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S.E.C. Registration Number

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

(Company's Full Name)

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

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

DINA D.R. INTING

Contact Person

8709-2038 to 41

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

1 7 - Q

FORM TYPE

(QUARTERLY REPORT FOR MARCH 31, 2024)

0 5 3rd Monday

Month Day
Annual Meeting

Registration of Securities

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended.....March 31, 2024
2. Commission identification number..... **A200117595**
3. BIR Tax Identification No..... **214-815-715-000**
4. Exact name of issuer as specified in its charter.... **EMPERADOR INC.**
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Ave.,
Bagumbayan, Quezon City** **1110**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code..... **632-870920-38 to -41**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding As of March 31, 2024
Common issued	16,242,391,176
Less Treasury	505,919,938
Outstanding	15,736,471,238

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

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I - FINANCIAL INFORMATION

1. Financial Statements

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

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

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

Business Segments

The Group is organized into two segments, the Brandy and Scotch Whisky, which represent the two major distilled spirits categories where the Group operates. Scotch Whisky pertains to the UK operations and the rest fall under Brandy. The Group disaggregates revenues recognized from contracts with customers into these segments that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This same disaggregation is used in earnings releases, annual reports and investor presentations. A comprehensive list of subsidiaries, associates and joint venture is in Note 1 to ICFS and ACFS..

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

Five Key Performance Indicators

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

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

	Q1	Q1	Q1
<i>In Million Pesos</i>	2024	2023	2022
Revenues and other income	13,123	15,591	12,333
Net profit [“NP”]	1,757	2,342	2,130
NP to owners [“NPO”]	1,738	2,318	2,098
Revenue growth	-15.8%	26.4%	2.1%
NP growth	-25.0%	10.0%	1.5%
NPO growth	-25.0%	10.5%	0.7%
GPR	32.8%	33.4%	32.1%
NPR	13.4%	15.0%	17.3%
NPOR	13.3%	14.9%	17.0%
ROA	1.1%	1.6%	1.6%
EBITDA	2,876	3,416	3,110
Interest expense	388	282	157
Interest cover	7.41x	12.13x	19.82x
	March 31, 2024	Dec 31, 2023	March 31, 2023
Quick assets	33,194	29,966	39,811
Current assets	84,618	79,459	83,626
Current liabilities	33,328	29,232	31,457
Total Assets	155,704	148,709	147,741
Current ratio	2.5x	2.7x	2.7x
Quick ratio	1.0x	1.0x	1.3x

Results of Operations – First Three Months 2024 vs 2023

Emperador Group faced challenges related to global market slowdown in spirits¹ in first quarter (“Q1”) this year. The rising prices^{2,3} affected consumers’ alcohol consumption as the rising cost of living cuts into the consumers’ disposable income. Consolidated revenues and other income declined 16% year-on-year (“YoY”) to P13.1 billion from P15.6 a year ago. Gross profit rate (“GPR”) remained stable at 33% for both comparable interim periods. EBITDA⁴ rate was likewise sustained at 22%, same rate as in Q1 last year.

The Group kept prudent watch of its operating expenses, maintaining these expenses at 15% of

¹ Latest data from IWSR showed that consumers are cutting back on alcohol spending as financial concerns grow and cost-of-living crisis eats into their disposable income. ~ Source: *theiwsr.com*

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

³ The world food price index has risen from 117.7 points in January 2024 to 118.8 points in March. ~ Source: *Food and Agriculture Organization of UN*

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

revenues and other income for both comparable periods, thereby showing a 17% reduction YoY. Interest expense went up (+P0.1 billion) from higher interest costs this year driven by higher interest rates (EURIBOR and SONIA) than a year ago. Net profit (“NP”) and NP to owners (“NPO”) contracted 25% YoY to P1.8 billion from P2.3 billion a year ago. Nevertheless, both NP rate (“NPR”) and NPO rate (“NPOR”) were registered at 13% this quarter

The Brandy segment saw its revenues and other income from its external customers decreasing 19% YoY to P7.9 billion globally, attributable to the soft spirits market in Q1 further attributed to rising prices⁵ that affected consumers’ discretionary spending. GPRs were 24.3% this interim period and 24.8% a year ago. Operating expenses went down 32% YoY (-P0.4 billion) to P0.8 billion from lower selling expenses while interest expense went up 24% YoY (+P0.1 billion) from higher interest costs. Consequently, both NP and NPO were registered at P0.8 billion, 16% behind last year (-P0.2 billion), yet NPR and NPOR of 10.5% and 10.3%, respectively, improved slightly comparatively from 10.2% and 9.9% of a year ago. EBITDA rate jumped to 19.8% this quarter from 17.5% a year ago.

The Scotch Whisky segment turned over external revenues and other income 10% less YoY (-P0.6 billion) to P5.2 billion, due to global market softness particularly in UK^{6,7}, USA⁸, Europe and China. Inflationary pressures resulted in a cost-of-living crisis in many cities worldwide, causing a slowdown in consumption. GPR was registered at 44.0% this interim period from 46.3% a year ago due to sold product mix. The Segment maintained operating expenses at P1.1 billion level while interest expense went up slightly YoY (+P0.05 billion) from higher interest costs. Consequently, NP and NPO were registered both at P0.9 billion, 31% behind YoY (-P0.4 billion) with NPR and NPOR of 17% as compared to 23% from a year ago. EBITDA rate went down to 24.4% this quarter from 28.4% a year ago.

The Scotch Whisky contribution to the Group’s revenues and other income from external customers continued to grow, as shown below:

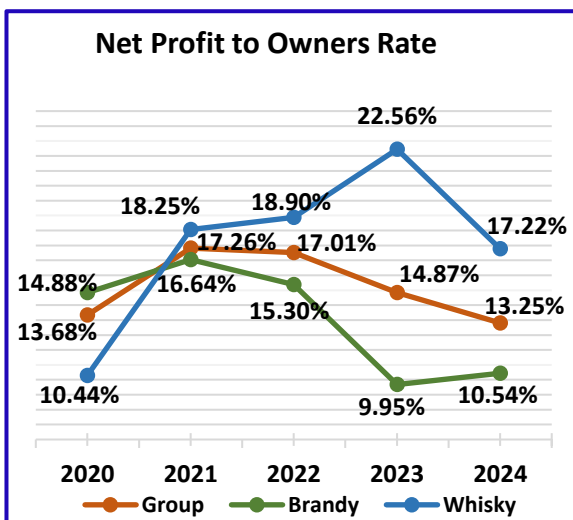
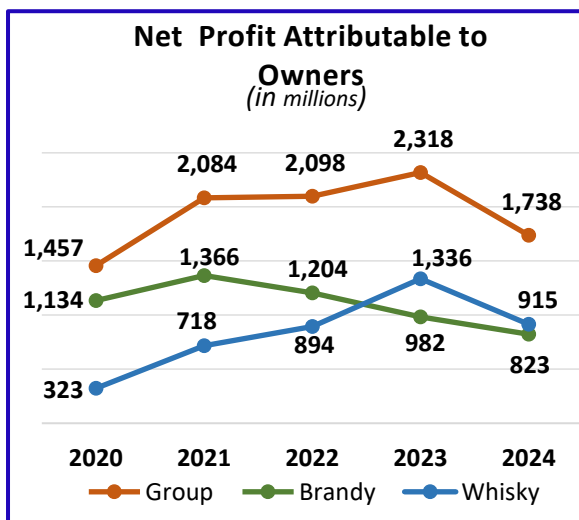
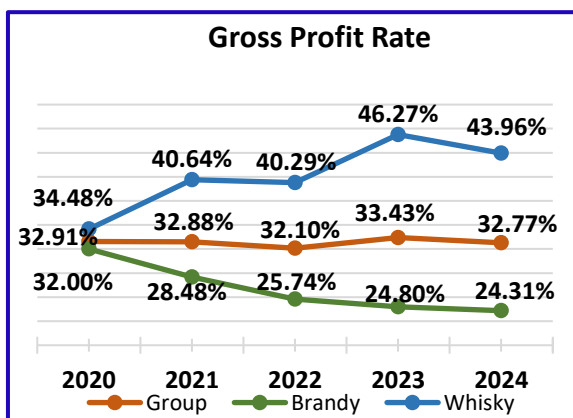
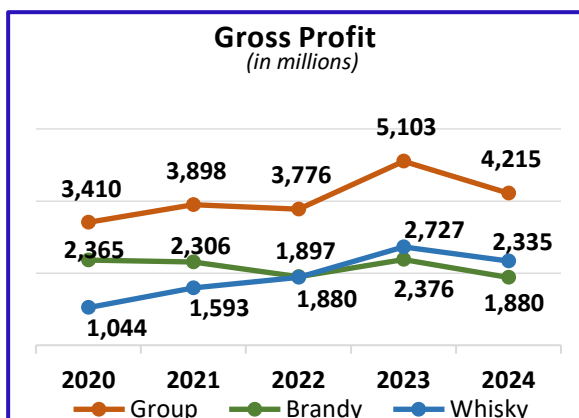
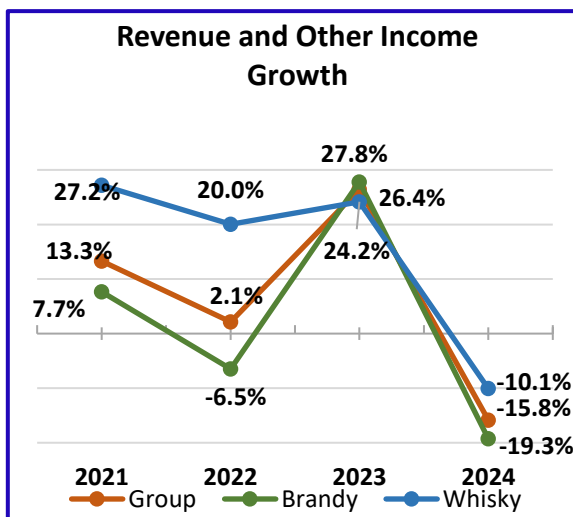
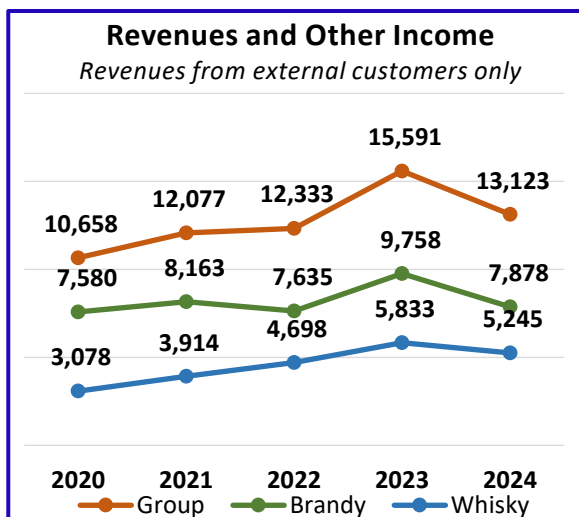
Revenue and other income share	Q1 2024	Q1 2023	Q1 2022	YE 2023	YE 2022	YE 2021	YE 2020	YE 2019
Brandy	60%	63%	62%	61%	65%	67%	70%	73%
S. Whisky	40%	37%	38%	39%	35%	33%	30%	27%

⁵ In the Philippines, from an annual average of 115.27 points in 2022 and 122.17 points in 2023, CPI has gone up to 125.3 points average for Q1 2024 (vs 121.3 points average in Q1 2023). In EU, CPI reached an all-time high of 126.1 points in April 2024 from 125.3 points high in March 2024 and 121.28 points average for Q1 2023. ~ Source: *tradingeconomics.com*

⁶ See footnote 1.

⁷ In UK, CPI reached an all-time high of 133.0 points in March 2024 from 115.94 points average for Q1 2023. ~ Source: *tradingeconomics.com*

⁸ Spirits sale in the US fell by 2.7% in the 12 months to March 2024 as rising prices impacted consumer spending. Spirits sales in the first quarter dropped 5.2%. ~ Source: *N. Caruthers, thespiritsbusiness.com*



Comparative results by segment are shown in the following tables.

In Million Pesos	Q1 2024	Q1 2023	YoY 2024	YoY 2024 %	Q1 2022	YoY 2023 %
Revenue and other income	13,123	15,591	(2,468)	(15.8%)	12,333	26.4%
Brandy*	7,878	9,758	(1,880)	(19.3%)	7,635	27.8%
Whisky*	5,245	5,833	(588)	(10.1%)	4,698	24.2%
Gross profit ["GP"]	4,215	5,103	(889)	(17.4%)	3,776	35.1%
Brandy	1,880	2,376	(497)	(20.9%)	1,897	25.3%
Whisky	2,335	2,727	(392)	(14.4%)	1,880	45.1%
NP before tax	2,130	2,790	(660)	(23.7%)	2,479	12.5%
Brandy	1,026	1,237	(211)	(17.1%)	1,421	(12.9%)
Whisky	1,104	1,553	(449)	(28.9%)	1,058	46.7%
Tax expense	373	448	(75)	(16.8%)	349	28.2%
Brandy	184	231	(47)	(20.3%)	184	25.3%
Whisky	189	217	(28)	(13.1%)	165	31.4%
NP	1,757	2,342	(585)	(25.0%)	2,130	10.0%
Brandy	842	1,006	(164)	(16.3%)	1,237	(18.6%)
Whisky	915	1,336	(421)	(31.5%)	893	49.5%
NP to owners ["NPO"]	1,738	2,318	(580)	(25.0%)	2,098	10.5%
Brandy	823	982	(159)	(16.2%)	1,205	(18.5%)
Whisky	915	1,336	(421)	(31.5%)	893	49.5%
EBITDA	2,876	3,416	(540)	(15.8%)	3,110	9.8%
Brandy	1,580	1,730	(150)	(8.7%)	1,914	(9.6%)
Whisky	1,296	1,685	(390)	(23.1%)	1,196	40.9%
GPR**	32.77%	33.43%			32.10%	
Brandy	24.31%	24.80%			25.74%	
Whisky	43.96%	46.27%			40.29%	
NP rate ["NPR"]	13.39%	15.02%			17.27%	
Brandy	10.54%	10.19%			15.70%	
Whisky	17.22%	22.56%			18.90%	
NPO rate ["NPOR"]	13.25%	14.87%			17.01%	
Brandy	10.30%	9.95%			15.30%	
Whisky	17.22%	22.56%			18.90%	
EBITDA margin	21.91%	21.91%			25.22%	
Brandy	19.78%	17.52%			24.29%	
Whisky	24.38%	28.45%			25.31%	

*Segment Revenues are from external customers only.

Brandy Segment				
In Million Pesos	Q1 2024	Q1 2023	YoY	YoY %
REVENUES AND OTHER INCOME- External	7,878	9,758	(1,881)	(19.3%)
Intersegment	111	120	(9)	(7.7%)
Total	7,989	9,878	(1,890)	(19.1%)
Cost of Goods Sold - External	5,782	7,117	(1,335)	(18.8%)
Intersegment	70	90	(20)	(22.2%)
Total	5,852	7,207	(1,355)	(18.8%)
Gross Profit ["GP"]	1,880	2,376	(497)	(20.9%)
Other operating expenses	818	1,205	(387)	(32.1%)
Selling and distribution expense	465	904	(439)	(48.6%)
General and administrative expense	353	301	52	17.2%
Interest and other charges	293	229	63	27.5%
NP before tax	1,026	1,237	(211)	(17.1%)
Tax expense	184	231	(47)	(20.3%)
NP	842	1,006	(164)	(16.3%)
NPO	823	982	(160)	(16.2%)
EBITDA	1,580	1,730	(150)	(8.7%)

Brandy Segment				
In Million Pesos	Q1 2024	Q1 2023	YoY	YoY %
GPR	24.31%	24.80%		
NPOR	10.30%	9.95%		
EBITDA Margin	19.78%	17.52%		

Scotch Whisky Segment				
In Million Pesos	Q1 2024	Q1 2023	YoY	YoY %
REVENUES AND OTHER INCOME- External	5,245	5,833	(588)	(10.1%)
Intersegment	70	90	(20)	(22.2%)
Total	5,315	5,923	(608)	(10.3%)
Cost of Goods Sold - External	2,866	3,047	(181)	(5.9%)
Intersegment	111	120	(9)	(7.7%)
Total	2,977	3,167	(190)	(6.0%)
Gross Profit ["GP"]	2,335	2,727	(392)	(14.4%)
Other operating expenses	1,135	1,151	(15)	(1.3%)
Selling and distribution expense	879	810	69	8.6%
General and administrative expense	256	341	(84)	(24.8%)
Interest and other charges	98	52	46	88.9%
NP before tax	1,104	1,553	(449)	(28.9%)
Tax expense	189	217	(28)	(13.1%)
NP	915	1,336	(421)	(31.5%)
NPO	915	1,336	(421)	(31.5%)
EBITDA	1,296	1,685	(390)	(23.1%)
GPR	43.96%	46.27%		
NPOR	17.22%	22.56%		
EBITDA Margin	24.38%	28.45%		

Financial Condition

Total assets amounted to P155.7 billion at March 31, 2024, a 5% increase (+P7.0 billion) from P148.7 billion at December 31, 2023. Total liabilities contracted 8% (-P4.1 billion) to P57.4 billion at end of the interim period, which represent 37% of total assets as compared to 36% at beginning of the year. The Group is strongly liquid with current assets exceeding current liabilities 2.5 times and 2.7 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 swelled 36% (+P3.7 billion) to P14.3 billion at end of interim period, mainly from operations and loan proceeds during the period. Cash flows from operations and financing activities were used for capital expenditures, loan repayments and laying up of inventories.

Inventories climbed 5% (+P2.4 billion) primarily due to laying down of liquid holding for future sales (minimum 12years aging for Scotch Whisky) and producing ahead to fulfill customer orders on time without any disruption through the supply chain.

Prepayments and other current assets fell 16% (-P0.5 billion), mainly due to timing of prepayments for rentals, insurance, taxes and general prepayments from beginning of the year.

Retirement benefit assets surged 96% (+P0.2 billion) to P0.5 billion due to changes in financial assumptions and foreign exchange adjustments.

Deferred tax assets increased 9% (+P0.02 billion) to P0.2 billion due to movements in timing differences.

Other non-current assets decreased 12% (-P0.01 billion) to P0.1 billion due to decrease in advances to suppliers.

Current Interest-bearing loans went up 47% (+P2.2 billion) to P9.0 billion while non-current portion went down 0.3% (-P0.06 billion) to P19.1 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 went up 11% (+P2.2 billion) to P21.9 billion due to timing of purchases for production and accruals of expenses.

Current lease liabilities jumped 31% (+P0.05 billion) to P0.2 billion and non-current lease liabilities slid 12% (-P0.05 billion) to P0.4 billion primarily from reclassification of maturing liabilities.

Income tax payable went down 17% (-P0.4 billion) to P2.1 billion mainly from application of creditable withholding taxes collected in the current interim period.

Provisions depleted 8% (-P0.02 billion) to P0.3 billion from release of onerous lease provision which was no longer required.

Equity attributable to owners went up 3% (+P3.0 billion) to P96.9 billion from net profit during the period (+P1.7 billion), translation gain in translating financial statements of foreign subsidiaries (+P0.9 billion) and other reserves (+P0.3 billion).

Non-controlling interest pertains primarily to the minority interest in DBLC and Boozylife. The decrease of P0.1 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.

<i>In Million Pesos</i>	Mar 31,	Dec 31
	2024	2023
Debt [Loans]	28,158	25,967
Equity	98,301	95,408
Total Capitalization	126,459	121,375
Total Liabilities	57,404	53,301
Debt-to-equity ratio	0.29	0.27
Liabilities-to-equity ratio	0.58	0.56
Current ratio	2.54x	2.72x
Quick ratio	1.00x	1.03x
Return on assets	1.13%	1.59%
	3mos	1yr
Solvency ratio [EBITDA/Debt]	10%	53%
	3mos	1yr

Other Required Disclosures

As of March 31, 2024, except for what has been noted, there were no other known items –such as trends, demands, commitments, events or uncertainties- affecting assets, liabilities, equity, sales, revenues, net profit or cash flows that were unusual because of their nature, size, or incidents, and that will result in or that are reasonably likely to result in the liquidity increasing or decreasing in any material way, or that would have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

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

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

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

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

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

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

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

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

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

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

EMPERADOR INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2024

	03/31/24	12/31/23
Current ratio	2.54	2.72
Quick ratio	1.00	1.03
Liabilities-to-equity ratio	0.58	0.56
Debt-to-equity ratio	0.29	0.27
Asset -to-equity ratio	1.58	1.56
	Q1 2024	Q1 2023
Net profit margin	13%	15%
Return on assets	1%	2%
Return on equity/investment	2%	3%
Solvency Ratio	10%	13%
Interest rate coverage ratio	6.49	10.90

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
MARCH 31, 2024
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2024</u> (UNAUDITED)	<u>December 31, 2023</u> (AUDITED)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 14,255,871,663	P 10,513,125,613
Trade and other receivables - net	6	18,577,398,897	19,097,681,408
Financial assets at fair value through profit or loss	24.2	360,643,600	355,505,670
Inventories - net	7	48,833,458,431	46,393,208,336
Prepayments and other current assets	10.1	2,590,652,270	3,099,233,593
Total Current Assets		84,618,024,861	79,458,754,620
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	35,431,235,678	34,211,767,973
Intangible assets - net	9	31,328,261,326	30,985,814,991
Investment in a joint venture	11	3,539,556,215	3,504,392,773
Retirement benefit asset - net		473,690,968	241,317,197
Deferred tax assets - net	18	227,255,542	209,113,132
Other non-current assets - net	10.2	86,318,457	98,057,885
Total Non-current Assets		71,086,318,186	69,250,463,951
TOTAL ASSETS		P 155,704,343,047	P 148,709,218,571
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	12	P 9,035,816,715	P 6,781,720,685
Trade and other payables	14	21,954,610,895	19,720,624,174
Lease liabilities	8.3	214,935,513	164,031,838
Income tax payable		2,122,525,862	2,565,374,355
Total Current Liabilities		33,327,888,985	29,231,751,052
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	19,122,258,904	19,185,583,420
Lease liabilities	8.3	392,092,767	447,170,215
Provisions		281,341,831	306,194,770
Deferred tax liabilities - net	18	4,279,976,283	4,130,626,820
Total Non-current Liabilities		24,075,669,785	24,069,575,225
Total Liabilities	25	57,403,558,770	53,301,326,277
EQUITY			
Equity attributable to owners of the parent company	25	96,932,219,006	93,924,858,639
Non-controlling interest		1,368,565,271	1,483,033,655
Total Equity		98,300,784,277	95,407,892,294
TOTAL LIABILITIES AND EQUITY		P 155,704,343,047	P 148,709,218,571

See Selected Explanatory Notes to Interim Consolidated Financial Statements.

EMPERADOR INC. AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2024	2023
REVENUES AND OTHER INCOME	15	<u>P 13,122,751,668</u>	<u>P 15,591,490,153</u>
COSTS AND EXPENSES			
Costs of goods sold	16	8,648,145,733	10,163,976,617
Selling and distribution expenses	17	1,344,268,022	1,713,897,622
General and administrative expenses	17	609,301,062	641,981,763
Interest expense	12	388,171,389	281,685,420
Other charges - net	7	2,941,883	-
		<u>10,992,828,089</u>	<u>12,801,541,422</u>
PROFIT BEFORE TAX		2,129,923,579	2,789,948,731
TAX EXPENSE	18	<u>372,459,030</u>	<u>447,603,243</u>
NET PROFIT		<u>1,757,464,549</u>	<u>2,342,345,488</u>
OTHER COMPREHENSIVE INCOME			
Item that will be reclassified subsequently to profit or loss			
Translation gain		<u>739,197,300</u>	<u>181,608,148</u>
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gain on retirement benefit plan		215,414,000	420,492,000
Tax expense on remeasurement of retirement benefit plan		(53,853,500)	(105,123,000)
		<u>161,560,500</u>	<u>315,369,000</u>
Total Other Comprehensive Income		<u>900,757,800</u>	<u>496,977,148</u>
TOTAL COMPREHENSIVE INCOME		<u>P 2,658,222,349</u>	<u>P 2,839,322,636</u>
Net profit attributable to:			
Owners of the parent company		P 1,738,185,311	P 2,318,409,259
Non-controlling interest		<u>19,279,238</u>	<u>23,936,229</u>
		<u>P 1,757,464,549</u>	<u>P 2,342,345,488</u>
Total comprehensive income (loss) attributable to:			
Owners of the parent company		P 2,772,690,733	P 2,861,505,447
Non-controlling interest		(114,468,384)	(22,182,811)
		<u>P 2,658,222,349</u>	<u>P 2,839,322,636</u>
Earnings Per Share for the Net Profit Attributable to Owners of the Parent Company - Basic and Diluted	21	<u>P 0.11</u>	<u>P 0.15</u>

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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company														Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Deposit on Future Stock Subscription - ELS	Treasury Shares	Conversion Options Outstanding	Share Options Outstanding	Accumulated Translation Adjustments	Revaluation Reserves	Other Reserves	Retained Earnings			Total			
										Appropriated	Unappropriated	Total				
Balance at January 1, 2024	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 318,710,397	(P 1,017,004,922)	(P 705,719,200)	P 828,321,157	P 1,200,000,000	P 55,167,247,701	P 56,367,247,701	P 93,924,858,639	P 1,483,033,655	P 95,407,892,294	
Movements during the year	-	-	-	-	-	-	-	-	234,669,634	-	-	-	234,669,634	-	234,669,634	
Transfer to equity reserves	-	-	-	-	-	-	-	-	235,341,571	-	(235,341,571)	(235,341,571)	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	872,944,922	161,560,500	-	-	1,738,185,311	1,738,185,311	2,772,690,733	(114,468,384)	2,658,222,349	
Balance at March 31, 2024	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,747,713,903)	P 88,498,401	P 318,710,397	(P 144,060,000)	(P 544,158,700)	P 1,298,332,362	P 1,200,000,000	P 56,670,091,441	P 57,870,091,441	P 96,932,219,006	P 1,368,565,271	P 98,300,784,277	
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	-	-	-	-	-	-	-	-	196,419,355	-	-	-	196,419,355	-	196,419,355	
Transfer to equity reserves	-	-	-	-	-	-	-	-	178,855,050	-	(178,855,050)	(178,855,050)	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	227,727,188	315,369,000	-	-	2,318,409,289	2,318,409,289	2,861,505,447	(22,182,811)	2,839,322,636	
Balance at March 31, 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 3,334,904,970)	(P 174,726,980)	P 811,250,294	P 1,200,000,000	P 53,554,754,182	P 54,754,754,182	P 90,449,864,025	P 1,175,301,082	P 91,625,165,107	

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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 2,129,923,579	P 2,789,948,731
Adjustments for:			
Depreciation and amortization	8	357,704,528	343,749,900
Interest expense	12	388,171,389	281,685,420
Interest income	15	(111,512,996)	(207,594,168)
Share in net profit of a joint venture	15	(35,163,352)	(23,572,615)
Provisions	17	(35,500,000)	-
Impairment losses on trade and other receivables	6, 20	557,491	-
Amortization of trademarks	9	-	403,848
Operating profit before working capital changes		2,694,180,639	3,184,621,116
Decrease (increase) in trade and other receivables		593,390,485	(1,072,242,130)
Decrease (increase) in financial instruments at fair value through profit or loss		1,080,695	(71,209,499)
Increase in inventories		(2,006,453,072)	(1,216,348,073)
Decrease (increase) in prepayments and other current assets		564,396,012	(112,449,919)
Decrease in other non-current assets		11,865,704	16,705,306
Increase in trade and other payables		2,107,612,464	1,388,641,372
Decrease (increase) in retirement benefit asset		(16,959,771)	21,973,948
Cash generated from operations		3,949,113,156	2,139,692,121
Cash paid for income taxes		(780,355,710)	(537,941,230)
Net Cash From Operating Activities		3,168,757,446	1,601,750,891
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	8	(1,521,496,779)	(771,391,439)
Proceeds from sale of property, plant and equipment	8	208,948	245,970
Interest received	5	117,881,256	207,128,769
Net Cash Used in Investing Activities		(1,403,406,575)	(564,016,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans	12	2,761,302,680	2,378,456,225
Repayments of interest-bearing loans	12	(654,548,160)	(917,952,890)
Interest paid		(129,359,341)	(76,009,833)
Net Cash From Financing Activities		1,977,395,179	1,384,493,502
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,742,746,050	2,422,227,693
CASH AND CASH EQUIVALENTS AT JANUARY 1		10,513,125,613	12,738,118,244
CASH AND CASH EQUIVALENTS AT MARCH 31		P 14,255,871,663	P 15,160,345,937

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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(With Comparative Audited Figures for December 31, 2023)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

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

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

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

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

1.1 Subsidiaries

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

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

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

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

1.2 Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements (unaudited) of the Group as of and for the three months ended March 31, 2024 (including the comparative financial information as of December 31, 2023 and for the three months ended March 31, 2023) were authorized for issue by the Parent Company’s Board of Directors (“BOD”) through the Audit Committee on May 15, 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Interim Consolidated Financial Statements

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

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

2.2 Adoption of Amended Standards

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

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

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

(b) Effective Subsequent to 2024 but not Adopted Early

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

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

	BRANDY		SCOTCH WHISKY		SEGMENT TOTALS	
	March 31		March 31		March 31	
	2024	2023	2024	2023	2024	2023
REVENUES AND OTHER INCOME						
External Customers	P 7,878	P 9,758	P 5,245	P 5,833	P 13,123	P 15,591
Intersegment sales*	<u>111</u>	<u>120</u>	<u>70</u>	<u>90</u>	<u>181</u>	<u>210</u>
	7,989	9,878	5,315	5,923	13,304	15,801
COSTS AND EXPENSES						
Cost of goods sold	5,782	7,117	2,866	3,047	8,648	10,164
Intersegment cost of goods sold*	70	90	111	120	181	210
Selling and distribution expenses	465	904	879	810	1,344	1,714
General and administrative expenses	353	301	256	341	609	642
Interest expense and other charges	<u>293</u>	<u>229</u>	<u>99</u>	<u>52</u>	<u>392</u>	<u>281</u>
	6,963	8,641	4,211	4,370	11,174	13,011
SEGMENT PROFIT BEFORE TAX	1,026	1,237	1,104	1,553	2,130	2,790
TAX EXPENSE	184	231	189	217	373	448
SEGMENT NET PROFIT	P 842	P 1,006	P 915	P 1,336	P 1,757	P 2,342
Depreciation and Amortization	270	264	88	80	358	344
Interest expense	284	230	104	52	388	282
Share in net profit of JV	35	24	-	-	35	24
	March31,	Dec31,	March31,	Dec31,	March31,	Dec31,
	2024	2023	2024	2023	2024	2023
TOTAL ASSETS	P 150,134	P 150,747	P 71,991	P 67,607	P 222,125	P 218,354
TOTAL LIABILITIES	52,824	55,604	21,143	17,485	73,967	73,089

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

The Group’s revenues and other income in the periods presented range from 60% to 66% from the Asia Pacific, 22% to 25% from Europe and the remaining portion from North and Latin Americas, Middle East and Africa and other countries.

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

4.5 Reconciliations

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

	<u>Segment Totals</u>	<u>Intercompany Accounts</u>	<u>Consolidated Balances</u>
March 2024			
Revenues and other income	P 13,304	P (181)	P 13,123
Cost and expenses	11,174	(181)	10,993
Total assets	222,125	(66,421)	155,704
Total liabilities	73,967	(16,563)	57,404
Other segment information:			
Depreciation and amortization	358	-	358
Interest expense	388	-	388
Share in net profit of JV	35	-	35
March 2023			
Revenues and other income	15,801	(210)	15,591
Cost and expenses	13,011	(210)	12,801
Other segment information:			
Depreciation and amortization	344	-	344
Interest expense	282	-	282
Share in net profit of joint venture	24	-	24
December 2023			
Total assets	218,354	(69,645)	148,709
Total liabilities	73,089	(19,787)	53,301

5. CASH AND CASH EQUIVALENTS

This account includes the following components:

	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Cash on hand and in banks	P 4,472,000,152	P 4,286,286,543
Short-term placements	9,783,871,511	6,226,839,070
	<u>P 14,255,871,663</u>	<u>P 10,513,125,613</u>

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 30 to 62 days and earn effective annual interest rates ranging from 5.8% to 6.0% in the first three months of 2024 and from 5.2% to 6.0% in the first three months of 2023. Interest earned amounted to P111.5 million and P207.6 million in the first three months of 2024 and 2023, respectively, and is presented as part of Other income under the Revenues and Other Income account in the interim consolidated statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

Details of this account are as follows:

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	19.3	P 16,941,691,748	P 14,044,982,841
Advances to suppliers		1,104,256,718	4,843,852,140
Advances to officers and employees	19.4	687,618,341	359,591,136
Accrued interest receivable		8,764,807	15,133,067
Other receivables		124,934,289	131,711,247
		18,867,265,903	19,395,270,431
Allowance for impairment		(289,867,006)	(297,589,023)
		P 18,577,398,897	P 19,097,681,408

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

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P 297,589,023	P 180,655,094
Recoveries	(9,517,053)	(7,358,400)
Impairment losses	557,491	120,264,334
Translation adjustment	1,237,545	4,027,995
Balance at end of period	P 289,867,006	P 297,589,023

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

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

7. INVENTORIES

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

	<u>Notes</u>	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
At cost:			
Finished goods	16, 19	P 7,480,103,090	P 7,265,045,032
Work-in-process	16, 19	31,737,097,814	30,562,603,015
Raw materials	16, 19	6,413,887,409	5,684,271,416
Packaging materials	16, 19	557,060,462	462,510,960
Machinery spare parts, consumables and factory supplies		<u>378,988,520</u>	<u>412,219,373</u>
		<u>46,567,137,295</u>	<u>44,386,649,796</u>
At net realizable value:			
Finished goods			
Cost	16, 19	1,957,565,424	1,816,416,980
Allowance for impairment		(290,525,539)	(288,866,970)
Packaging materials			
Cost	16, 19	724,278,597	613,129,580
Allowance for impairment		(<u>124,997,346</u>)	(<u>134,121,050</u>)
		<u>2,266,321,136</u>	<u>2,006,558,540</u>
		<u>P 48,833,458,431</u>	<u>P 46,393,208,336</u>

WML has a substantial inventory of aged stocks which mature over periods of up to 60 years. The maturing whisky stock inventory amounting to P26.4 billion and P25.2 billion as of March 31, 2024 and December 31, 2023, respectively, is presented as part of work-in-process inventories, and is stored in various locations across Scotland.

An analysis of the cost of inventories included in costs of goods sold for the three months ended March 31, 2024 and 2023 is presented in Note 16.

8. PROPERTY, PLANT AND EQUIPMENT

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

	<u>Notes</u>	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Property, plant and equipment	8.1	P 34,894,611,648	P 33,651,737,301
Right-of-use assets	8.2	<u>536,624,030</u>	<u>560,030,672</u>
		<u>P 35,431,235,678</u>	<u>P 34,211,767,973</u>

8.1 Carrying Values of Property, Plant and Equipment

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

	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Cost	P 54,052,368,724	P 52,266,692,077
Accumulated depreciation and amortization	(19,157,757,076)	(18,614,954,776)
Net carrying amount	<u>P 34,894,611,648</u>	<u>P 33,651,737,301</u>

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

	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Balance at beginning of the period, net of accumulated depreciation and amortization	P 33,651,737,301	P 28,859,820,438
Additions during the period	1,521,496,779	4,784,942,658
Translation adjustment	221,245,790	858,748,170
Disposal during the period	(46,983,478)	(9,804,991)
Reclassifications from non-current assets classified as held for sale	-	961,744,740
Derecognition	-	(945,857)
Depreciation and amortization charges for the period	(452,884,744)	(1,802,767,857)
Balance at the end of the period, net of accumulated depreciation and amortization	<u>P 34,894,611,648</u>	<u>P 33,651,737,301</u>

The amount of depreciation and amortization is allocated as follows:

		<u>For the Three Months Ended</u>	
	<u>Notes</u>	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>
Costs of goods sold	16	P 264,400,025	P 263,363,540
Selling and distribution expenses	17	24,795,171	23,518,859
General and administrative expenses	17	42,163,250	33,360,935
		331,358,446	320,243,334
Capitalized to inventories		121,526,298	103,192,127
		<u>P 452,884,744</u>	<u>P 423,435,461</u>

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

8.2 *Right-of-use Assets*

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

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

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost	P 1,520,318,325	P 1,487,902,049
Accumulated amortization	(983,694,295)	(927,871,377)
Net carrying amount	P 536,624,030	P 560,030,672

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of the period, net of accumulated amortization	P 560,030,672	P 396,200,194
Amortization charges for the period	(26,346,082)	(103,587,271)
Translation adjustment	2,939,440	7,829,041
Additions during the period	-	259,588,708
Balance at the end of the period, net of accumulated amortization	P 536,624,030	P 560,030,672

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

		For the Three Months Ended	
	Notes	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Costs of goods sold	16	P 5,857,182	P 10,294,491
General and administrative expenses	17	20,488,900	13,212,075
		P 26,346,082	P 23,506,566

8.3 Lease Liabilities

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current	P 214,935,513	P 164,031,838
Non-current	392,092,767	447,170,215
	<u>P 607,028,280</u>	<u>P 611,202,053</u>

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning lease liabilities	P 611,202,053	P 594,378,028
Translation adjustment	(32,720,261)	(26,269,368)
Interest amortization	28,546,488	43,093,393
Ending lease liabilities	<u>P 607,028,280</u>	<u>P 611,202,053</u>

9. INTANGIBLE ASSETS

This account is composed of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Indefinite useful lives		
Trademarks – net	P 21,367,734,478	P 21,125,928,781
Goodwill	9,960,526,848	9,859,886,210
	<u>P 31,328,261,326</u>	<u>P 30,985,814,991</u>

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

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

10. OTHER ASSETS

10.1 Prepayments and Other Current Assets

This account is composed of the following:

	March 31, 2024		December 31, 2023
	(Unaudited)		(Audited)
Prepaid taxes	P 1,534,811,585	P	1,770,166,012
Prepaid expenses	692,944,481		1,071,452,939
Deferred input value-added tax ("VAT")	203,158,264		163,328,227
Refundable security deposits	12,534,449		16,439,451
Others	147,203,491		77,846,964
	<u>P 2,590,652,270</u>	P	<u>3,099,233,593</u>

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

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

10.2 Other Non-current Assets

This account is composed of the following:

	<u>Note</u>	March 31, 2024		December 31, 2023
		(Unaudited)		(Audited)
Advances to suppliers		P 3,062,053	P	19,022,978
Deferred input VAT		15,913,340		17,437,970
Refundable security deposits	19.2	52,420,563		40,479,622
Others		14,922,501		21,117,315
		<u>P 86,318,457</u>	P	<u>98,057,885</u>

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

11. INVESTMENT IN A JOINT VENTURE

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

	March 31, 2024		December 31, 2023
	(Unaudited)		(Audited)
Acquisition costs	P 2,845,367,065	P	2,845,367,065
Accumulated share in net profit:			
Balance at beginning of the period	659,025,708		434,304,054
Share in net profit for the period	35,163,352		111,644,188
Translation adjustment	90		113,077,466
Balance at end of the period	<u>694,189,150</u>		<u>659,025,708</u>
	<u>P 3,539,556,215</u>	P	<u>3,504,392,773</u>

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

12. INTEREST-BEARING LOANS

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current	P 9,035,816,715	P 6,781,720,685
Non-current	19,122,258,904	19,185,583,420
	P 28,158,075,619	P 25,967,304,105

Interest expense on the above loans for the periods ended March 31, 2024 and 2023 amounted to P359.6 million and 274.6 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 March 31, 2024 and December 31, 2023, the outstanding balance of the equity-linked securities instrument ("ELS") amounting to P3.4 billion represents Tranche 2 Conversion into 475,000,000 common shares ("Tranche 2 Shares") which would be issued to Arran Investment Private Limited ("Arran"), the Holder, by EMI within the agreed Conversion Period which was last agreed to be until August 12, 2024 or such other date as may be mutually agreed in writing between the Holder and EMI. Upon the actual conversion and issuance of Tranche 2 Shares, EMI will reclassify the remaining portion of the Conversion Options amounting to P88.5 million to APIC.

The ELS also bears variable interest in an amount equal to the dividend rate applied to the number of Conversion Shares and at the same time as when dividends were paid to stockholders.

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:

	<u>Notes</u>	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables	19.1	P 10,281,172,503	P 7,669,062,776
Accrued expenses		10,809,349,552	10,834,307,832
Output VAT payable		620,658,214	887,752,755
Others		243,430,626	329,500,811
		<u>P 21,954,610,895</u>	<u>P 19,720,624,174</u>

15. REVENUES AND OTHER INCOME

The details of revenues and other income are shown below.

	<u>Notes</u>	For the Three Months Ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Sales	19.3	<u>P 12,862,784,681</u>	<u>P 15,267,287,530</u>
Others:			
Foreign currency gains – net		-	34,606,357
Share in net profit of joint venture	11	35,163,352	23,572,615
Others	5	224,803,635	266,023,651
		<u>259,966,987</u>	<u>324,202,623</u>
		<u>P 13,122,751,668</u>	<u>P 15,591,490,153</u>

16. COSTS OF GOODS SOLD

The details of costs of goods sold are shown below.

	Notes	For the Three Months Ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Finished goods, beginning	7	P 9,081,462,012	P 7,144,431,089
Finished goods purchased	19.1	487,629,474	1,467,397,965
Cost of goods manufactured			
Raw and packaging materials, beginning	7	6,756,141,512	6,555,198,631
Net purchases	19.1	8,836,388,683	8,573,716,303
Raw and packaging materials, end	7	(7,695,226,468)	(6,169,060,432)
Raw materials used		P 7,897,303,727	P 8,959,854,502
Work-in-process, beginning	7	30,562,603,015	25,603,632,966
Direct labor		471,668,330	435,662,998
Manufacturing overhead:			
Depreciation and amortization	8	270,257,207	273,658,031
Taxes and licenses		172,520,105	201,252,137
Outside services		80,731,180	89,821,550
Communication, light, and water		86,357,467	114,276,299
Fuel and lubricants		57,080,774	103,414,024
Repairs and maintenance		102,619,906	108,642,066
Commission		88,242,208	118,200,395
Rentals		72,401,440	77,681,649
Labor		40,242,559	34,168,900
Waste disposal		8,976,862	15,522,257
Insurance		15,579,405	14,510,869
Transportation		8,844,415	5,540,144
Meals		2,591,029	2,452,614
Gasoline and oil		5,383,874	3,352,041
Miscellaneous		310,417,072	56,046,553
Work-in-process, end	7	(31,737,097,814)	(26,410,801,068)
		8,516,722,761	9,806,888,927
Finished goods, end	7	(9,437,668,514)	(8,254,741,364)
		P 8,648,145,733	P 10,163,976,617

17. OTHER OPERATING EXPENSES

The details of operating expenses are shown below.

	Notes	For the Three Months Ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Advertising and promotions		P 756,376,156	P 887,310,360
Salaries and employee benefits		600,563,810	523,265,220
Professional fees and outside services		141,937,800	153,785,236
Freight and handling		64,324,125	149,207,631
Travel and transportation		121,523,807	126,223,317
Other services		532,963	96,204,547
Depreciation and amortization	8	87,447,321	70,091,869
Taxes and licenses		41,822,363	45,834,446
Fuel and oil		3,476,435	40,800,065
Repairs and maintenance		25,842,855	34,136,609
Representation		29,680,790	24,030,127
Rentals		19,425,401	12,007,683
Insurance		3,728,033	16,528,118
Supplies		14,242,379	12,174,821
Communication, light, and water		9,998,731	12,304,297
Meals		620,252	11,125,206
Amortization of trademarks	9	-	403,848
Provisions*		(35,500,000)	-
Others		67,525,863	140,445,985
		P 1,953,569,084	P 2,355,879,385

*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 Three Months Ended	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Selling and distribution expenses	P 1,344,268,022	P 1,713,897,622
General and administrative expenses	609,301,062	641,981,763
	P 1,953,569,084	P 2,355,879,385

18. TAXES

EMI and its Philippine subsidiaries (“Philippine Group”) are subject to the higher of regular corporate income tax (“RCIT”) at 25% of net taxable income, or minimum corporate income tax (“MCIT”) at 2% in 2024 and 1% in 2023 of gross income for, as defined under the Philippine tax regulations. The Philippine Group declared RCIT for the three months ended March 31, 2024 and 2023 as RCIT was higher in those periods, except for TEI.

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

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

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

	For the Three Months Ended	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
<i>Reported in profit or loss:</i>		
Current tax expense		
RCIT at 19% and 25%	P 330,127,510	P 366,111,492
Final tax on interest	10,226,115	15,355,254
MCIT	326,347	162,200
	340,679,972	381,628,946
Deferred tax expense relating to origination and reversal of other temporary differences	31,779,058	65,974,297
	P 372,459,030	P 447,603,243
<i>Reported in other comprehensive income or loss –</i>		
Deferred tax expense relating to retirement benefit obligation re-measurement	P 53,853,500	P 105,123,000

The deferred tax assets and liabilities relate to the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Brand valuation	(P 3,117,719,779)	(P 3,063,799,036)
Fair value adjustment	(483,557,060)	(475,193,974)
Short-term temporary differences	(383,675,678)	(372,747,454)
Retirement benefit asset	(118,324,300)	(60,329,300)
PFRS 16 impact	11,580,680	11,580,680
Capitalized borrowing costs	(37,380,745)	(37,380,745)
NOLCO	23,615,923	23,615,923
Allowance for impairment	52,740,218	52,740,218
Net deferred tax liabilities	(P 4,052,720,741)	(P 3,921,513,688)

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax liabilities - net	(P 4,279,976,283)	(P 4,130,626,820)
Deferred tax assets - net	227,255,542	209,113,132
	(P 4,052,720,741)	(P 3,921,513,688)

19. RELATED PARTY TRANSACTIONS

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

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

Related Party Category	Notes	Amount of Transaction For the Three Months Ended		Outstanding Receivable (Payable)	
		March 31, 2024	March 31, 2023	March 31, 2024	December 31, 2023
Ultimate Parent Company:					
Lease of properties	19.2(a)	6,956,250	6,625,000	-	-
Related Parties Under Common Ownership:					
Purchase of raw materials	19.1	309,762,180	267,529,474	(289,437,406)	(176,251,132)
Purchase of finished goods	19.1	119,194,366	127,588,211	(687,693)	(78,257,097)
Lease of properties	19.2(b),(c)	28,306,143	18,046,287	-	(1,026,000)
Sale of goods	19.3	10,851,538	4,865,381	138,751,891	141,254,679
Management services earned	19.5	9,041,681	5,500,000	-	-
Refundable deposits	19.2(b),(c)	-	-	8,812,415	8,418,273
Officers and Employees -					
Advances granted (collected)	19.4	328,027,205	471,692,699	687,618,341	359,591,136

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

19.1 Purchase of Goods

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

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

19.2 Lease Agreements

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

(a) *AGI*

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

There were no outstanding balances or refundable security deposits arising from this lease agreement as of March 31, 2024 and December 31, 2023.

(b) *Megaworld Corporation*

EDI, PAI and AWGI have lease contracts with Megaworld Corporation, a related party under common ownership, for the head office space of the Group. The Group paid P19.4 million and P13.7 million in rentals for the first three months of 2024 and 2023, respectively.

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

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

EDI has a lease contract with Empire East Land Holdings, Inc., a related party under common ownership, for its office and warehouse. The Group paid P8.9 million and P8.2 million in rentals for the first three months of 2024 and 2023, respectively.

19.3 *Sale of Goods*

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

19.4 *Advances to Officers and Employees*

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

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

	March 31, 2024		December 31, 2023
	<u>(Unaudited)</u>		<u>(Audited)</u>
Balance at beginning of period	P 359,591,136	P	682,693,841
Additions	397,487,478		1,126,387,308
Payment	(69,460,273)	(<u>1,449,490,013)</u>
Balance at end of period	<u>P 687,618,341</u>	P	<u>359,591,136</u>

19.5 Management Services

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

20. EQUITY

20.1 Treasury Shares

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

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

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

20.2 Declaration of Dividends

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

Date of Declaration	Date of Stockholders' Record	Payable Date	Dividend per Share	Total
March 30, 2023	May 2, 2023	May 25, 2023	P0.2900	P4,563,567,659

There were no dividends declared and paid by the Parent Company as of March 31, 2024.

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:

	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
DBLC	P 1,392,460,104	P 1,508,248,078
Boozylife	(23,894,833)	(25,214,423)
	<u>P 1,368,565,271</u>	<u>P 1,483,033,655</u>

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	<u>For the Three Months Ended</u>	
	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>
Consolidated net profit attributable to owners of parent company	P 1,738,185,311	P 2,318,409,259
Divided by weighted average number of: outstanding common shares	15,670,991,338	15,670,991,338
outstanding common shares and potential dilutive shares	<u>16,327,991,338</u>	<u>16,343,991,338</u>
Basic and diluted earnings per share	<u>P 0.11</u>	<u>P 0.15</u>

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.

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.

23. 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 March 31, 2024 and December 31, 2023 while the foreign subsidiaries have cash and cash equivalents, receivables and payables in US dollars. To mitigate the Group's exposure to foreign currency risk, non-functional currency cash flows are being monitored.

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial assets	P 1,288,527,321	P 336,571,093
Financial liabilities	(1,489,015,091)	(1,308,929,501)
	(P 200,487,770)	(P 972,358,408)

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
March 31, 2024	4.78%	(P 9,585,398)	(P 7,189,048)
December 31, 2023	5.31%	(P 51,632,231)	(P 38,724,174)

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 March 31, 2024 and December 31, 2023, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are generally subject to 30-day re-pricing intervals (see Note 5). Due to the short duration of short-term placements, management believes that interest rate sensitivity and its effect on the net results and equity are not significant. The Group's interest-bearing loans and borrowings are subject to fixed interest rates and are therefore not subject to interest rate risk, except for certain loans that are based on Euro Interbank Offered Rate ("EURIBOR") and Sterling Overnight Index Average ("SONIA"). The Group does not see a material interest rate risk here in the short-term. The sensitivity of the Group's profit before tax on its loans arising from EURIBOR is analyzed based on a reasonably possible change in interest rates of +/-0.72% in 2024 and +/-0.94% in 2023. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence.

The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if EURIBOR increased by 0.72% and 0.94% in March 31, 2024 and December 31, 2023, profit before tax would have decreased by P134.9 million and P174.7 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in March 31, 2024 and December 31, 2023 would have been higher by the same amounts.

The sensitivity of the Group's profit before tax on its loans arising from SONIA is analyzed based on a reasonably possible change in interest rates of +/-1.28% in 2024 and +/-2.14% in 2023. These changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at each reporting date, with effect estimated from the beginning of the year. All other variables held constant, if SONIA increased by 1.28% and 2.17% in March 31, 2024 and December 31, 2023, profit before tax would have decreased by P111.1 million and P126.1 million, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax in March 31, 2024 and December 31, 2023 would have been higher by the same amounts.

(c) *Other Price Risk*

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

22.2 Credit Risk

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

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

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

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	5	P 14,255,871,663	P 10,513,125,613
Trade and other receivables – net	6	16,785,523,838	13,894,238,132
Refundable security deposits	10	64,955,012	56,919,073
		<u>P 31,106,350,513</u>	<u>P 24,464,282,818</u>

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

(a) *Cash and Cash Equivalents*

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

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

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

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

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

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

22.3 Liquidity Risk

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

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

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

	March 31, 2024 (Unaudited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 902,875,117	P 9,564,566,372	P 22,393,792,700	P -
Trade and other payables	21,075,594,248	-	-	-
Lease liabilities	<u>107,467,757</u>	<u>107,467,757</u>	<u>325,286,666</u>	<u>66,806,101</u>
	<u>P 22,085,937,122</u>	<u>P 9,672,034,129</u>	<u>P 22,719,079,366</u>	<u>P 66,806,101</u>
	December 31, 2023 (Audited)			
	CURRENT		NON-CURRENT	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans	P 879,286,839	P 6,758,442,049	P 19,398,813,573	P -
Trade and other payables	18,607,154,079	-	-	-
Lease liabilities	<u>88,665,612</u>	<u>88,665,612</u>	<u>444,568,820</u>	<u>78,260,000</u>
	<u>P 19,575,106,530</u>	<u>P 6,847,107,661</u>	<u>P 19,843,382,393</u>	<u>P 78,260,000</u>

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

24. 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	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
		Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets</i>					
Financial assets at amortized cost:					
Cash and cash equivalents	5	P 14,255,871,663	P 14,255,871,663	P 10,513,125,613	P 10,513,125,613
Trade and other receivables	6	16,785,523,838	16,785,523,838	13,894,238,132	13,894,238,132
Refundable security deposits	10	64,955,012	64,955,012	56,919,073	56,919,073
		<u>P 31,106,350,513</u>	<u>P 31,106,350,513</u>	<u>P 24,464,282,818</u>	<u>P 24,464,282,818</u>
Financial assets at FVTPL		<u>P 360,643,600</u>	<u>P 360,643,600</u>	<u>P 355,505,670</u>	<u>P 355,505,670</u>
<i>Financial Liabilities</i>					
Financial liabilities at amortized cost:					
Interest -bearing loans	12	P 28,158,075,619	P 28,158,075,619	P 25,967,304,105	P 25,077,688,573
Trade and other payables	14	21,075,594,248	21,075,594,248	18,607,154,079	18,607,154,079
Lease liabilities	8.3	607,028,280	607,028,280	611,202,053	611,202,053
		<u>P 49,840,698,147</u>	<u>P 49,840,698,147</u>	<u>P 45,185,660,237</u>	<u>P 44,296,044,705</u>

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

23.2 Offsetting of Financial Assets and Financial Liabilities

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

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 P360.6 million and P355.5 million as of March 31, 2024 and December 31, 2023, respectively.

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

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

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

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

	March 31, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Cash and cash equivalents	P 14,255,871,663	P -	P -	P 14,255,871,663
Trade and other receivables	-	-	16,785,523,838	16,785,523,838
Refundable security deposits	-	-	64,955,012	64,955,012
	<u>P 14,255,871,663</u>	<u>P -</u>	<u>P 16,850,478,850</u>	<u>P 31,106,350,513</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 28,158,075,619	P 28,158,075,619
Trade and other payables	-	-	21,075,594,248	21,075,594,248
Lease liabilities	-	-	607,028,280	607,028,280
	<u>P -</u>	<u>P -</u>	<u>P 49,840,698,147</u>	<u>P 49,840,698,147</u>

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

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

26. 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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	P 57,403,558,770	P 53,301,326,277
Total equity	<u>98,300,784,277</u>	<u>95,407,892,294</u>
Liabilities-to-equity ratio	<u>P 0.58 : 1.00</u>	<u>P 0.56 : 1.00</u>

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

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On April 1, 2024, the Parent Company's BOD approved the declaration of cash dividends of P0.24 per share out of the available retained earnings of the Parent Company as of March 31, 2024, payable on May 24, 2024 to stockholders of record as of May 2, 2024.

EMPERADOR INC. AND SUBSIDIARIES
AGING SCHEDULE OF TRADE AND OTHER RECEIVABLES
March 31, 2024
(Amounts in Thousand Philippine Pesos)

Trade Receivables	
Current	14,147,482
1 to 30 days	2,103,122
31 to 60 days	156,577
Over 60 days	<u>244,643</u>
Total	16,651,824
Other receivables	<u>1,925,574</u>
Balance	<u><u>18,577,398</u></u>

SIGNATURES

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

Issuer: **EMPERADOR INC.**

By:



DINA D.R. INTING
Chief Financial Officer,
Corporate Information Officer,
Compliance Officer
& Duly Authorized Officer
(Principal Financial/Accounting Officer)
May 15, 2024