

COVER SHEET

for
Audited Financial Statements

SEC Registration Number

A	2	0	0	1	-	1	7	5	9	5
---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

E	M	P	E	R	A	D	O	R											

PRINCIPAL OFFICE (No./Street/Barangay/City/Town)Province)

7	T	H		F	L	O	O	R	,		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	,		1	8	8		E	.		R	O	D	R	I	G	U	E	Z	,	
J	R	.		A	V	E	N	U	E	,		B	A	G	U	M	B	A	Y	A	N							
Q	U	E	Z	O	N			C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A			

Form Type

A	F	S
---	---	---

Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale

(for December 31, 2023)

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
dinainting@emperadorinc.com	8709-2038 to 41	N/A
No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
131	3rd Monday of May	DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
DINA INTING	dinainting@emperadorinc.com	8709-2038 to 41	N/A

Contact Person's Address

7 th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Note 2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



EMPERADOR INC.

7F 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue,
Bagumbayan 1110, Quezon City, Philippines Tel: 8709-2038 to 41 Fax: 8709-1966

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

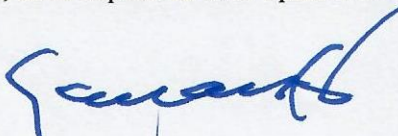
The management of *Emperador Inc.* (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

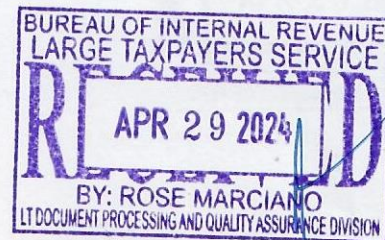
The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Aranillo, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.


ANDREW L. TAN
Chairman of the Board


WINSTON S. CO
President/ Chief Executive Officer


DINA D.R. INTING
Chief Financial Officer



Signed this 12th day of April 2024

P&A
Grant Thornton

FOR SEC FILING

SUBSCRIBED AND SWORN to before me this
Passport/ SSS No., as follows:

, affiants exhibiting to me their

Names	PassportNo./ SSS No./ DL No
Andrew L. Tan	P9281984A
Winston S. Co	N01-80-016240
Dina D.R. Inting	SSS 03-5204775-3

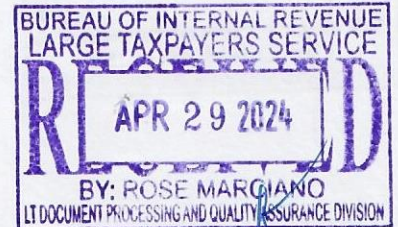
Date	Place of Issue
Oct 24,2018 to Oct 23,2028	Manila
valid until Jan. 31, 2033	Manila

Doc. No. 4109
Page No. 2
Book No. II
Series of 2024



ATTY. LORENZO V. MATIBAG
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-192
Roll No. 79395

IBP Number 383406 01/01/2024, Laguna
PTR No. 10077095MK 01/03/2024, Makati City
MCLE Compliance No. Admitted to the BAR on May 16, 2022
19th Flr., Tower 1, The Enterprise Center
6766 Ayala Avenue, Makati City





Report of Independent Auditors

**Financial Statements and
Independent Auditors' Report**

Emperador Inc.

December 31, 2023, 2022 and 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Emperador Inc., which comprise the statements of financial position as at December 31, 2023, 2022 and 2021, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for each of the three years in the period ended December 31, 2023, and the related disclosures, including notes, comprising a total of 15 pages, and the accounting information included therein, and we have issued our report thereon on April 29, 2024.

Scope of Audit

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs) issued by the Philippine Accountancy Commission (PAC) and the standards on auditing issued by the International Auditing and Taxation Authority (IAAT). PSAs are substantially similar to the standards on auditing issued by the International Federation of Accountants (IFAC). We have also followed the standards on auditing issued by the International Federation of Accountants (IFAC) in accordance with these requirements and the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) and we have also followed the standards on auditing issued by the International Federation of Accountants (IFAC) in accordance with these requirements and the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC).

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 29 2024
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

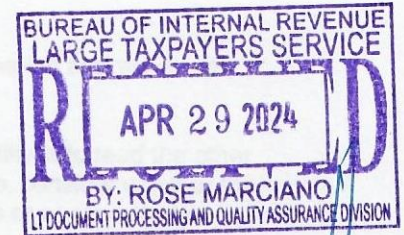


Report of Independent Auditors

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Emperador Inc.
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City



Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Emperador Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

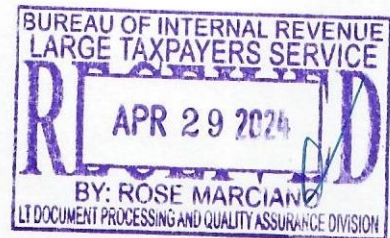
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 8.2 to the financial statements, the supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue (BIR) is presented by management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is also not a required disclosure under the Revised Securities Regulation Code Rule 68 of the Philippine SEC. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditors' report is Ramilito L. Nañola.

PUNONGBAYAN & ARAULLO


By: **Ramilito L. Nañola**
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 10076148, January 3, 2024, Makati City

SEC Group A Accreditation

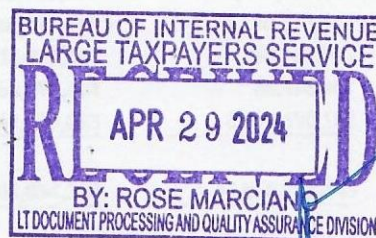
Partner - No. 90741-SEC (until financial period 2025)

Firm - No. 0002 (until financial period 2024)

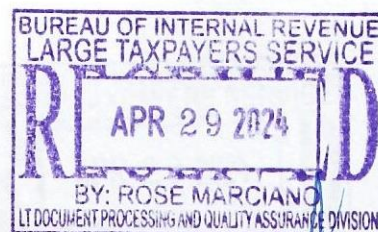
BIR AN 08-002511-019-2023 (until Dec. 10, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 12, 2024



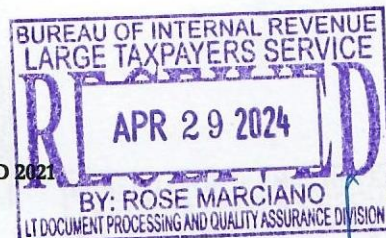
EMPERADOR INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)



	Notes	2023	2022
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,002,751,428	P 5,250,338,713
Receivables	4, 6	2,195,968	306,279,728
Financial assets at fair value through profit or loss	5.1	355,505,670	418,513,992
Prepaid taxes	5.2	6,104,677	5,628,714
Total Current Assets		1,366,557,743	5,980,761,147
NON-CURRENT ASSET			
Investments in subsidiaries	6	43,140,201,841	43,081,679,437
TOTAL ASSETS		P 44,506,759,584	P 49,062,440,584
<u>LIABILITY AND EQUITY</u>			
CURRENT LIABILITY			
Other payables	9.1	P 1,217,925,186	P 1,201,658,441
Total Liability	16	1,217,925,186	1,201,658,441
EQUITY			
Capital stock	10.1	16,242,391,176	16,242,391,176
Additional paid-in capital	10.1	23,106,377,832	23,106,377,832
Deposit for future stock subscription – equity-linked securities	10.2	3,443,750,000	3,443,750,000
Treasury shares, at cost	10.3	(4,280,113,441)	(4,280,113,441)
Share options	10.5	318,710,397	260,187,993
Conversion options	10.2	88,498,401	88,498,401
Retained earnings	10.4	4,369,220,033	8,999,690,182
Total Equity	16	43,288,834,398	47,860,782,143
TOTAL LIABILITY AND EQUITY		P 44,506,759,584	P 49,062,440,584

See Notes to Financial Statements.

EMPERADOR INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

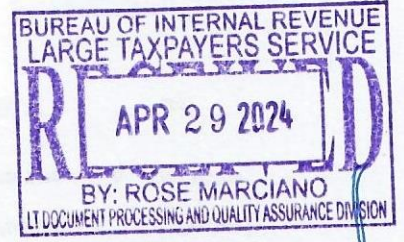


	Notes	2023	2022	2021
REVENUES		P -	P -	P -
OPERATING EXPENSES				
Professional fees		5,707,566	3,091,250	2,965,507
Taxes and licenses		2,036,504	2,026,354	3,059,084
Outside services		1,089,512	25,315	65,780
Office supplies		1,540	13,839	1,500
Transportation and travel		1,500	7,401,690	500
Communications		1,110	1,416	2,460
Trading fees	5.1	-	1,217,024	-
Representation		-	310,000	-
Miscellaneous		7,109,758	110,904	-
		<u>15,947,490</u>	<u>14,197,792</u>	<u>6,094,831</u>
OPERATING LOSS		(<u>15,947,490</u>)	(<u>14,197,792</u>)	(<u>6,094,831</u>)
OTHER INCOME (CHARGES)				
Interest income	4	152,481,250	43,948,189	3,427,645
Dividend income	5.1, 6	28,440,454	3,707,063,869	5,080,000,000
Other charges	7, 10.2	(<u>63,621,455</u>)	(<u>25,931,848</u>)	(<u>152,000,600</u>)
		<u>117,300,249</u>	<u>3,725,080,210</u>	<u>4,931,427,045</u>
PROFIT BEFORE TAX		101,352,759	3,710,882,418	4,925,332,214
TAX EXPENSE	8	30,496,249	8,789,638	685,529
NET PROFIT	11	70,856,510	3,702,092,780	4,924,646,685
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>P 70,856,510</u>	<u>P 3,702,092,780</u>	<u>P 4,924,646,685</u>
Earnings Per Share - Basic	11	<u>P 0.005</u>	<u>P 0.235</u>	<u>P 0.312</u>
Earnings Per Share - Diluted	11	<u>P 0.004</u>	<u>P 0.226</u>	<u>P 0.307</u>

See Notes to Financial Statements.

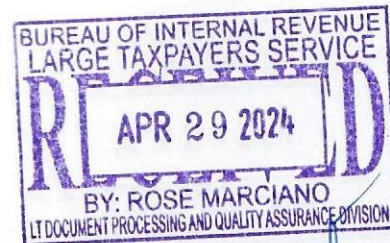
EMPERADOR INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

Notes	Capital Stock	Additional Paid-in Capital	Deposit for Future Stock Subscription – Equity-linked Securities (DFFS-ELS)	Treasury Shares	Conversion Options	Share Options	Retained Earnings	Total Equity
Balance at January 1, 2023	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,280,113,441)	P 88,498,401	P 260,187,993	P 8,999,690,182	P 47,860,782,143
Cash dividend declared and paid	-	-	-	-	-	-	(4,701,326,659)	(4,701,326,659)
Option expense during the year	-	-	-	-	-	58,522,404	-	58,522,404
Total comprehensive income	-	-	-	-	-	-	70,856,510	70,856,510
Balance at December 31, 2023	<u>P 16,242,391,176</u>	<u>P 23,106,377,832</u>	<u>P 3,443,750,000</u>	<u>(P 4,280,113,441)</u>	<u>P 88,498,401</u>	<u>P 318,710,397</u>	<u>P 4,369,220,033</u>	<u>P 43,288,834,398</u>
Balance at January 1, 2022	P 16,242,391,176	P 23,106,377,832	P 3,443,750,000	(P 4,280,113,441)	P 88,498,401	P 183,769,572	P 5,297,597,402	P 44,082,270,942
Option expense during the year	-	-	-	-	-	76,418,421	-	76,418,421
Total comprehensive income	-	-	-	-	-	-	3,702,092,780	3,702,092,780
Balance at December 31, 2022	<u>P 16,242,391,176</u>	<u>P 23,106,377,832</u>	<u>P 3,443,750,000</u>	<u>(P 4,280,113,441)</u>	<u>P 88,498,401</u>	<u>P 260,187,993</u>	<u>P 8,999,690,182</u>	<u>P 47,860,782,143</u>
Balance at January 1, 2021	P 16,242,391,176	P 23,106,377,832	P -	(P 3,277,983,720)	P 88,498,401	P 138,841,593	P 5,429,982,461	P 41,728,107,743
Cash dividends declared and paid	-	-	-	-	-	-	(5,057,031,744)	(5,057,031,744)
Transfer to DFS-ELS	-	-	3,443,750,000	-	-	-	-	3,443,750,000
Acquisitions of treasury shares during the year	-	-	-	(1,002,129,721)	-	-	-	(1,002,129,721)
Option expense during the year	-	-	-	-	-	44,927,979	-	44,927,979
Total comprehensive income	-	-	-	-	-	-	4,924,646,685	4,924,646,685
Balance at December 31, 2021	<u>P 16,242,391,176</u>	<u>P 23,106,377,832</u>	<u>P 3,443,750,000</u>	<u>(P 4,280,113,441)</u>	<u>P 88,498,401</u>	<u>P 183,769,572</u>	<u>P 5,297,597,402</u>	<u>P 44,082,270,942</u>



See Notes to Financial Statements.

EMPERADOR INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)



	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 101,352,759	P 3,710,882,418	P 4,925,332,214
Adjustments for:				
Interest income	4	(152,481,250)	(43,948,189)	(3,427,645)
Dividend income	6	(28,440,454)	(3,707,063,869)	(5,080,000,000)
Interest expense	7	613,133	-	152,000,000
Operating loss before working capital changes		(78,955,812)	(40,129,640)	(6,095,431)
Decrease in receivables		-	-	3,300
Decrease (increase) in financial assets at fair value through profit or loss		63,008,322	(418,513,992)	-
Increase in prepaid taxes		(475,963)	(596,420)	(720,550)
Increase in other payables		16,266,745	444,445,240	3,141,447
Cash used in operations		(156,708)	(14,794,812)	(3,671,234)
Interest received		157,585,950	36,448,955	3,762,124
Cash paid for income taxes		(31,517,189)	(7,289,791)	(752,425)
Net Cash From (Used in) Operating Activities		<u>125,912,053</u>	<u>14,364,352</u>	<u>(661,535)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	5.1, 6	328,440,454	4,518,563,869	3,968,500,000
Acquisitions of treasury shares	10.3	-	-	(1,002,129,721)
Net Cash From Investing Activities		<u>328,440,454</u>	<u>4,518,563,869</u>	<u>2,966,370,279</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	10.4	(4,701,326,659)	-	(5,057,031,744)
Interest paid	7	(613,133)	-	(152,000,000)
Collections from a subsidiary	9.1	-	-	246,500,000
Net Cash Used in Financing Activities		<u>(4,701,939,792)</u>	<u>-</u>	<u>(4,962,531,744)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(4,247,587,285)	4,532,928,221	(1,996,823,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	<u>5,250,338,713</u>	<u>717,410,492</u>	<u>2,714,233,492</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 1,002,751,428</u>	<u>P 5,250,338,713</u>	<u>P 717,410,492</u>

Supplementary Information on Non-cash Investing and Financing Activities:

- Pursuant to the Company's Employee Share Option Plan, the Company recognized additional investments in a subsidiary and share options under equity amounting to P58.5 million, P76.4 million and P44.9 million in 2023, 2022, and 2021, respectively. These pertain to the share options granted to certain qualified grantees of Emperador Distillers, Inc., a subsidiary, giving them the right to subscribe to certain number of common shares of the Company at a specific exercise price per share (see Notes 6 and 10.5).
- In 2023, 2022, and 2021, the Company recognized dividends with total amount of P28.4 million, P3,707.1 million, and P5,080.0 million, respectively, of which the P300.0 million outstanding as of December 31, 2022, was collected the following year, and was presented as part of Receivables account in the 2022 statement of financial position (see Note 6).
- In 2021, Tranche 2 of the equity-linked securities (ELS) amounting to P3,443.8 million was transferred to Deposit for Future Stock Subscription – ELS for future issuance of shares (see Note 10.2).

See Notes to Financial Statements.



EMPERADOR INC.
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Emperador Inc. (“EMI” or “the 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 alcoholic beverages business.

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

The registered principal office of the Company is 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 in the Singapore Exchange Securities Trading Limited (“SGX-ST”) on July 14, 2022.

1.1 Subsidiaries

EMI holds beneficial ownership interests 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 as the “Group”), as follows:

<u>Names of Subsidiaries</u>	<u>Explanatory Notes</u>	<u>Percentage of Effective Ownership</u>
Direct:		
Emperador Distillers, Inc. (“EDI”)	(a), 6	100%
Emperador International Ltd. (“EIL”)	(h), 6	100%
Indirect:		
Anglo Watsons Glass, Inc. (“AWGI”)	(b), (j)	100%
Tradewind Estates, Inc. (“TEI”)	(c), (i)	100%
Alcazar De Bana Holdings Company, Inc. (“Alcazar De Bana”)	(d), (j)	100%
The Bar Beverage, Inc. (“The Bar”)	(e), (i)	100%
Cocos Vodka Distillers Philippines, Inc. (“Cocos”)	(f), (j)	100%
Zabana Rum Company, Inc. (“Zabana”)	(g), (i)	100%
The World Finest Liquor Inc. (“World Finest”)	(i), (j)	100%

Explanatory notes:

- (a) EDI became a wholly owned subsidiary on August 28, 2013 when EMI acquired it from AGI as a condition to AGI's subscription to EMI shares (see Note 10.1). EDI was incorporated in the Philippines on June 6, 2003 and primarily engaged in the manufacturing and trading of brandy, wine or other similar alcoholic beverage products (see Note 6).
- (b) AWGI is a domestic corporation presently engaged in flint glass container manufacturing and primarily supplies EDI's bottle requirements.
- (c) TEI is a domestic corporation presently engaged in leasing its land and manufacturing complex in Sta. Rosa, Laguna and providing consultancy and advisory services in relation to the operations, management, development and maintenance of machineries to EDI.
- (d) Alcazar De Bana is a domestic holding entity and presently holds investments in shares of stocks of other domestic corporations.
- (e) The Bar was incorporated to carry out a general and commercial business of making, manufacturing, processing, importing, exporting, buying and selling any and all kinds of alcohol, wine or liquor products.
- (f) Cocos was established to manufacture, import, export, buy, sell, acquire, hold or otherwise dispose of and deal in, any alcohol, wine or liquor products.
- (g) Zabana was incorporated to engage in manufacturing, importing, exporting, buying, selling, acquiring, holding or otherwise disposing of and dealing in any alcohol, wine or liquor products, flavoring essences, beverages, softdrinks, foodstuffs, goods, wares, merchandise and commodities of the same kind.
- (h) EIL is a foreign entity incorporated in the British Virgin Islands. EIL wholly owns the Group's offshore subsidiaries, namely, Emperador Holdings (GB) Limited ("EGB") and Emperador Asia Pte. Ltd., which wholly owns Grupo Emperador Spain, S.A. ("GES"). EIL is effectively a wholly owned subsidiary of EMI through EMI's 84% direct ownership and EDI's 16% ownership (see Note 6).
- (i) World Finest was incorporated in 2022 to engage in among others, the business of retailing, merchandising, marketing, warehousing, trading, e-commerce or otherwise dealing with all kinds of products, services, goods, chattels, wares, merchandise and commodities of all kinds, including but not limited to alcoholic and non-alcoholic beverages.
- (j) A wholly owned subsidiary of EDI.

On October 31, 2014, EGB, through its wholly owned subsidiary, Emperador UK Limited, completed a deal for the acquisition of Whyte and Mackay Group Limited, a manufacturer of Scotch whisky.



On February 29, 2016, GES, through its subsidiary Bodegas Fundador S.L.U, completed the purchase of a Spanish brandy and sherry business in Jerez de la Frontera (“Jerez”). On January 19, 2017, GES, through its wholly owned subsidiary, Complejo Bodeguero San Patricio, S.L.U., acquired certain assets in Jerez, including trademarks of well-known brands. On March 30, 2017, GES, through Bodegas Las Copas, S.L., a Spanish joint venture company, and its two Mexican subsidiaries, completed the acquisition of the Domecq brand portfolio and its related assets. These assets are subsequently transferred to Domecq Bodega Las Copas, S.L., a Spanish subsidiary of GES incorporated in 2017.

1.2 *Approval of the Financial Statements*

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company’s Board of Directors (“BOD”) on April 12, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 *Basis of Preparation of Financial Statements*



(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (“PFRS”). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (“FSRSC”) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

These financial statements are prepared as the Company’s separate financial statements. The Company also prepares consolidated financial statements as required under PFRS.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (“PAS”) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income or loss in a single statement of comprehensive income.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company’s functional and presentation currency, and all values represent absolute amounts except when otherwise indicated. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended Standards

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

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction
PAS 12 (Amendments)	: International Tax Reform – Pillar Two Model Rules

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of ‘material’ in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company’s financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no material impact on the Company’s financial statements.

- (iii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no material impact on the Company's financial statements.
- (iv) PAS 12 (Amendments), *Income Taxes – International Tax Reform – Pillar Two Model Rules*. The amendments provided a temporary recognition exception to accounting for deferred taxes arising from the implementation of the international tax reform (Pillar Two Model Rules). The amendments had no impact on the Company as there are no temporary differences covered by the international tax reform.

(b) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, these are expected to have no material impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1(Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Investments in Subsidiaries

The Company's investments in subsidiaries are accounted for in these separate financial statements at cost less impairment loss, if any. Impairment loss is provided when there is objective evidence that the investments in subsidiaries will not be recovered [see Note 3.2(c)].

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and (iii) it has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e. the date that the Company commits absolutely to purchase or sell the asset.)

(i) Classification and Measurement of Financial Assets

The Company's financial assets are financial assets at amortized cost and at fair value through profit or loss ("FVTPL").

- *Financial Assets at Amortized Cost*

The Company's financial assets that are classified at amortized cost are Cash and Cash Equivalents (see Note 4) and Receivables (see Notes 4 and 6).

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets at FVTPL are held within a business model whose objective is to realize changes in fair values through the sale of the assets. These include financial assets that are held for trading, which are acquired for the purpose of selling or repurchasing in the near term; designated upon initial recognition as FVTPL; or mandatorily required to be measured at fair value.

The Company's financial assets at FVTPL as of December 31, 2023 (carried over from 2022) are presented in Note 5.1. The information presented on this is updated to the closing rate as of December 31, 2023, as traced on the PSE Edge website.

(ii) Reclassification of Financial Assets

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

There is no reclassification of financial assets in 2023 and 2022.

(iii) Impairment of Financial Assets at Amortized Cost

Since the Company's financial assets have no financing component, the Company applies the simplified approach in measuring expected credit loss ("ECL"), which uses a lifetime ECL allowance for all financial assets at amortized cost. The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due (see Note 13.2).

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company's financial assets are assessed to be not impaired [see Note 3.2(a)].

(b) Financial Liabilities

The Company's financial liabilities, which pertain to Other payables (excluding tax-related liabilities), are classified at amortized cost.

2.5 Revenue Recognition

The Company's revenues arise mainly from the dividends from subsidiaries (see Note 6) and interest income from cash and cash equivalents (see Note 4).

The following specific recognition criteria must be met before revenue is recognized:

(a) Dividends – Revenue is recognized when the Company's right to receive dividends is established, it is probable that economic benefits associated with the dividends will flow to the Company, and the amount of dividend can be measured reliably (see Notes 5.1 and 6).

(b) Interest income – This is recognized as the grossed-up interest accrues taking into account the effective yield on the asset (see Note 4).

2.6 Impairment of Non-financial Assets

The Company's investments in subsidiaries (see Note 6) and other non-financial assets are subject to impairment testing [see Note 3.2I] and are assessed to be not impaired.

2.7 Share-based Employee Remuneration

The Company grants share options to qualified employees of the Group eligible under a share option plan (see Note 10.5). The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions), if any [see Note 3.2 (d)]. In case the recipient of the share options is an employee of a subsidiary of the Company, the share-based remuneration is recognized as an additional cost of investment in such subsidiary (expense in the profit or loss in the financial statements of the subsidiary) (see Note 6) with a corresponding credit to Share Options account in the Equity section of the Company's statement of financial position.

The share-based remuneration is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of share options that ultimately vests on vesting date. No subsequent adjustment is made to investment cost after vesting date, even if share options expire or are ultimately not exercised.

2.8 Equity

Deposit for future stock subscription – Equity-linked securities represents the remaining portion of equity linked-securities (“ELS”) subject for future issuance of shares (see Note 10.2).

Conversion options represent the equity component of ELS. This will eventually be closed to additional paid-in capital (“APIC”) upon conversion of the ELS (see Note 10.2).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company’s financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company’s accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Evaluation of Business Model and Cash Flow Characteristics of Financial Assets

The Company applies the business model test and cash flow characteristics test at a portfolio of financial assets (i.e., group of financial instruments that are managed together to achieve a particular objective) and not on an instrument-by-instrument approach (i.e., not based on intention for each or specific characteristic of individual instrument) as these relate to the Company’s investment and trading strategies. The business model assessment is performed on the basis of reasonably expected scenarios (and not on reasonably expected not to occur, such as the so-called ‘worst case’ or ‘stress case’ scenarios). A business model for managing financial assets is typically observable through the activities that the Company undertakes to achieve the objective of the business model.

The Company uses judgment when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the Company considers all relevant evidence that is available at the date of assessment which includes, but not limited to:

- How the performance of the business model and the financial assets held within the business model are evaluated and reported to key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and,
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(b) *Determination of ECL on Financial Assets at Amortized Cost*

The Company applies the ECL methodology which requires certain judgments in selecting the appropriate method in determining ECL. Significant portion of the Company's financial assets at amortized cost is dividend receivables in 2022. Since the contractual period on these receivables is very short as these are payable when due, management determined that the use of liquidity analysis model is applicable.

Details about the ECL on the Company's financial assets at amortized cost are disclosed in Note 13.2.

(c) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 12.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Estimation of Allowance for ECL*

In measuring ECL, the Company uses significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparties defaulting and the resulting losses), as further detailed in Note 13.2. Based on management's review, no allowance for ECL is required to be recognized on the Company's financial assets in 2023, 2022 and 2021 (see Notes 2.4(a)(iii), 4 and 6).

(b) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period. Based on management's assessment, the Company may not have sufficient future taxable profits against which its deferred tax assets can be utilized. Accordingly, the Company did not recognize the related deferred tax assets as of December 31, 2023, and 2022 (see Note 8.1).

(c) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment loss is required to be recognized on the Company's prepaid taxes and investments in subsidiaries in 2023, 2022 and 2021 (see Notes 5.2 and 6).

(d) *Fair Value of Share Options*

The Company estimates the fair value of the share options by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 10.5 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of share options at grant date.

Details of the share option plan and the amount of fair value (see Note 2.7) recognized as additional investment in EDI are disclosed in Note 10.5.

4. CASH AND CASH EQUIVALENTS

This account consists of the following:

	<u>2023</u>	<u>2022</u>
Cash in banks	P 64,222,294	P 24,299,440
Short-term placements	<u>938,529,134</u>	<u>5,226,039,273</u>
	<u>P 1,002,751,428</u>	<u>P 5,250,338,713</u>

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 30 to 62 days and earn effective annual interest rates ranging from 5.25% to 6.10% in 2023, 0.50% to 5.75% in 2022 and 0.50% to 0.63% in 2021 [see Notes 13.1(a), 13.2 and 15.3]. Gross interest earned and accrued amounted to P152.5 million, P43.9 million and P3.4 million in 2023, 2022 and 2021, respectively, and is presented as Interest Income under the Other Income (Charges) section, while the final tax withheld therefrom is included under Tax Expense account (see Note 8.1), in the statements of comprehensive income. As of December 31, 2023 and 2022, the accrued interest, net of final taxes, amounting to P2.2 million and P6.3 million, respectively, are presented as part of Receivables account in the statements of financial position.

5. OTHER CURRENT ASSETS

5.1 Financial Assets at FVTPL

These pertain to marketable equity securities acquired in 2022, which meet the definition of financial assets at FVTPL classified as held for trading [see Note 2.4(a)(i)]. The related transaction costs amounting to P1.2 million in 2022 were expensed and presented as trading fees under Operating Expenses of the 2022 statement of comprehensive income. There were no similar transactions in 2023 and 2021.

These financial assets at FVTPL do not, and are not required to, undergo impairment testing [see Note 2.4(a)(i)]. The fair values of these financial assets were determined from quoted market prices (see Note 15.2). The change in fair values of these financial assets resulted in a P63.0 million and P25.9 million loss in 2023 and 2022, respectively, and are presented as part of Other Charges account under the Other Income (Charges) section of the statements of comprehensive income (see Notes 7 and 15.2). Dividend received in 2023 and 2022 amounted to P28.4 million and P7.1 million, respectively, and are presented as part of Dividend Income account under the Other Income (Charges) section of the statements of comprehensive income.

5.2 Prepaid Taxes

This account consists of the following:

	<u>2023</u>	<u>2022</u>
Input value-added tax (VAT)	P 4,079,919	P 3,603,956
Creditable withholding tax	<u>2,024,758</u>	<u>2,024,758</u>
	<u>P 6,104,677</u>	<u>P 5,628,714</u>

6. INVESTMENTS IN SUBSIDIARIES

The carrying values of investments in subsidiaries, accounted for under the cost method, are as follows:

	Notes	% Interest Directly Held	<u>2023</u>	<u>2022</u>
EDI	1.1, 10.5	100%	P 13,819,152,677	P 13,760,630,273
EIL	1.1	84%	<u>29,321,049,164</u>	<u>29,321,049,164</u>
			<u>P 43,140,201,841</u>	<u>P 43,081,679,437</u>

The registered offices and the places of operations of the Company's direct subsidiaries are summarized below.

- (a) EDI's registered office, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.
- (b) EIL's registered office, which is also its principal place of business, is at the offices of Portcullis TrustNet (BVI) Limited, which is currently located at Portcullis Trust Net Chambers, 4th Floor Skelton Building, 3076 Drake's Highway, Road Town, Tortola, British Virgin Islands.

Additions to the investment in EDI pertain to amortizations of the fair value of share options during the year (see Notes 2.7 and 10.5).

As of December 31, 2023, and 2022, the management assessed that the Company's investments in subsidiaries are not impaired (see Note 2.6). Dividends declared by EDI amounting to P3.7 billion and P4.1 billion in 2022 and 2021, respectively (nil in 2023), and dividends declared by EIL amounting to P1.0 billion in 2021 (nil in 2023 and 2022) are presented as part of Dividend Income under the Other Income (Charges) section of statements of comprehensive income; and the outstanding dividend receivable from EDI amounting to P0.3 billion as of December 31, 2022, which is presented as part of Receivables account in the 2022 statement of financial position, is fully collected in 2023 (see Note 9).

7. OTHER CHARGES

The details of the account are as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Fair value loss on financial assets at FVTPL	5.1	P 63,008,322	P 25,931,248	P -
Interest expense	10.2	613,133	-	152,000,000
Bank charges		<u>-</u>	<u>600</u>	<u>600</u>
		<u>P 63,621,455</u>	<u>P 25,931,848</u>	<u>P 152,000,600</u>

8. TAXES

8.1 Income Taxes

The tax expense recognized in profit or loss in the statements of comprehensive income represents the final tax withheld on interest income earned from cash and cash equivalents at P30.5 million, P8.8 million and P0.7 million in 2023, 2022 and 2021, respectively (see Note 4).

The Company is subject to regular corporate income tax ("RCIT") on taxable net income or minimum corporate income tax ("MCIT") on gross income, net of allowable deductions as defined under the tax regulations, whichever is higher. The Company opted to claim itemized deductions in computing for its income tax due for the reporting periods. No RCIT or MCIT was reported in 2023, 2022 and 2021 because there were no taxable revenues in these taxable years.

The Company availed of the exemption from income tax of foreign-sourced dividends as provided under the Corporate Recovery and Tax Incentives for Enterprises Act, which took effect in April 2021, in relation to the P1.0 billion dividend received from EIL in 2021 (see Note 6). There were no similar transactions in 2023 and 2022.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss section of the statements of comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit	P 25,338,190	P 927,720,605	P 1,231,333,054
Adjustment for income subjected to lower tax rates	(7,624,064)	(2,197,409)	(171,382)
Tax effects of:			
Non-deductible expenses	17,890,182	8,742,340	38,000,150
Tax-exempt dividend income from domestic entities	(7,110,114)	(926,765,967)	(1,020,000,000)
Unrecognized net operating loss carry-over (“NOLCO”)	2,002,055	1,290,069	1,523,707
Tax-exempt dividend income from foreign subsidiary	<u>-</u>	<u>-</u>	<u>(250,000,000)</u>
Tax expense	<u>P 30,496,249</u>	<u>P 8,789,638</u>	<u>P 685,529</u>

The Company did not recognize deferred tax asset as of December 31, 2023 and 2022 as management does not expect to have sufficient future taxable profit that will be available against which this deferred tax asset can be utilized [see Note 3.2(b)].

The Company has unrecognized deferred tax asset amounting to P7,053,553 and P5,051,498 as of December 31, 2023 and 2022, respectively, arising from NOLCO amounting to P28,214,212 and P20,205,992, respectively.

The amount of NOLCO, which can be utilized as deduction within the allowed validity period after the year the tax loss was incurred, is presented below. Specifically, the NOLCO incurred in 2021 and 2020 can be claimed as a deduction within five years after the year it was incurred, pursuant to Section 4 (bbbb) of Republic Act No. 11494, *Bayanihan to Recover as One Act* (otherwise known as Bayanihan II) and as implemented under Revenue Regulations (“RR”) No. 25-2020.

<u>Year Incurred</u>	<u>Original Amount</u>	<u>Expired Amount</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
2023	P 8,008,220	P -	P 8,008,220	2026
2022	5,160,274	-	5,160,274	2025
2021	6,094,831	-	6,094,831	2026
2020	<u>8,950,887</u>	<u>-</u>	<u>8,950,887</u>	2025
	<u>P 28,214,212</u>	<u>P -</u>	<u>P 28,214,212</u>	

8.2 Supplementary Information Required by the Bureau of Internal Revenue (“BIR”)

The BIR issued RR No. 15-2010, which require certain tax information to be disclosed as part of the notes to financial statements. The Company presented this tax information required by the BIR as a supplemental schedule filed separately from the basic financial statements.

9. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, related parties under common ownership and others. The summary of the Company's transactions with its related parties for the years ended December 31 and related outstanding balances as of the end of the reporting periods is as follows:

Related Party Category	Notes	Amount of Transaction			Outstanding Balance Receivable (Payable)	
		2023	2022	2021	2023	2022
Parent Company –						
Dividends declared	10.4	P 3,627,308,574	P -	P 4,252,534,514	P -	P -
Subsidiaries:						
Employee share options	6, 10.5	58,522,404	76,418,421	44,927,979	-	-
Dividends declared	10.4	18,989,171	-	20,953,568	-	-
Dividends earned	6	-	3,700,000,000	5,080,000,000	-	300,000,000
Accounts payable/collected	9.1	-	(444,445,240)	(246,500,000)	(1,193,823,200)	(1,193,823,200)

The Company's outstanding receivables from and payables to related parties arising from the foregoing transactions are unsecured, noninterest-bearing and demandable in cash, unless otherwise stated. All receivables from related parties are considered fully collectible; hence, no impairment loss was recognized.

Details of transactions with related parties are discussed below.

9.1 Receivable from (Payable to) Subsidiaries

In 2020, the Company received net unsecured, noninterest-bearing cash advances for financial capital purposes, which are payable upon demand. In 2021, an advance granted to a subsidiary in 2020 was fully collected. In 2022, the Company acquired financial assets at FVTPL payable to a subsidiary (see Note 5.1). Outstanding balance as of December 31, 2023 and 2022 is presented as part of Other Payables account in the statements of financial position.

9.2 Guarantee

On November 10, 2023, EIL obtained a €310.0 million syndicated five-year term loan with interest at a rate of 0.825% per annum over EURIBOR payable monthly to semi-annually in arrears, at the option of the borrower. The principal is payable in full at maturity. The loan was used to pay the outstanding principal of EIL's loan obtained in 2019. Both loans were unconditionally and irrevocably guaranteed by the Company with EDI. Outstanding balance of the loan principal as of December 31, 2023 and 2022 amounted to €310.0 million and €330.0 million, respectively.

9.3 Others

The Company's administrative and accounting functions are being handled by a certain subsidiary.

10. EQUITY

10.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2023	2022	2021	2023	2022	2021
Common shares – P1 par value Authorized – 20.0 billion shares Issued and outstanding:						
Balance at beginning of year	15,736,471,238	15,736,471,238	15,838,190,038	P11,962,277,735	P 11,962,277,735	P 12,964,407,456
Treasury shares – at cost (see Note 10.3)	-	-	(101,718,800)	-	-	(1,002,129,721)
Balance at end of year	<u>15,736,471,238</u>	<u>15,736,471,238</u>	<u>15,736,471,238</u>	<u>P 11,962,277,735</u>	<u>P 11,962,277,735</u>	<u>P 11,962,277,735</u>

The BOD of the PSE approved the listing of the common shares of the Company on October 16, 2011.

On December 19, 2011, the Company issued through initial public offering (“IPO”) an additional 22.0 million shares with an offer price of P4.5 per share. The Company incurred P10.9 million IPO-related costs, P4.2 million of which was charged against APIC and the balance of P6.7 million was recognized as part of other operating expenses. Net proceeds from the IPO amounted to P90.8 million.

On December 27, 2012, the Company issued an additional 6.0 million shares with an offer price of P5.5 per share through a private placement.

On June 19, August 27, and September 5, 2013, the Company’s BOD, stockholders, and SEC, respectively, approved the increase in authorized capital stock of the Company from P100.0 million divided into 100.0 million shares to P20.0 billion divided into 20.0 billion shares both with par value of P1.0 per share. On July 4, 2013, the Company’s BOD approved the issuance of 6.5 million shares at par value to two foreign investors. On August 28, 2013, AGI and other investors subscribed to an aggregate of 14.9 billion shares. Under the terms of AGI’s subscription, the Company acquired all of EDI shares held by AGI (see Note 1.1).

On September 17, 2013, AGI launched an offering of 1.8 billion shares of the Company’s shares, which is approximately 12% of the total issued shares. The said offering was priced at P8.98 per share. On September 25, 2013, the settlement date, the amount of P11.2 billion out of the net proceeds was directly remitted to the Company as an additional subscription price from AGI under the terms of the amended agreement with AGI; such amount is recorded as APIC in the Company’s books. Costs related to the issuances amounting to P176.3 million were deducted from APIC.

On September 25, 2013, AGI beneficially acquired two minority corporate stockholders of the Company, which held a combined 9.55% of the total issued shares. Thus, AGI beneficially owns 87.55% of EMI as of December 31, 2013.

On November 7, 2014, the Company entered into a subscription agreement for the issuance of 1.1 billion common shares at an offer price of P11.0 per share through a private placement. The subscription price amounting to P12.3 billion was fully paid, and the shares were issued, on December 4, 2014 (see Note 10.2). The excess of the subscription price over the par value amounting to P11.2 billion was added to APIC.

On November 28, 2017, the Company issued 122.4 million common shares at P6.80 per share in consideration of the accrued interest on ELS amounting to P832.3 million (see Note 10.2). The excess of accrued interest over the par value amounting to P709.9 million was recorded as part of APIC.

On February 5, 2020, the Company issued 253.3 million shares for Tranche 1 Conversion of the ELS (see Notes 10.2 and 10.3). Consequently, Conversion Options amounting to P47.7 million was transferred to APIC.

On December 3, 2021, Tranche 2 Conversion of the ELS amounting to P3,443.8 million was transferred into equity with the Tranche 2 Shares to be issued in 2024. Consequently, the ELS is reported as Deposit for Future Stock Subscription – Equity-Linked Securities under the Equity section of the statements of financial position (see Note 10.2).

On July 14, 2022, the Company secondary listed its shares on the Main Board of the SGX-ST.

As of December 31, 2023, and 2022, the quoted closing price per share at the PSE is P20.85 and P20.60, respectively, and there are 131 and 134 holders in 2023 and 2022, respectively, which include nominee accounts, of the Company's total issued and outstanding shares. The percentage shares of stocks owned by the public is 20.10% as of December 31, 2023 and 2022.

10.2 Equity-linked Securities

On November 7, 2014, the Company, as the Issuer, entered into a subscription agreement with Arran Investment Private Limited (“Arran” or the “Holder”) for the issuance of 1.1 billion common shares at a total subscription price of P12.3 billion (see Note 10.1) and an ELS amounting to P5.3 billion (“Issue Price”). The shares and the ELS were issued on December 4, 2014 (“Issue Date”). The ELS may be converted into a fixed number of common shares (“Conversion Shares”).

The ELS bore fixed interest rate compounded annually which the parties formally agreed to remove on June 15, 2017. The Accrued Interest Payable amounting to P832.3 million was applied as consideration for 122,391,176 common shares (“Accrued Interest Shares”) (see Note 10.1).

On December 23, 2019, the parties formally agreed to the following amendments:

- (a) The Holder is given the right to request conversion of:
 - (i) P1,836,250,000 into 253,275,862 shares, which shall come from the Company's treasury shares (“Tranche 1 Conversion Shares”) (“Tranche 1 Conversion”); and,
 - (ii) P3,443,750,000 into 475,000,000 shares (“Tranche 2 Shares”) (“Tranche 2 Conversion”).
- (b) The Holder is allowed to transfer the ELS to an affiliate of the Company.

On February 5, 2020, the Holder exercised its right to Tranche 1 Conversion. Pursuant to this conversion (see Note 10.3), the Company also reclassified a portion of the Conversion Options amounting to P47.7 million to APIC in 2020 (see Note 10.1).

On December 3, 2021, the Holder exercised its right to Tranche 2 Conversion. Pursuant to this, the Company derecognized the financial liability component of the ELS and recognized an equity component amounting to P3.4 billion, which is presented as Deposit for Future Stock Subscription – Equity-linked Securities under the Equity section of the statements of financial position.

In 2022, the Company and the Holder have mutually agreed to several conversion periods up to August 12, 2023. On August 11, 2023, the parties agreed to extend the Conversion Period until August 12, 2024 or such other date as may be mutually agreed in writing between the Holder and the Company. Upon the actual conversion, the Company 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 same time as when dividends were paid to stockholders. Variable interest amounting to P137.8 million and P152.0 million were respectively incurred in 2023 and 2021 (no declaration in 2022) and are presented as part of Cash Dividends Declared and Paid in the Equity section of the 2023 statement of financial position and as part of Interest expense in the Other Charges account in the 2021 statement of comprehensive income (see Note 7), respectively.

In 2023, the Company and Arran executed formally to agree and clarify the continuation of Variable Interest on the Tranche 2 Shares effective until August 12, 2024 or the issuance of the Tranche 2 Shares, whichever comes earlier.

There were no collaterals on the ELS.

10.3 Treasury Shares

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

The Company had spent P6.1 billion, including trading charges, to purchase a total of 759.2 million shares under the buy-back program. In 2021 and 2020, the Company repurchased 101.7 million and 174.2 million shares for P1.0 billion and P1.6 billion, respectively (nil in 2023 and 2022). Out of these, a total of 253.3 million shares had been issued to Arran for Tranche 1 Conversion pursuant to the exercise of its right to convert under ELS (see Note 10.2).

As of December 31, 2023 and 2022, there were 505,919,938 shares costing P4.3 billion that were reported under Treasury Shares account in the statements of changes in equity. These repurchased shares do not form part of the outstanding shares.

Under the Revised Corporation Code of the Philippines, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the cost of the shares to be purchased or acquired. Nevertheless, the Company has sufficient retained earnings available for dividend distribution (see Note 10.4).

10.4 Retained Earnings

The amount of retained earnings available for dividend distribution is restricted by the cost of treasury shares that the Company holds (see Note 10.3). The Company's cash dividend declarations in the years reported are as follows:

<u>Date of Declaration</u>	<u>Date of Stockholders' Record</u>	<u>Payable Date</u>	<u>Dividend per Share</u>	<u>Total</u>
March 30, 2023	May 2, 2023	May 25, 2023	P 0.2900	P4,563,576,659
August 2, 2021	August 13, 2021	September 8, 2021	0.1100	1,731,011,836
March 8, 2021	March 19, 2021	April 15, 2021	0.0900	1,425,437,103
January 4, 2021	January 15, 2021	February 3, 2021	0.1200	1,900,582,805

There were no dividends declared in 2022. There were no unpaid dividends as of December 31, 2023, and 2022.

10.5 Employee Share Options

On November 7, 2014, the Company's BOD approved an employee share options plan ("ESOP") for qualified employees of the Group. The ESOP was adopted by the shareholders on December 15, 2014 ("Plan Adoption Date"). On August 17, 2021, the BOD approved certain amendments to the plan.

The options shall generally vest on the 60th birthday or until the date of retirement of the option holder, whichever is later, provided that the option holder had continuously served as an employee for at least 11 years after the option offer date until his/her 60th birthday or until the date of his retirement from the Company and/or its subsidiary and may be exercised within five years from vesting date. The exercise price shall be at most a 15% discount from the volume weighted average closing price of the Company's shares for nine months immediately preceding the date of grant.

On August 17, 2021, the BOD approved an Amended ESOP that further provided: If the option holder aged 50 years and above has continuous service of at least 20 years before the offer date, the option shall vest whichever comes earlier of (i) after another 11 years of continuous service, or (ii) after three years from his/her retirement provided that his/her protégé/disciple has remained as a key employee of the Group for three years from date of the holder's retirement.

Pursuant to this ESOP, on November 6, 2015, the Company granted share options to certain key executives of EDI to subscribe to 118.0 million common shares of the Company, at an exercise price of P7.00 per share.

On March 15, 2021 and August 25, 2021, share options were granted to certain qualified grantees of EDI to subscribe to 20.0 million and 55.0 million common shares of the Company, at an exercise price of P10.10 and P10.65 per share, respectively.

On February 11, 2022, share options were granted to a qualified employee of EDI to subscribe to 5.0 million common shares of the Company at an exercise price of P13.95 per share.

As of December 31, 2023 and 2022, a total of 16.0 million shares and P9.0 million shares, respectively, were cancelled due to resignation.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	11 - 22 years
Share price at grant date	P8.90 – P22.50
Exercise price at grant date	P7.00 - P13.95
Average fair value of option at grant date	P3.26 - P13.35
Average standard deviation of share price returns	10.24% - 13.13%
Average dividend yield	1.08% - 1.10%
Average risk-free investment rate	4.44% - 5.24%

The underlying expected volatility was determined by reference to historical prices of the Company's shares over a period of one year.

The Company has an obligation to settle the transaction with EDI's employees by providing the Company's own equity instruments. Accordingly, additional investments in EDI amounting to P58.5 million, P76.4 million and P44.9 million were recognized in 2023, 2022 and 2021, respectively, with corresponding credits to Share Options account (see Note 6).

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share was computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net profit for the year	P 70,856,510	P 3,702,092,780	P 4,924,646,685
Divided by the weighted average number of outstanding common shares (see Note 10.1)	<u>15,736,471,238</u>	<u>15,736,471,238</u>	<u>15,774,404,823</u>
Basic earnings per share	<u>P 0.005</u>	<u>P 0.235</u>	<u>P 0.312</u>

Diluted earnings per share was computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net profit with dilutive effect	P 70,856,510	P 3,702,092,780	P 5,038,646,685
Divided by the weighted average number of outstanding common shares and potential dilutive shares	<u>16,393,471,238</u>	<u>16,399,890,881</u>	<u>16,401,571,490</u>
Diluted earnings per share	<u>P 0.004</u>	<u>P 0.226</u>	<u>P 0.307</u>

In computing for the diluted earnings per share, the Company considered in the weighted average number of issued and outstanding common shares the potential dilutive common shares relating to employee shares options and convertible ELS. The Company granted share options to qualified grantees totaling 118.0 million, 75.0 million and 5.0 million common shares of the Company in 2015, 2021 and 2022, respectively, out of which a total of 16.0 million shares and 9.0 million shares, were cancelled as of December 31, 2023 and 2022, respectively, due to resignations (see Note 10.5).

In 2023, 2022 and 2021, the ELS instrument has 475.0 million shares that have not yet been issued (see Note 10.2).

12. COMMITMENTS AND CONTINGENCIES

Except as disclosed in Note 9.2, there are other commitments, guarantees and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements. Management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements.

13. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are discussed in Note 14. The main types of risks are market risk, credit risk and liquidity risk.

There have been no significant changes in the Company's financial risk management objectives and policies during the year.

13.1 Market Risk

The Company is exposed to market risk described below through its use of financial instruments which result from its operating, investing, and financing activities.

(a) Interest Rate Risk

As of December 31, 2023 and 2022, the Company is exposed to changes in market interest rates through its cash in banks and short-term placements, which are subject to 30 to 62 days re-pricing intervals (see Note 4). 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. There are no other financial assets and financial liabilities that have variable interest rates.

(b) Price Risk

The Company's market price risk arises from its investment carried at FVTPL. The Company manages exposures to price risk by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For equity securities listed in the Philippines, an average volatility of 30% and 46% has been observed in 2023 and 2022, respectively. If quoted price for these securities increased or decreased by that amount, profit before tax and equity would have changed by P106.7 million and P80.0 million, respectively, in 2023, and P192.5 million and P144.4 million, respectively, in 2022.

13.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from placing deposits with banks and dividend receivable from a subsidiary.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the statements of financial position, as summarized below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	4	P 1,002,751,428	P 5,250,338,713
Receivables	4, 6	<u>2,195,968</u>	<u>306,279,728</u>
		<u>P 1,004,947,396</u>	<u>P 5,556,618,441</u>

The Company's management considers all of the above unimpaired financial assets to be of good credit quality. None of the financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents.

For cash and cash equivalents, the credit risk is considered negligible because the counterparties are reputable universal banks with high quality external credit ratings. Moreover, cash and cash equivalents are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

For receivables, the lifetime ECL rate is assessed at 0%, as there were no historical credit loss experience [see Note 2.4(a)(iii)]. The counterparty also has a strong financial condition and sufficient liquidity to settle its obligations to the Company once they become due. These consist of dividend receivable from a subsidiary and accrued interest from banks, which are fully collected subsequently in the following year.

13.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a 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 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in short-term placements.

As of December 31, 2023, and 2022, the Company's financial liabilities amounting to P1.2 billion have contractual maturities of six to 12 months from the end of the reporting periods.

14. CATEGORIES AND OFFSETTING OF FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Company has no financial assets carried at fair value whose fair value is required to be disclosed, except for financial assets at FVTPL (see Note 5.1). For the Company's financial assets and financial liabilities at amortized cost as of December 31, 2023 and 2022, management considers that their carrying values approximate or equal their fair values, thus, no further comparison is presented. Fair value determination of such financial instruments is discussed in Note 15.

See Note 2.4 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 13.

14.2 Offsetting of Financial Assets and Financial Liabilities

The Company does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) may have the option to settle all such amounts on a net basis in the event of default of the other party through approval of both parties.

15. FAIR VALUE MEASUREMENT AND DISCLOSURES

15.1 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.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on the Company's specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

15.2 Financial Instruments Measured at Fair Value

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 Company can access at the measurement date.

The Company recognized fair value loss of P63.0 million in 2023 and P25.9 million in 2022 for its financial assets at FVTPL (see Note 5.1).

The Company has no financial liabilities measured at fair value as of December 31, 2023 and 2022. There were no transfers across the levels of the fair value hierarchy in both years.

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

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 2.4).

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,002,751,428	P -	P -	P 1,002,751,428
Receivables	<u>2,195,968</u>	<u>-</u>	<u>-</u>	<u>2,195,968</u>
	<u>P 1,004,947,396</u>	<u>P -</u>	<u>P -</u>	<u>P 1,004,947,396</u>
<i>Financial liability –</i>				
Other payables	<u>P -</u>	<u>P -</u>	<u>P 1,193,823,200</u>	<u>P 1,193,823,200</u>
	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial assets:</i>				
Cash and cash equivalents	P 5,250,338,713	P -	P -	P 5,250,338,713
Receivables	<u>306,279,728</u>	<u>-</u>	<u>-</u>	<u>306,279,728</u>
	<u>P 5,556,618,441</u>	<u>P -</u>	<u>P -</u>	<u>P 5,556,618,441</u>
<i>Financial liability –</i>				
Other payables	<u>P -</u>	<u>P -</u>	<u>P 1,193,823,200</u>	<u>P 1,193,823,200</u>

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

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are calculated based on the expected cash flows of the underlying net asset base of the instrument.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

16. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders by identifying investment opportunities commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total liabilities	P 1,217,925,186	P 1,201,658,441
Total equity	<u>43,288,834,398</u>	<u>47,860,782,143</u>
Debt-to-equity ratio	<u>0.03 : 1</u>	<u>0.03 : 1</u>

The Company sets the amount of capital in proportion to its overall financing structure (i.e., equity and total liabilities). The Company 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 Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

17. EVENT AFTER THE END OF THE REPORTING PERIOD

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

**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the
Basic Financial Statements**

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
Emperador Inc.
(A Subsidiary of Alliance Global Group, Inc.)
7th Floor, 1880 Eastwood Avenue
Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue
Bagumbayan, Quezon City**

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Emperador Inc. as of and for the year ended December 31, 2023, on which we have rendered our report dated April 12, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purpose of additional analysis in compliance with the requirements under the Revised Securities Regulation Code Rule 68, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration; and
- b. Map Showing the Relationships Between and Among the Company and its Related Entities.

Such supplementary information are the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: **Ramilito L. Nañola**
Partner



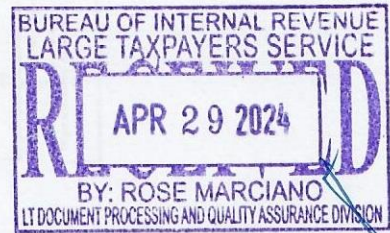
CPA Reg. No. 0090741
TIN 109-228-427
PTR No. 10076148, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 90741-SEC (until financial period 2025)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-019-2023 (until Dec. 10, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 12, 2024

EMPERADOR INC.

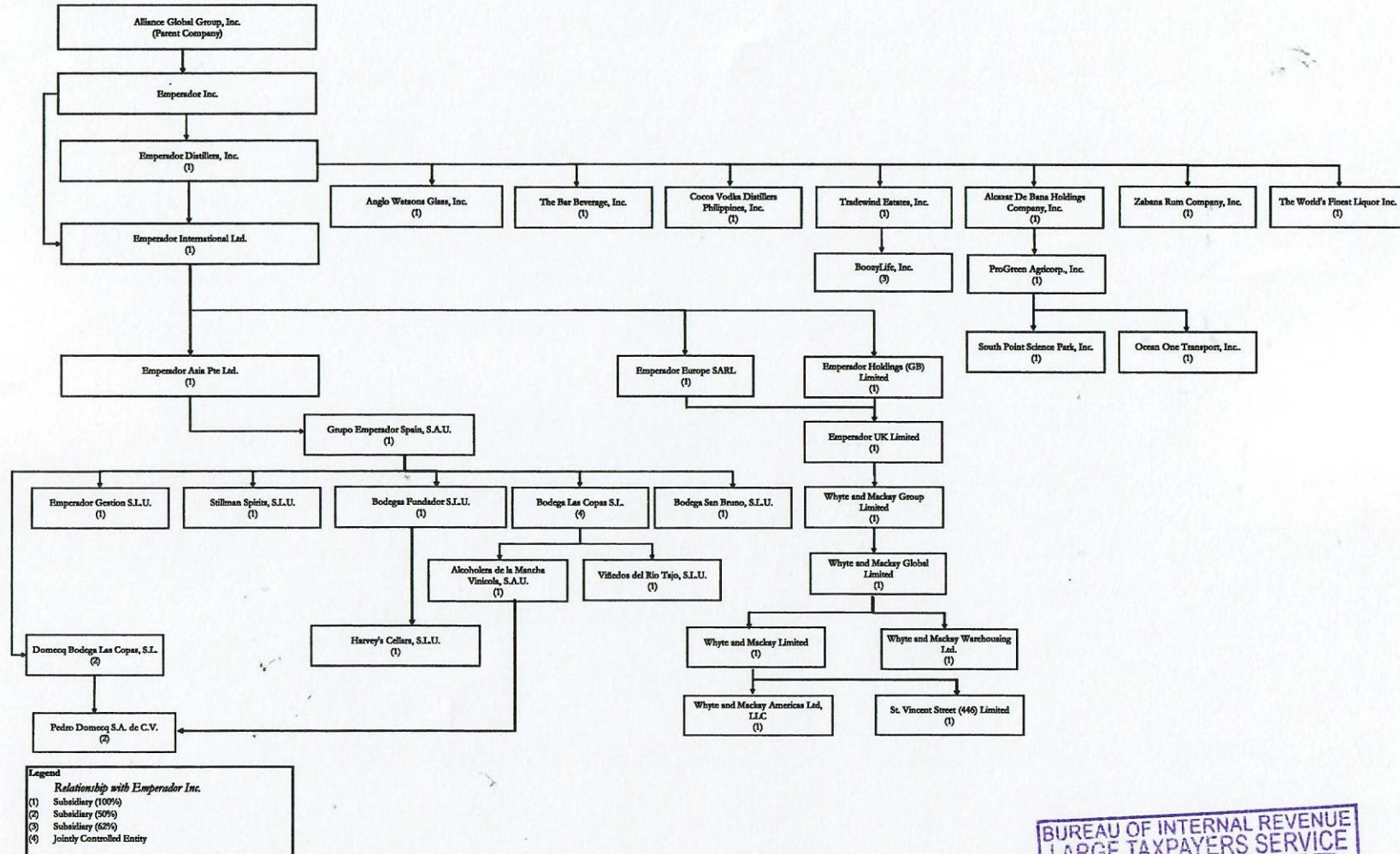
**7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark
188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023**

Unappropriated Retained Earnings, beginning of reporting period	P	4,719,576,741
Less: Item that is directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(<u>4,701,326,659</u>)
Unappropriated Retained Earnings, as adjusted		18,250,082
Add: Net Income for the current year		<u>70,856,510</u>
Total Retained Earnings, end of the reporting period available for dividend	P	<u>89,106,592</u>



EMPERADOR INC. AND SUBSIDIARIES

Map Showing the Relationship Between Emperador Inc.
and its Related Parties
December 31, 2023



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (62%)
(4) Jointly Controlled Entity

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 29 2024
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION