE COVERAGE RATIO measures the business' ability to meet its interest payments.
It is computed as profit before income tax and interest expense ("EBIT") divided by interest.

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

PROFITABILITY RATIOS measure the business' ability to generate earnings.
Net profit margin - computed as net profit divided by revenues
Return on assets - net profit divided by average assets
Return on equity investment - net profit divided by total stockholders' equity

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(Amounts in Philippine Pesos)

	Notes	June 30, 2023 (UNAUDITED)	December 31, 2022 (AUDITED)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 9,845,821,934**	P 12,738,118,244
Trade and other receivables - net	6	**17,696,370,386**	23,160,326,014
Financial assets at fair value through profit or loss	24.2	**529,752,822**	277,586,460
Inventories - net	7	**44,047,512,503**	39,294,569,874
Prepayments and other current assets	10.1	**1,829,453,770**	1,923,237,471
		73,948,911,415	77,393,838,063
Non-current assets classified as held for sale	19.7	**989,928,995**	961,744,740
Total Current Assets		**74,938,840,410**	78,355,582,803
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	**30,129,056,336**	29,256,020,632
Intangible assets - net	9	**30,449,956,591**	29,630,655,183
Investment in a joint venture	11	**3,418,378,149**	3,279,671,119
Retirement benefit asset - net		**847,776,778**	500,083,355
Deferred tax assets - net	18	**88,599,447**	87,395,081
Other non-current assets - net	10.2	**120,838,572**	101,715,988
Total Non-current Assets		**65,054,605,873**	62,855,541,358
TOTAL ASSETS		**P 139,993,446,283**	P 141,211,124,161
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	**P 5,553,490,435**	P 3,851,103,435
Trade and other payables	14	**18,373,510,904**	22,139,323,271
Lease liabilities	8.3	**147,486,296**	210,555,356
Income tax payable		**1,599,711,398**	2,149,069,462
Total Current Liabilities		**25,674,199,033**	28,350,051,524
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	**19,215,376,675**	19,950,084,000
Lease liabilities	8.3	**348,540,863**	383,822,672
Provisions		**272,784,448**	252,207,832
Deferred tax liabilities - net	18	**3,948,723,879**	3,685,535,017
Total Non-current Liabilities		**23,785,425,865**	24,271,649,521
Total Liabilities	25	**49,459,624,898**	52,621,701,045
EQUITY	25		
Equity attributable to owners of the parent company		**89,173,472,236**	87,391,939,223
Non-controlling interest		**1,360,349,149**	1,197,483,893
Total Equity		**90,533,821,385**	88,589,423,116
TOTAL LIABILITIES AND EQUITY		**P 139,993,446,283**	P 141,211,124,161

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	Six Months 2023	Six Months 2022	Quarter 2023	Quarter 2022
REVENUES AND OTHER INCOME	15	P 31,108,992,922	P 28,054,440,144	P 15,517,502,769	P 15,721,095,812
COSTS AND EXPENSES					
Costs of goods sold	16	19,744,885,193	17,966,813,224	9,580,908,576	9,978,560,816
Selling and distribution expenses	17	3,637,841,183	2,615,409,996	1,923,943,561	1,471,493,402
General and administrative expenses	17	1,364,367,270	930,800,251	722,385,507	366,018,721
Interest expense	12,13	757,348,189	431,964,395	475,662,769	275,080,207
Other charges - net		26,763,876	-	26,763,876	-
		25,531,205,711	21,944,987,866	12,729,664,289	12,091,153,146
PROFIT BEFORE TAX		5,577,787,211	6,109,452,278	2,787,838,480	3,629,942,666
TAX EXPENSE	18	758,509,309	806,391,619	310,906,066	457,190,393
NET PROFIT		4,819,277,902	5,303,060,659	2,476,932,414	3,172,752,273
OTHER COMPREHENSIVE INCOME					
Item that will be reclassified subsequently to profit or loss					
Translation gain		1,136,293,355	(418,934,533)	954,685,207	(657,550,110)
Items that will not be reclassified subsquently to profit or loss					
Net actuarial gain (loss) on retirement benefit plan		314,703,996	7,236,000	(105,788,004)	(74,908,000)
Tax income (expense) on remeasurement of retirement benefit plan		(78,676,000)	(1,809,000)	26,447,000	18,727,000
		236,027,996	5,427,000	(79,341,004)	(56,181,000)
Total Other Comprehensive Income (Loss)		1,372,321,351	(413,507,533)	875,344,203	(713,731,110)
TOTAL COMPREHENSIVE INCOME		P 6,191,599,253	P 4,889,553,126	P 3,352,276,617	P 2,459,021,163
Net profit attributable to:					
Owners of the parent company		P 4,732,496,291	P 5,237,865,011	P 2,414,087,032	P 3,139,515,701
Non-controlling interest		86,781,611	65,195,648	62,845,382	33,236,572
		P 4,819,277,902	P 5,303,060,659	P 2,476,932,414	P 3,172,752,273
Total comprehensive income attributable to:					
Owners of the parent company		P 6,028,733,997	P 4,812,599,583	P 3,167,228,550	P 2,348,402,614
Non-controlling interest		162,865,256	76,953,543	185,048,067	110,618,549
		P 6,191,599,253	P 4,889,553,126	P 3,352,276,617	P 2,459,021,163
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	P 0.30	P 0.33	P 0.15	P 0.20

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company														
										Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription - ELS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interest	Total Equity
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	-	-	-	-	-	-	-	-	316,375,675	-	-	-	316,375,675	-	316,375,675
Transfer to equity reserves	-	-	-	-	-	-	-	-	57,076,965	-	(57,076,965)	(57,076,965)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	1,060,209,710	236,027,996	-	-	4,732,496,291	4,732,496,291	6,028,733,997	162,865,256	6,191,599,253
Cash dividends declared during the year	-	-	-	-	-	-	-	-	-	-	(4,563,576,659)	(4,563,576,659)	(4,563,576,659)	-	(4,563,576,659)
Balance at June 30, 2023	**P 16,242,391,176**	**P 23,106,377,832**	**P 3,443,750,000**	**(P 4,747,713,903)**	**P 88,498,401**	**P 260,187,993**	**(P 2,502,422,448)**	**(P 254,067,984)**	**P 809,428,529**	**P 1,200,000,000**	**P 51,527,042,640**	**P 52,727,042,640**	**P 89,173,472,236**	**P 1,360,349,149**	**P 90,533,821,385**
Balance at January 1, 2022	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 183,769,571	(P 3,128,522,733)	(P 159,833,776)	P 142,402,572	P 1,200,000,000	P 41,346,946,733	P 42,546,946,733	P 77,718,065,873	P 1,000,169,494	P 78,718,235,367
Movements during the year	-	-	-	-	-	81	-	-	275,575,536	-	-	-	275,575,617	-	275,575,617
Total comprehensive income for the year	-	-	-	-	-	-	(430,692,428)	5,427,000	-	-	5,237,865,011	5,237,865,011	4,812,599,583	76,953,543	4,889,553,126
Balance at June 30, 2022	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 183,769,652	(P 3,559,215,161)	(P 154,406,776)	P 417,978,108	P 1,200,000,000	P 46,584,811,744	P 47,784,811,744	P 82,806,241,073	P 1,077,123,037	P 83,883,364,110

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 5,577,787,211**	P 6,109,452,278
Adjustments for:			
Depreciation and amortization	8	**686,233,816**	724,761,171
Interest expense	12,13	**757,348,189**	431,964,395
Interest income	15	**(371,522,688)**	(50,545,182)
Share in net profit of a joint venture	15	**(42,594,970)**	(60,730,521)
Share option benefits expense		**-**	81
Provisions	17	**-**	(33,500,000)
Amortization of trademarks	9	**538,464**	807,695
Gain on sale of property, plant and equipment	15	**-**	(1,100,000)
Operating profit before working capital changes		**6,607,790,022**	7,121,109,917
Decrease in trade and other receivables		**5,636,179,477**	1,342,308,301
Decrease (increase) in financial instruments at fair value through profit or loss		**(241,031,285)**	5,777,488
Increase in inventories		**(3,977,080,975)**	(3,668,876,088)
Decrease in prepayments and other current assets		**67,658,506**	70,288,547
Increase in other non-current assets		**(18,984,830)**	(7,924,871)
Increase (decrease) in trade and other payables		**(3,784,176,139)**	2,224,716,088
Increase in retirement benefit asset		**(32,989,427)**	(48,191,915)
Cash generated from operations		**4,257,365,349**	7,039,207,467
Cash paid for income taxes		**(1,285,229,031)**	(1,069,678,670)
Net Cash From Operating Activities		**2,972,136,318**	5,969,528,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	**(1,472,814,573)**	(2,229,314,426)
Proceeds from sale of property, plant and equipment	8	**481,920**	139,695,250
Dividends received from a joint venture		**-**	285,000,025
Interest received	5	**379,825,459**	46,900,051
Net Cash Used in Investing Activities		**(1,092,507,194)**	(1,757,719,100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	**4,120,349,400**	1,557,170,072
Repayments of interest-bearing loans	12	**(3,792,823,260)**	(1,804,716,333)
Interest paid		**(535,874,915)**	(222,504,945)
Repayments of lease liabilities		**-**	(56,863,160)
Dividends paid	20	**(4,563,576,659)**	-
Net Cash Used in Financing Activities		**(4,771,925,434)**	(526,914,366)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,892,296,310)**	3,684,895,331
CASH AND CASH EQUIVALENTS AT JANUARY 1		**12,738,118,244**	9,333,783,438
CASH AND CASH EQUIVALENTS AT JUNE 30		**P 9,845,821,934**	P 13,018,678,769

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
SELECTED EXPLANATORY NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(With Comparative Audited Figures for December 31, 2022)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

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

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

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

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

1.1 Subsidiaries

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

	Percentage of Effective Ownership	
Names of Subsidiaries	**June 30, 2023**	December 31, 2022
EDI and subsidiaries (EDI Group)		
Emperador Distillers, Inc. ("EDI")	**100%**	100%
Anglo Watsons Glass, Inc. ("AWGI")	**100%**	100%
Alcazar De Bana Holdings Company, Inc.	**100%**	100%
Progreen Agricorp Inc. ("Progreen")	**100%**	100%
South Point Science Park Inc.	**100%**	100%
The Bar Beverage, Inc.	**100%**	100%
Tradewind Estates, Inc. ("TEI")	**100%**	100%
Boozylife Inc. ("Boozylife")	**62%**	62%
Cocos Vodka Distillers Philippines, Inc.	**100%**	100%
Zabana Rum Company, Inc.	**100%**	100%
The World's Finest Liquor Inc.	**100%**	100%

Names of Subsidiaries and Joint Venture	Percentage of Effective Ownership June 30, 2023	December 31, 2022
EIL and offshore subsidiaries and joint venture:		
Emperador International Ltd. ("EIL")	**100%**	100%
Emperador Holdings (GB) Limited ("EGB")	**100%**	100%
Emperador UK Limited ("EUK")	**100%**	100%
Whyte and Mackay Group Limited ("WMG")	**100%**	100%
Whyte and Mackay Global Limited ("WMGL")	**100%**	100%
Whyte and Mackay Limited ("WML")	**100%**	100%
Whyte and Mackay Warehousing Limited ("WMWL")	**100%**	100%
Emperador Asia Pte. Ltd. ("EA")	**100%**	100%
Grupo Emperador Spain, S.A. ("GES")	**100%**	100%
Bodega San Bruno, S.L. ("BSB")	**100%**	100%
Bodegas Fundador, S.L.U. ("BFS")	**100%**	100%
Grupo Emperador Gestion S.L ("GEG")	**100%**	100%
Stillman Spirits, S.L. ("Stillman")	**100%**	100%
Domecq Bodega Las Copas, S.L. ("DBLC")	**50%**	50%
Bodegas Las Copas, S.L.("BLC")	**50%**	50%
Emperador Europe Sarl ("EES")	**100%**	100%

Please refer to Note 1.1 to the audited consolidated financial statements as of and for the year ended December 31, 2022 for information on these entities.

1.2 Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements (unaudited) of the Group as of and for the six months ended June 30, 2023 (including the comparative financial information as of December 31, 2022 and for the six months ended June 30, 2022) were authorized for issue by the Parent Company's Board of Directors ("BOD") through the Audit Committee on August 11, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the most recent audited consolidated financial statements as of and for the year ended December 31, 2022 except for the application of amendments to standards that became effective on January 1, 2023 (see Note 2.2).

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These interim consolidated financial statements for the six months ended June 30, 2023 and 2022 ("ICFS") have been prepared in accordance with Philippine Accounting Standard ("PAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2022.

The ICFS have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). PFRS are adopted by the Financial Reporting Standards Council ("FRSC") from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

2.2 Adoption of Amended Standards

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023. These do not have material impact on the ICFS as these pronouncements merely clarify existing requirements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements- Classification of Liabilities as Current or Non-current*

(ii) PAS 1 (Amendments), *Presentation of Financial Statements- Disclosure of Accounting Policies*

(iii) PAS 8 (Amendments), *Accounting Estimates- Definition of Accounting Estimates*

(iv) PAS 12 (Amendments), *Income Taxes- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

(b) Effective Subsequent to 2023 but not Adopted Early

PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Ventures* (effective date deferred indefinitely) are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the said relevant amendments in accordance with their transitional provisions; and, unless otherwise stated, are not expected to have significant impact on the Group's ICFS.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the ICFS, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's most recent annual consolidated financial statements as of and for the year ended December 31, 2022 ("ACFS").

The Group performed its annual impairment test of goodwill and trademarks with indefinite useful lives at year-end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group monitors goodwill and trademarks with indefinite useful lives on the cash generating units to which these assets were allocated and considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that as of June 30, 2023 and as of December 31, 2022, goodwill arising from business combination and other intangible assets with indefinite useful lives are not impaired.

There had been no changes during the six-month period of 2023 in the commitments and contingencies disclosed in the ACFS (see Note 19.7). Except also for the provisions for onerous lease and dilapidations recognized, there are no other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the ICFS. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's ICFS.

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information for the six months ended June 30, 2023 and 2022 and as of December 31, 2022 (in millions) are presented below.

	BRANDY June 30		SCOTCH WHISKY June 30		SEGMENT TOTALS June 30	
	2023	2022	**2023**	2022	**2023**	2022
REVENUES AND OTHER INCOME						
External Customers	**P 18,624**	P 17,897	**P 12,485**	P 10,157	**P 31,109**	P 28,054
Intersegment sales*	**240**	366	**185**	44	**425**	410
	18,864	18,263	**12,670**	10,201	**31,534**	28,464
COSTS AND EXPENSES						
Cost of goods sold	**13,147**	12,651	**6,598**	5,316	**19,745**	17,967
Intersegment cost of goods sold*	**185**	44	**240**	366	**425**	410
Selling and distribution expenses	**1,912**	1,509	**1,726**	1,106	**3,638**	2,615
General and administrative expenses	**666**	482	**698**	449	**1,364**	931
Interest expense and other charges	**569**	147	**215**	285	**784**	432
	16,479	14,833	**9,477**	7,522	**25,956**	22,355
SEGMENT PROFIT BEFORE TAX	**2,385**	3,430	**3,193**	2,679	**5,578**	6,109
TAX EXPENSE	**333**	431	**426**	375	**759**	806
SEGMENT NET PROFIT	**P2,052**	P 2,999	**P2,767**	P 2,304	**P4,819**	P 5,303
Depreciation and Amortization	**523**	564	**164**	162	**687**	726
Interest expense	**639**	147	**118**	285	**757**	432
Share in net profit of JV	**43**	61	**-**	-	**43**	61
	June30, 2023	Dec31, 2022	**June30, 2023**	Dec31, 2022	**June30, 2023**	Dec31, 2022
TOTAL ASSETS	**P 136,695**	P 147,349	**P 62,826**	P 58,148	**P 199,520**	P 205,497
TOTAL LIABILITIES	**44,597**	54,274	**15,474**	12,994	**60,071**	67,269

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

The Group's revenues and other income in the periods presented range from 62% to 64% from the Asia Pacific, 24% 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 periods presented.

4.5 Reconciliations

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

	Segment Totals	Intercompany Accounts	Consolidated Balances
June 2023			
Revenues and other income	**P 31,534**	**P (425)**	**P 31,109**
Cost and expenses	**25,956**	**(425)**	**25,531**
Total assets	**199,520**	**(59,527)**	**139,993**
Total liabilities	**60,071**	**(10,612)**	**49,460**
Other segment information:			
Depreciation and amortization	**687**	**-**	**687**
Interest expense	**757**	**-**	**757**
Share in net profit of JV	**43**	**-**	**43**
June 2022			
Revenues and other income	28,464	(410)	28,054
Cost and expenses	22,355	(410)	21,945
Other segment information:			
Depreciation and amortization	726	-	726
Interest expense	432	-	432
Share in net profit of joint venture	61	-	61
December 2022			
Total assets	205,497	(64,286)	141,211
Total liabilities	67,269	(14,647)	52,622

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**P 3,741,757,716**	P 2,702,645,383
Short-term placements	**6,104,064,218**	10,035,472,861
	P 9,845,821,934	P 12,738,118,244

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 47 days and earn effective annual interest rates ranging from 5.2% to 6.1% in the first half of 2023 and from 0.5% to 1.5% in the first half of 2022. Interest earned amounted to P371.5 million and P50.5 million in the first half of 2023 and 2022, respectively, and is presented as part of Other income under the Revenues and Other Income account in the interim consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables	19.3	**P 13,317,588,163**	P 15,533,051,986
Advances to suppliers		**3,488,434,920**	7,032,856,076
Advances to officers and employees	19.4	**1,026,040,445**	682,693,841
Accrued interest receivable		**937,450**	9,240,221
Other receivables		**47,894,922**	83,138,984
		17,880,895,900	23,340,981,108
Allowance for impairment		**(184,525,514)**	(180,655,094)
		P 17,696,370,386	P 23,160,326,014

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

All of the Group's trade and other receivables have been assessed for impairment using the expected credit loss ("ECL") model adopted by the Group and adequate amounts of allowance for impairment have been recognized in 2023 and 2022 for those receivables found to be impaired (see Note 22.2). A reconciliation of the allowance for impairment is shown below.

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**P 180,655,094**	P 192,652,354
Recoveries	**-**	(17,889,000)
Impairment losses	**2,527,755**	7,462,310
Translation adjustment	**1,342,665**	(1,570,570)
Balance at end of period	**P 184,525,514**	P 180,655,094

Recoveries pertain to collections of certain receivables previously provided with allowance. There were no write-offs of receivables in 2023 and 2022.

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

7. INVENTORIES

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

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:			
Finished goods	16, 19	**P 6,678,630,024**	P 5,903,047,585
Work-in-process	16, 19	**27,931,774,623**	25,603,632,966
Raw materials	16, 19	**6,282,652,606**	5,332,535,042
Packaging materials	16, 19	**553,223,173**	630,896,742
Machinery spare parts, consumables and factory supplies		**482,022,821**	359,707,090
		41,928,303,247	37,829,819,425
At net realizable value:			
Finished goods			
Cost	16, 19	**1,728,418,968**	1,241,383,504
Allowance for impairment		**(220,284,164)**	(230,995,029)
Packaging materials			
Cost	16, 19	**720,141,624**	591,766,847
Allowance for impairment		**(109,067,172)**	(137,404,873)
		2,119,209,256	1,464,750,449
		P 44,047,512,503	P 39,294,569,874

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P22.9 billion and P21.1 billion as of June 30, 2023 and December 31, 2022, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the six months ended June 30, 2023 and 2022 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

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

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Property, plant and equipment	8.1	**P 29,771,842,835**	P 28,859,820,438
Right-of-use assets	8.2	**357,213,501**	396,200,194
		P 30,129,056,336	P 29,256,020,632

8.1 Carrying Values of Property, Plant and Equipment

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	**P 46,974,891,633**	P 45,212,706,555
Accumulated depreciation and amortization	**(17,203,048,798)**	(16,352,886,117)
Net carrying amount	**P 29,771,842,835**	P 28,859,820,438

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period, net of accumulated depreciation and and amortization	**P 28,859,820,438**	P 26,841,829,799
Additions during the period	**1,318,867,857**	4,182,886,314
Translation adjustment	**444,125,660**	17,059,350
Disposal during the period	**(481,920)**	(446,921,709)
Depreciation and amortization charges for the period	**(850,489,200)**	(1,735,033,316)
Balance at the end of the period, net of accumulated depreciation and and amortization	**P 29,771,842,835**	P 28,859,820,438

The amount of depreciation and amortization is allocated as follows:

	Notes	For the Six Months Ended June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Costs of goods sold	16	**P 523,059,917**	P 582,752,052
Selling and distribution expenses	17	**47,093,069**	39,190,062
General and administrative expenses	17	**70,085,926**	41,393,471
		640,238,912	663,335,585
Capitalized to inventories		**210,250,288**	189,118,154
		P 850,489,200	P 852,453,739

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

8.2 Right-of-use Assets

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

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost	**P 895,832,677**	P 1,203,002,411
Accumulated amortization	**(838,619,176)**	(806,802,217)
Net carrying amount	**P 57,213,501**	P 396,200,194

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period, net of accumulated amortization	**P 396,200,194**	P 1,024,838,886
Amortization charges for the period	**(45,994,904)**	(141,214,696)
Translation adjustment	**3,991,626**	10,752,648
Additions during the period	**3,616,716**	28,644,356
Termination	**(600,131)**	(526,821,000)
Balance at the end of the period, net of accumulated amortization	**P 357,213,501**	P 396,200,194

The amount of amortization in 2023 and 2022 is allocated as follows:

		For the Six Months Ended	
	Notes	**June 30, 2023 (Unaudited)**	June 30, 2022 (Unaudited)
Costs of goods sold	16	**P 19,229,073**	P 14,144,886
General and administrative expenses	17	**26,765,831**	47,280,700
		P 45,994,904	P 61,425,586

8.3 Lease Liabilities

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

		June 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Current	**P**	**147,486,296**	P	210,555,356
Non-current		**348,540,863**		383,822,672
	P	**496,027,159**	P	594,378,028

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 benefit of exercising the option exceeds the expected overall cost.

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

		June 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Beginning lease liabilities	**P**	**594,378,028**	P	1,092,950,054
Translation adjustment	**(**	**112,360,598)**		358,789,223
Additions				28,644,356
Interest amortization		**14,009,729**		-
Termination of lease		**-**	(	785,399,996)
Lease payments		**-**	(	100,605,609)
Ending lease liabilities	**P**	**496,027,159**	P	594,378,028

9. INTANGIBLE ASSETS

This account is composed of the following:

		June 30, 2023 (Unaudited)		December 31, 2022 (Audited)
Indefinite useful lives				
Trademarks – net	**P**	**20,791,620,356**	P	20,103,888,129
Goodwill		**9,658,336,235**		9,526,228,590
		30,449,956,591		29,630,116,719
Definite useful lives				
Trademarks – net		**-**		538,464
	P	**30,449,956,591**	P	29,630,655,183

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

Certain trademarks were determined to have a finite useful life. The net carrying amounts of these trademarks are as follows:

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period		P 538,464	P 2,153,856
Amortization during the period	17	(538,464)	(1,615,392)
Balance at end of the period		P -	P 538,464

Management believes that both the goodwill and trademarks are not impaired as of June 30, 2023 and December 31, 2022 as the Group's products that carry such brands and trademarks are performing very well in the market; hence, no impairment is necessary to be recognized in the periods presented.

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid taxes	P 1,036,997,246	P 971,311,123
Prepaid expenses	723,902,048	827,384,320
Deferred input value-added tax ("VAT")	34,860,977	7,158,647
Refundable security deposits	15,673,654	14,508,692
Others	18,019,845	102,874,689
	P 1,829,453,770	P 1,923,237,471

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

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

10.2 Other Non-current Assets

This account is composed of the following:

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers		41,667,550	P 33,612,706
Deferred input VAT		21,967,147	27,058,990
Refundable security deposits	19.2	48,380,151	27,100,599
Others		8,823,724	13,943,693
		P 120,838,572	P 101,715,988

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

11. INVESTMENT IN A JOINT VENTURE

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition costs	P 2,845,367,065	P 2,845,367,065
Accumulated share in net profit:		
Balance at beginning of the period	434,304,054	637,277,552
Share in net profit for the period	42,594,970	113,970,450
Reduction - dividends	-	(290,001,250)
Translation adjustment	96,112,060	(26,942,698)
Balance at end of the period	573,011,084	434,304,054
	P 3,418,378,149	P 3,279,671,119

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

12. INTEREST-BEARING LOANS

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current:		
Foreign	P 5,353,490,435	P 3,451,103,435
Local	200,000,000	400,000,000
	5,553,490,435	3,851,103,435
Non-current –		
Foreign	19,215,376,675	19,950,084,000
	P 24,768,867,110	P 23,801,187,435

Interest expense on the above loans for the periods ended June 30, 2023 and 2022 amounted to P605.6 million and 163.0 million, respectively, and is presented as part of Interest Expense account under the Costs and Expenses section of the interim consolidated statements of comprehensive income.

13. EQUITY-LINKED SECURITIES

As of June 30, 2023 and December 31, 2022, the outstanding balance of the equity-linked securities instrument ("ELS") amounting to P3.4 billion represents Tranche 2 Conversion into 475,000,000 common shares ("Tranche 2 Shares") which would be issued to Arran Investment Private Limited ("Arran"), the Holder, by EMI within the agreed Conversion Period which was last agreed to be until August 12, 2023. On August 11, 2023, the parties agreed to further extend conversion until August 12, 2024.

The ELS continues to earn interest at the same rate as dividend paid to common shareholders ("Variable interest"). Variable interest during the six months ended June 30, 2023 amounted to P137.8 million (nil in 2022) which was presented as part of Interest Expense account under the Cost and Expense section of the 2023 interim consolidated statement of comprehensive income.

Upon the actual conversion and issuance of Tranche 2 Shares, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

This is presented as Deposit on Future Stock Subscription – Equity-linked Securities under the Equity section of the consolidated statements of financial position.

There were no related collaterals on the ELS.

14. TRADE AND OTHER PAYABLES

The breakdown of this account is as follows:

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables	19.1, 19.6	**P 8,308,983,657**	P 13,665,800,379
Accrued expenses		**9,725,448,539**	8,203,975,699
Output VAT payable		**87,905,375**	123,149,878
Advances from related parties	19.5	**-**	3,070,715
Others		**251,173,333**	143,326,600
		P 18,373,510,904	P 22,139,323,271

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

		For the Six Months Ended	
	Notes	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Sales	19.3	**P 30,390,435,462**	P 26,403,428,563
Others:			
Foreign currency gains – net		**-**	299,666,290
Share in net profit of joint venture	11	**42,594,970**	60,730,521
Others	5	**675,962,490**	1,290,614,770
		718,557,460	1,651,011,581
		P 31,108,992,922	P 28,054,440,144

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Six Months Ended June 30, 2023 (Unaudited)	For the Six Months Ended June 30, 2022 (Unaudited)
Finished goods, beginning	7	**P 7,144,431,089**	P 5,574,742,812
Finished goods purchased	19.1	**2,191,384,726**	1,016,471,133
Cost of goods manufactured			
Raw and packaging materials, beginning	7	**6,555,198,631**	4,209,746,983
Net purchases	19.1	**18,917,099,964**	18,038,736,765
Raw and packaging materials, end	7	**(7,556,017,403)**	(6,796,730,525)
Raw materials used		**P 17,916,281,192**	P 15,451,753,223
Work-in-process, beginning	7	**25,603,632,966**	24,225,660,910
Direct labor		**915,448,726**	758,772,013
Manufacturing overhead:			
Depreciation and amortization	8	**542,288,990**	596,896,938
Taxes and licenses		**292,932,914**	223,807,255
Outside services	19.6	**187,946,615**	150,145,137
Communication, light, and water		**210,052,485**	234,472,550
Fuel and lubricants		**201,673,289**	250,896,795
Repairs and maintenance		**227,989,750**	192,112,054
Commission		**225,420,340**	147,714,565
Rentals		**167,936,716**	104,215,649
Labor		**68,832,876**	83,507,079
Waste disposal		**28,108,827**	30,081,894
Insurance		**26,443,677**	36,208,609
Transportation		**12,272,979**	41,993,012
Meals		**8,189,457**	14,126,785
Gasoline and oil		**6,219,032**	8,437,686
Miscellaneous		**106,222,162**	162,496,327
Work-in-process, end	7	**(27,931,774,623)**	(24,830,330,589)
		18,816,118,370	17,882,967,892
Finished goods, end	7	**(8,407,048,992)**	(6,507,368,613)
		P 19,744,885,193	P 17,966,813,224

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Six Months Ended June 30, 2023 (Unaudited)	For the Six Months Ended June 30, 2022 (Unaudited)
Advertising and promotions		**P 1,892,713,093**	P 1,389,002,771
Salaries and employee benefits		**1,137,967,821**	915,275,247
Professional fees and outside services		**258,112,510**	215,759,745
Freight and handling		**267,032,418**	212,124,659
Travel and transportation		**282,289,475**	159,967,835
Other services		**228,844,697**	110,714,654
Depreciation and amortization	8	**143,944,826**	127,864,233
Taxes and licenses		**154,172,397**	65,946,999
Fuel and oil		**71,630,127**	65,469,317
Repairs and maintenance		**78,675,197**	29,534,395
Representation		**82,730,147**	35,629,981
Rentals		**32,739,881**	58,040,949
Insurance		**30,577,447**	23,338,601
Supplies		**27,078,296**	18,204,691
Communication, light, and water		**24,788,442**	14,992,639
Meals		**21,297,190**	13,326,726
Amortization of trademarks	9	**538,464**	807,696
Provisions*			(33,500,000)
Others		**267,076,025**	123,709,109
		P 5,002,208,453	P 3,546,210,247

**Reversal of onerous lease provision*

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

	For the Six Months Ended June 30, 2023 (Unaudited)	For the Six Months Ended June 30, 2022 (Unaudited)
Selling and distribution expenses	**P 3,637,841,183**	P 2,615,409,996
General and administrative expenses	**1,364,367,270**	930,800,251
	P 5,002,208,453	P 3,546,210,247

18. TAXES

EMI and its Philippine subsidiaries are subject to the higher of regular corporate income tax ("RCIT") at 25% of net taxable income, or minimum corporate income tax ("MCIT") at 1% of gross income, as defined under the Philippine tax regulations. The Group declared RCIT for the six months ended June 30, 2023 and 2022 as RCIT was higher in those periods, except for TEI.

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

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

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

	For the Six Months Ended June 30, 2023 (Unaudited)	For the Six Months Ended June 30, 2022 (Unaudited)
Reported in profit or loss:		
Current tax expense		
RCIT at 19% and 25%	**P 597,726,976**	P 686,179,818
Final tax on interest	**25,940,439**	3,290,642
MCIT	**991,918**	382,565
	624,659,333	689,853,025
Deferred tax expense relating to origination and reversal of other temporary differences	**133,849,976**	116,538,594
	P 758,509,309	P 806,391,619
Reported in other comprehensive income or loss –		
Deferred tax expense relating to retirement benefit obligation re-measurement	**P 78,676,000**	P 1,809,000

The deferred tax assets and liabilities relate to the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Brand valuation	**(P 2,857,227,686)**	(P 2,524,261,489)
Fair value adjustment	**(443,154,843)**	(391,511,922)
Short-term temporary differences	**(353,764,585)**	(343,609,823)
Retirement benefit asset	**(206,865,896)**	(339,645,280)
PFRS 16 impact	**17,375,180**	17,375,180
Capitalized borrowing costs	**(39,249,784)**	(39,249,784)
Allowance for impairment	**22,674,134**	22,674,134
Unamortized past service costs	**89,048**	89,048
Net deferred tax liabilities	**(P 3,860,124,432)**	(P 3,598,139,936)

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Deferred tax liabilities - net	**(P 3,948,723,879)**	(P 3,685,535,017)
Deferred tax assets - net	**88,599,447**	87,395,081
	(P 3,860,124,432)	(P 3,598,139,936)

19. RELATED PARTY TRANSACTIONS

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

The summary of the Group's significant transactions with its related parties for the six months ended June 30, 2023 and 2022 and the related outstanding balances as of June 30, 2023 and December 31, 2022 are shown below.

Related Party Category	Notes	Amount of Transaction For the Six Months Ended June 30, 2023	June 30, 2022	Outstanding Receivable (Payable) June 30, 2023	December 31, 2022
Ultimate Parent Company:					
Dividends	20.2	**P 3,627,308,574**	P -	**P -**	P -
Lease of properties	19.2(a)	**13,250,000**	13,250,000	**-**	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	**648,900,199**	1,284,176,118	**(351,328,228)**	(319,428,263)
Purchase of finished goods	19.1	**279,108,188**	6,517,596	**(274,238)**	-
Lease of properties	19.2(b),(c)	**57,334,688**	39,406,231	**(17,730,561)**	-
Sale of goods	19.3	**8,421,037**	127,954,467	**149,687,652**	209,950,624
Management services	19.6	**26,000,000**	30,000,000	**(55,000,000)**	(115,500,000)
Refundable deposits	19.2(b),(c)	**-**	-	**9,305,574**	6,480,688
Stockholder -					
Advances obtained (paid)	19.5	(3,070,715)	-	**-**	(3,070,715)
Officers and Employees -					
Advances granted (collected)	19.4	**343,346,604**	373,962,012	**1,026,040,445**	682,693,841

The Group's outstanding receivables from and payables to related parties arising from the above transactions are unsecured, noninterest-bearing and payable on demand, unless otherwise stated. No impairment loss was recognized in the first half of 2023 and 2022 for related party receivables.

19.1 Purchase of Goods

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

The related unpaid purchases as of June 30, 2023 and December 31, 2022 are shown as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14).

19.2 Lease Agreements

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

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

(c) AGI

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

There were no outstanding balances or refundable security deposits arising from this lease agreement as of June 30, 2023 and December 31, 2022.

(d) Megaworld Corporation

EDI, PAI and AWGI also entered into lease contracts with Megaworld Corporation, a related party under common ownership, for the head office space of the Group. The Group paid P33.0 million and P23.7 million in rentals for the first half of 2023 and 2022, respectively.

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

(c) Empire East Land Holdings, Inc.

EDI entered into a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its office and warehouse. The Group paid P22.9 million and P15.7 million in rentals for the first half of 2023 and 2022, respectively.

19.3 Sale of Goods

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

19.4 Advances to Officers and Employees

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**P 682,693,841**	P 103,446,030
Additions	**802,650,822**	726,908,169
Payment	**(459,304,218)**	(147,660,358)
Balance at end of period	**P 1,026,040,445**	P 682,693,841

19.5 Advances from Related Parties

AGI and other entities within the AGI Group and other related parties may grant cash advances to the Group for its working capital, investment and inventory purchases requirements. These advances are generally unsecured, noninterest-bearing and repayable in cash upon demand. The outstanding balance as of December 31, 2022 that is presented as Advances from related parties under the Trade and Other Payables account (see Note 14) had been paid in full during the interim period. There were no advances of similar nature granted in 2023.

19.6 Management Services

Progreen has a management agreement with Consolidated Distillers of the Far East, Inc. for consultancy and advisory services in relation to the operation, management, development and maintenance of its distillery plant.

Total management fees incurred are presented as part of Outside services under the Costs of Goods Sold account in the interim consolidated statements of comprehensive income (see Note 16). The outstanding liability is presented as part of Trade payables under the Trade and Other Payables account in the interim consolidated statements of financial position (see Note 14). The related liabilities are unsecured, noninterest-bearing and payable upon demand.

19.7 Purchase and Sale Commitment

On December 27, 2020, the Group signed a letter of intent with Global One, a related party under common ownership, for the sale of the Group's certain land and buildings (reported as Non-Current Assets Classified as Held for Sale in the interim consolidated statements of financial position) for a total purchase price of €16.6 million. On December 27, 2022, the parties renewed their commitment and the term to complete the sale and purchase of properties is set until December 31, 2023.

20. EQUITY

20.1 Treasury Shares

A series of buy-back programs were authorized by the Parent Company's BOD that lasted from May 16, 2017 up to December 31, 2021. The last approved allotment was fully used up by the end of June 30, 2021.

As of June 30, 2023 and December 31, 2022, the Parent Company had spent P6.12 billion including trading charges, to purchase a total of 759.20 million shares. Out of these, a total of 253.3 million shares had been issued to Arran for the Tranche 1 Conversion of the ELS in February 2020 (see Note 13). As of June 30, 2023 and December 31, 2022, there were 505.92 million shares in treasury amounting to P4.28 billion and presented under Treasury Shares account in the interim consolidated statement of changes in equity.

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

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

20.2 Declaration of Dividends

The details of the Parent Company's cash dividend declaration for the six months ended June 30, 2023 is as follows:

Date of Declaration	Date of Stockholders' Record	Payable Date	Dividends per Share	Total
March 30, 2023	May 2, 2023	May 25, 2023	P0.29	P4,563,576,659

There were no dividends declared and paid by the Parent Company during the year 2022.

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

20.3 Subsidiaries with Non-controlling Interest

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
DBLC	**P 1,387,745,920**	P 1,219,811,450
Boozylife	**(27,396,771)**	(22,327,557)
	P 1,360,349,149	P 1,197,483,893

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	For the Six Months Ended	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Consolidated net profit attributable to owners of parent company	**P P 4,732,496,291**	P 5,237,865,011
Divided by weighted average number of outstanding common shares	**15,670,991,338**	15,801,951,138
Basic and diluted earnings per share	**P 0.30**	P 0.33

The basic and diluted earnings per share are the same because the dilutive effects of potential common shares from the employee share options and convertible ELS are negligible for the periods presented. Thus, the weighted average number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the employee share options and convertible ELS.

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

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

22.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, United States ("US") dollars, Euros, and UK pounds, which are the entities' functional currencies. Exposures to currency exchange rates arise from the Group's foreign currency-denominated transactions at each entity level. The Group has no significant exposure to other foreign currency exchange rates at each entity level, except for US dollars of EDI and foreign subsidiaries, since these other foreign currencies are not significant to the Group's interim consolidated financial statements. EDI has cash and cash equivalents in US dollars as of June 30, 2023 and December 31, 2022 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets	**P 1,276,965,793**	P 795,291,913
Financial liabilities	**(749,858,822)**	(591,381,805)
	P 527,106,971	P 203,910,108

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

	Reasonably possible change in rate	Effect in consolidated profit before tax	Effect in consolidated equity
June 30, 2023	**4.11%**	**P 21,664,097**	**P 16,248,072**
December 31, 2022	5.31%	P 10,827,627	P 8,120,720

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

(b) Interest Rate Risk

As at June 30, 2023 and December 31, 2022, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on Euro Interbank Offered Rate ("EURIBOR") and Sterling Overnight Index Average ("SONIA"). The Group does not see a material interest rate risk here in the short-term. The Group does not see a significant effect on the interim consolidated financial statements from both.

(c) Other Price Risk

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

22.2 Credit Risk

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

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

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

	Notes	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Cash and cash equivalents	5	**P 9,845,821,934**	P 12,738,118,244
Trade and other receivables – net	6	**13,181,895,021**	15,444,776,097
Refundable security deposits	10	**64,053,805**	41,609,291
		P 23,091,770,760	P 28,224,503,632

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables and Refundable Security Deposits

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

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

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

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

22.3 Liquidity Risk

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

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

The maturity profile of the Group's financial liabilities as of June 30, 2023 and December 31, 2022 based on contractual undiscounted payments is as follows:

	June 30, 2023 (Unaudited)			
	CURRENT		**NON-CURRENT**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Interest-bearing loans	P 987,937,728	P 5,750,825,743	P 19,537,603,126	P -
Trade and other payables	18,111,643,318	-	-	-
Lease liabilities	73,743,148	73,743,148	313,522,072	35,018,791
	P 19,173,324,194	**P 5,824,568,891**	**P 19,851,125,198**	**P 35,018,791**

	December 31, 2022 (Audited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 482,653,749	P 3,617,557,011	P 20,159,679,800	P -
Trade and other payables	21,932,783,788	-	-	-
Lease liabilities	116,151,340	116,151,340	390,610,643	28,298,162
	P 22,531,588,877	P 3,733,708,351	P 20,550,290,443	P 28,298,162

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

23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

	Notes	June 30 (Unaudited) Carrying Values	June 30 (Unaudited) Fair Values	December 31, 2022 (Audited) Carrying Values	December 31, 2022 (Audited) Fair Values
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	5	**P 9,845,821,934**	**P 9,845,821,934**	P 12,738,118,244	P 12,738,118,244
Trade and other receivables	6	**13,181,895,021**	**13,181,895,021**	15,444,776,097	15,444,776,097
Refundable security deposits	10	**64,053,805**	**64,053,805**	41,609,291	41,609,291
		P 23,091,770,760	**P 23,091,770,760**	P 28,224,503,632	P 28,224,503,632
Financial assets at FVTPL		**P 529,752,822**	**P 529,752,822**	P 277,586,460	P 277,586,460
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	**P 24,768,867,110**	**P 24,768,867,110**	P 23,801,187,435	P 23,801,187,435
Trade and other payables	14	**18,111,643,318**	**18,111,643,318**	21,932,783,788	21,932,783,788
Lease liabilities	8.3	**496,027,159**	**496,027,159**	594,378,028	594,378,028
		P 43,376,537,587	**P 43,376,537,587**	P46,328,349,251	P 46,328,349,251

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

23.2 Offsetting of Financial Assets and Financial Liabilities

Currently, the Group's financial assets and financial liabilities are settled on a gross basis because there is no relevant offsetting arrangement on them as of June 30, 2023 and December 31, 2022 In subsequent reporting periods, each party to the financial instruments (particularly those involving related parties) may decide to enter into an offsetting arrangement in the event of default of the other party.

24. FAIR VALUE MEASUREMENT AND DISCLOSURES

24.1 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

24.2 Financial Instruments Measured at Fair Value

The Group's financial instruments measured at fair value pertain to the Group's marketable equity securities and derivative instruments. These were presented as financial assets at FVTPL amounting to P529.8 million and P277.6 million as of June 30, 2023 and December 31, 2022, respectively.

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

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

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

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

	June 30, 2023 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 9,845,821,934	P -	P -	P 9,845,821,934
Trade and other receivables	-	-	13,181,895,021	13,181,895,021
Refundable security deposits	-	-	64,053,805	64,053,805
	P 9,845,821,934	**P -**	**P 13,245,948,826**	**P 23,091,770,760**
Financial liabilities:				
Interest-bearing loans	P -	P -	P 24,768,867,110	P 24,768,867,110
Trade and other payables	-	-	18,111,643,318	18,111,643,318
Lease liabilities	-	-	496,027,159	496,027,159
	P -	**P -**	**P 43,376,537,587**	**P 43,376,537,587**

	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 12,738,118,244	P -	P -	P 12,738,118,244
Trade and other receivables	-	-	15,444,776,097	15,444,776,097
Refundable security deposits	-	-	41,609,291	41,609,291
	P 12,738,118,244	P -	P 15,486,385,388	P 28,224,503,632
Financial liabilities:				
Interest-bearing loans	P -	P -	P 23,801,187,435	P 23,801,187,435
Trade and other payables	-	-	21,932,783,788	21,932,783,788
Lease liabilities	-	-	594,378,028	594,378,028
	P -	P -	P 46,328,349,251	P 46,328,349,251

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

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total liabilities	**P 49,459,624,898**	P 52,621,701,045
Total equity	**90,533,821,385**	88,589,423,116
Liabilities-to-equity ratio	**P 0.55 : 1.00**	P 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 shareholders, issue new shares or sell assets to reduce debt.

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
June 30, 2023

(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	10,734,929
1 to 30 days	1,666,985
31 to 60 days	79,309
Over 60 days	651,840
Total	13,133,063
Other receivables	4,563,308
Balance	**17,696,371**

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:

DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer,
Compliance Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
August 11, 2023